


Counter Fraud Progress Report 2024/25

Date: 20 November 2024

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Background

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21.¹ Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 The Council engages Veritau to undertake counter fraud work on its behalf. We employ qualified criminal investigators to deliver a range of work that helps the authority prevent, detect, and deter fraud and related criminality. This includes officer training to help prevent fraud, proactive identification of issues through data matching exercises, and investigation of suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to update the Accounts, Audit and Risk Committee on counter fraud activity undertaken between 1 May and 25 October 2024.



COUNTER FRAUD MANAGEMENT

- 4 The Council engaged Veritau to deliver its counter fraud service from May 2024 taking over from Oxfordshire County Council. The counter fraud team has initially focused on establishing good working relationships with Council teams. In particular, the team has engaged with the Revenues and Benefits Team, which is where the majority of fraud referrals will relate to. The team have had two productive visits to Bodicote House, including attending team meetings to introduce our fraud service and to provide fraud awareness training for Council employees.
- 5 Working with the IT department to get counter fraud officers access to the Council's network and key systems has been our first priority. Our team has also received training from Council staff in how to use these systems.
- 6 Engagement with the public is important as they are often well placed to report suspicions of fraud. The Council's website has been updated, to reflect the new counter fraud arrangements, including Veritau's freephone fraud hotline number. All residents will receive an anti-fraud message on their council tax bills early next year which will encourage them to report fraud via the fraud hotline, email address, or through the council's website.²
- 7 Fraud awareness training was provided to the Finance Team in September alerting them to common scams which could affect the Council. This included training to identify mandate and whaling invoice scams, as well as false indemnity and stolen card refund scams, all of which are known to be

¹ [Tackling fraud and corruption against Government](#), HM Treasury / Cabinet Office, published March 2023.

² Members of the public can report fraud on 0800 9179247, counter.fraud@veritau.co.uk and www.cherwell.gov.uk/info/27/housing-benefits/22/report-fraud.

affecting local authorities. Mandate and whaling frauds occur where a fraudster impersonates a legitimate supplier (mandate fraud) or senior staff member (whaling fraud), usually via email. The fraud occurs when the employee is persuaded to make an urgent payment, or to change the receiving bank account for an upcoming payment, as they are unaware that they have been corresponding with a fraudster and not a legitimate supplier or colleague.

- 8 The team has reviewed and proposed updates to the Council's Corruption and Counter Fraud Policy, and the Anti-Money Laundering policy. This is to bring the policies in line with updated reporting arrangements and current best practice.
- 9 In May, Veritau represented council partners, including Cherwell District Council, in a meeting with the Government's Public Sector Fraud Authority (PSFA) leadership team and Baroness Neville-Rolfe, Minister of State (Cabinet Office) for the last government. The meeting brought together large Local Authority counter fraud services to share best practice and increase collaboration between Local Authorities and Government to combat public sector fraud. Cherwell District Council was named in the Government's press release as one of its "trailblazing" local authorities who are "who are leading the way in countering frauds".³



MULTI-AGENCY WORK

- 10 The National Fraud Initiative data matching exercise, conducted by the PFSA, takes place every two years. The latest exercise commenced in October. The counter fraud team has reviewed Council privacy notices, to ensure compliance with relevant data protection legislation and best practice, which is required by the PFSA before matching takes place. Data collection from Council teams took place in early October. Data match results will be released by the PFSA in spring 2025.
- 11 The counter fraud team have met with the Department for Work and Pensions (DWP) to set up arrangements to undertake joint working investigations. Recipients of Council Tax Reduction Scheme (CTRS) may also be claiming passported benefits from the DWP, which in turn affects how much CTRS they are entitled to receive from the Council. Therefore, it is beneficial to work with the DWP to ensure that fraud against both organisations is dealt with efficiently and effectively.
- 12 As part of the DWP's arrangements for investigating Housing Benefit offences, the counter fraud team regularly responds to DWP information requests.

³ ["Trailblazing" councils save millions working with government counter fraud squad](#), HM Government

INVESTIGATIVE WORK

- 13 Investigative work is currently at an early stage, with the team's main focus on setting up investigative procedures and triaging incoming referrals.
- 14 The counter fraud team has received 68 referrals, predominantly from members of the public and Council staff. All referrals are reviewed, first to establish whether there is any likely fraud occurring against the Council and then to assess the potential loss and scale of the alleged fraud. Cases where the value of the alleged fraud is high will be prioritised by the team. Referrals are not put forward for investigation when there is no benefit claim or discount, or if the concern raised affected another authority.
- 15 Of the 68 referrals, nine are still under review, and nineteen referrals have been passed for further investigation. Forty referrals were not accepted for investigation for reasons including that the reported concern affected another organisation, such as the DWP, or the person was not receiving any discount or financial support from the Council.
- 16 Eight cases have been assigned to investigators and are under investigation, and the remainder are ready to be assigned to investigators. These investigations include allegations of fraudulent applications and failure to disclose relevant changes in circumstances relating to Single Person's Discount, the Empty homes Council Tax premium and CTRS.
- 17 Two investigations have been completed; in the first case an attempt to defraud the council was prevented, and in the second case, no fraud was found.