

Counter Fraud & Investigation



See it. Report it. Stop it.

Counter Fraud & Investigation Annual Report 2021/22 & Annual Strategy & Proactive Work Plan 2022/23

Performance and Partnerships

Our key role is to protect Thurrock and Castle Point Councils from fraud and economic crime and has been since 2014, however, in 2019 we saw growth in our national capability providing expertise to other public bodies to reduce economic crime, which has seen us work with several police agencies across the UK and complete work on behalf other local authorities.

In 2020/21 this grew even further with the expansion of our national capability, The National Investigation Service (NATIS), who formed a working collaboration with The Department of Business, Energy, and Industrial Strategy (BEIS) as well as a collaboration with the Cabinet Office.

This collaboration has moved even further in 2021/22, with NATIS becoming ringfenced and agreeing a 3-year funding package not only from BEIS but also HM Treasury. This is a direct result from the great work the team have provided over the last two years, when uncertainty and reduction in workforces were seen across all sectors, NATIS has grown year on year and will continue to do so into 2022/23 with the professionalism and dedication seen over the last few years.

CFI activity since its launch



£45m
Detected
Fraud



£15m
Recovered
from
Criminals



Over 200
Public
Bodies
Supported



208
Insider Threats
Identified



39
Organised Crime
Groups (OCGs)
Disrupted



43
Law Enforcement
Agencies Assisted

Governance & Accountability

The provision of a national capability brings with it national responsibilities and oversight. Recognising our role and responsibilities, we sought assistance from national bodies to implement an appropriate inspection regime to provide assurance over our work.

The governance structure overseeing the directorate's work is now formed of several independent bodies:

Local & Central Government – Standards & Audit Committees

- Monitoring of Performance against each annual strategy for the bodies to provide assurance of crime risk and organisational governance

Investigatory Powers Commissioner's Office

- Inspections to monitor the use of investigative tactics regulated by the Regulation of Investigatory Powers Act 2000, Investigatory Powers Act 2016 and Human Rights Act 1998

Home Office - National Police Information Risk Management Team

- Inspections to monitor the security of data used in the department

College of Policing

- Delivery of Accredited programmes for all the officers in the directorate, including Professionalising Investigation Practice (PIP) & Intelligence Professionalisation Programme (IPP) accreditations

Crown Prosecution Service

- Conduct reviews of Criminal Investigation casework prior to accepting for prosecution, held to the Crown Prosecutors Code as well as Police & Criminal Evidence Act and Criminal Procedure Act 1984 & Investigations Act 1996

UK Forensic Science Regulator

- The Regulator ensures that the provision of forensic science services by CFI across the criminal justice system is compliant to an appropriate regime of scientific quality standards.

Governance & Accountability

National Crime Agency – Proceeds of Crime Regulator

- CFI uses a number of powers afforded by Parts 2, 5 and 8 of the Proceeds of Crime Act 2002. The National Crime Agency is the regulator of these powers.

UK Accreditation Service

- CFI has its own forensic laboratory to deal with digital media, recovering material from electronic devices for use in criminal or civil outcomes. All laboratories conducting this work in the UK must now be accredited to ISO17025 (International Standards). CFI has worked towards this accreditation for 2 years. This year the final inspection will take place to accredit CFI's laboratory to ISO17025 standards.

Results & Statistics

The Counter Fraud & Investigation team's work has been affected by COVID-19 since 2020 and this has affected the overall work as well as traditional targets of the CFI. The work being completed in 21/22 was hindered by the pandemic, however the CFI have not simply given into the difficult working conditions, instead looking to diversify its capabilities, and become a point of excellence utilising its ringfenced teams.

Although it was difficult for the CFI in the past year, the CFI still received hundreds of referrals and the figures of the work completed by the CFI are below.

The following gives results for the work CFI completed on behalf of Thurrock Council

- 317 reports of suspected fraud have been received and these can be broken down into crime type categories

Housing	Transport	Revenues	RTB	Theft	Grants	Social Care	Worker (Insider Threat)	DWP Referral	Other
144	12	27	79	2	4	4	11	10	24
£5,741,500	£9,000	£335,517	£6,679,719	£0	£29,693	£0	£46,000	£0	£133,500

- 90 active investigations are currently being conducted

Housing	Money Laundering	Social Care	Revenues	Transport	Worker (Insider Threat)	Theft	Grant	RTB	Procurement	With Legal	Cyber
44	6	4	3	3	11	3	3	6	1	5	1
£1,216,200	£3,619,000	£224,000	£314,849	£2,250	£10,000	£1,000	£95,000	£506,800	£1,000,000	£155,000	£0

The total value of open investigations is **£7,144,099**

COVID-19 RESPONSE

The pandemic has reduced the normal levels of work that CFI would complete during a year, however that has meant the CFI team have had to adapted in the fight against fraud. Due to the pandemic the government announced several grants that were to be administered by local authorities.

The CFI team have worked closely with the Revenues team (those responsible for administering the grants) to complete pre and post assurance checks on all applications that were received.

The CFI have completed the following pre/post assurance checks in 2021/22

- 588 checks completed
- 21 applications refused
- 157 applications required further documentation
- 410 applications processed and paid

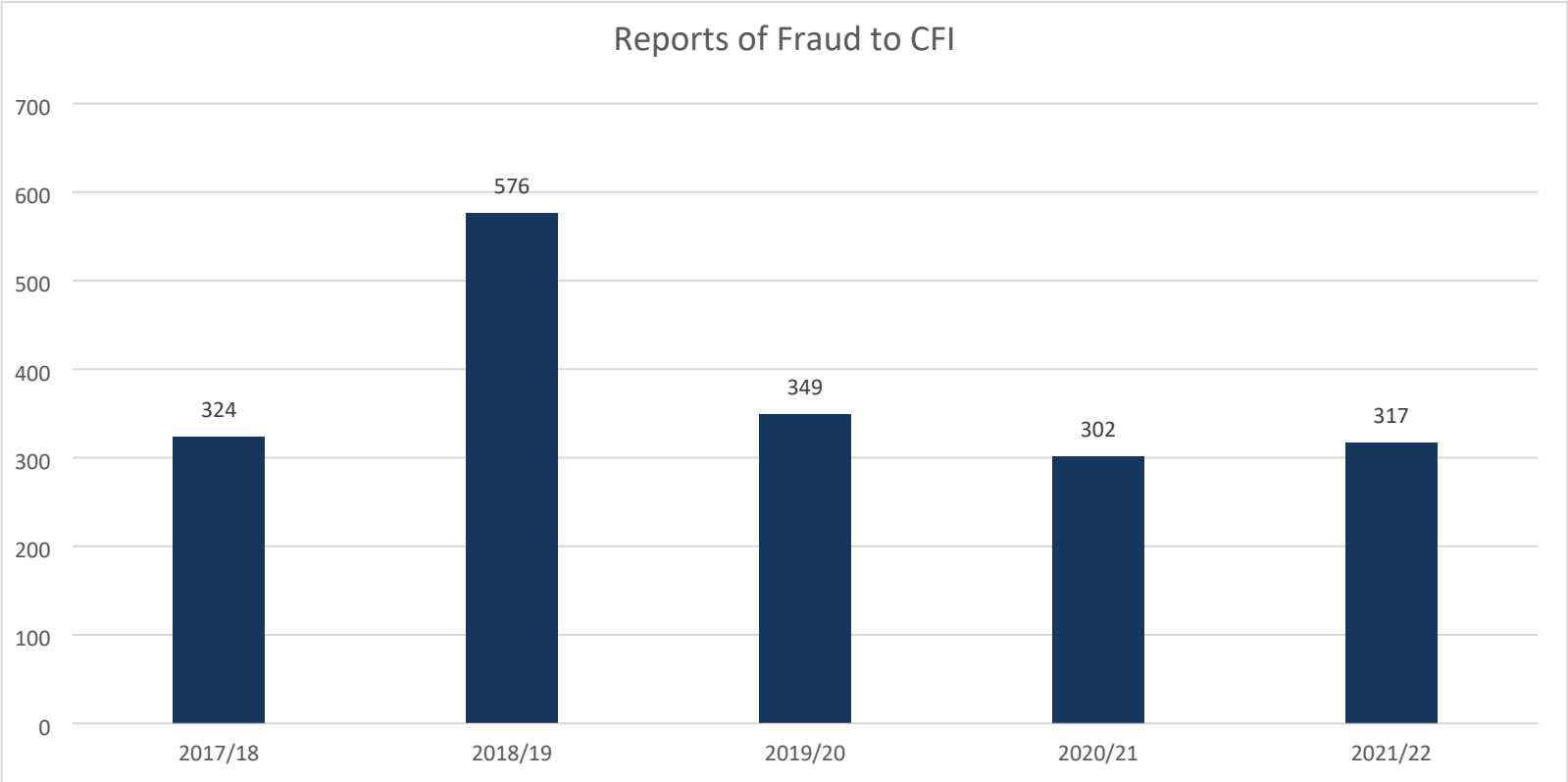
The preventative counter fraud work saw **21** grant applications investigated and stopped, potentially saving **£525,000** of potential losses of public funds.

The following tables detail the Referrals, Sanctions and Compliance activities completed by the team across partners for 2021/22. This year is starkly different to previous years due to the COVID19 pandemic and various lockdowns the team have worked under.

Comparison to Previous Years (Referrals to CFI)

The table below shows the number of investigations completed year on year for the last 5 years

	2017/18	2018/19	2019/20	2020/21	2021/22
Number of Fraud Referrals	324	576	349	302	317

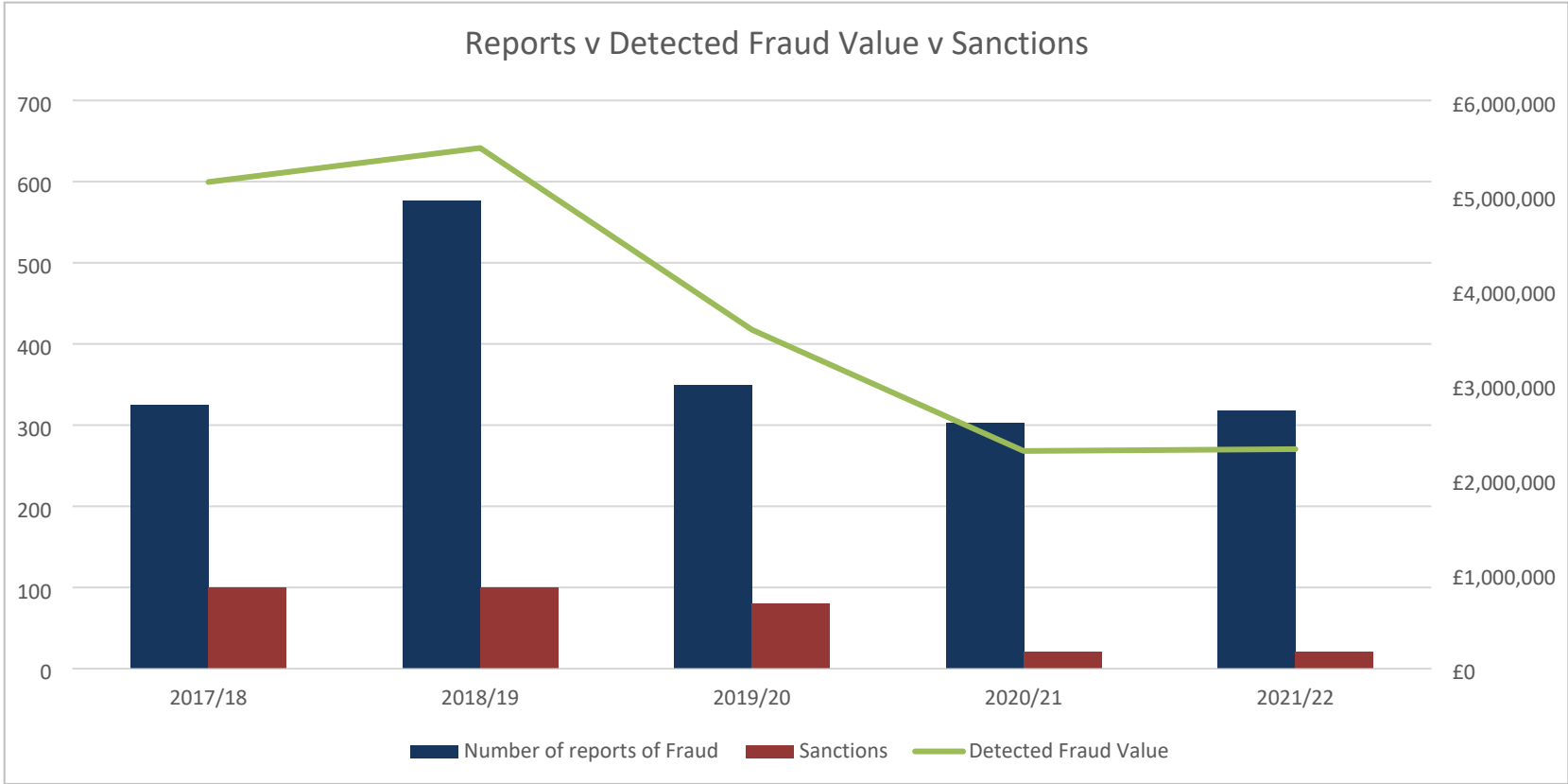


As can be seen from the above table, referrals are increasing from last year and CFI expect this to continue into 2022/23, with Fraud being at the centre of media interest. CFI will look to take advantage of this interest by continuing development and promotion of the work it completes and how, residents and employees of Thurrock can assist in its successes.

Comparison to Previous Years (Reports v Detected Fraud Value v Sanctions)

The table below shows the number of referrals, detected fraud value and number of sanctions year on year for the last 5 years.

	2017/18	2018/19	2019/20	2020/21	2021/22
Number of reports of Fraud	324	576	349	302	317
Sanctions	100	100	80	20	20
Detected Fraud Value	£5,138,836	£5,497,805	£3,578,285	£2,298,200	£2,317,686



As can be seen from the figures above, since the pandemic struck the UKL in 2020, CFI has seen a decrease in the number of sanctions. This is directly linked to the pandemic and the availability of sanctions, including court time. Although, the CFI have continued to detect a level amount of fraud throughout this time period.

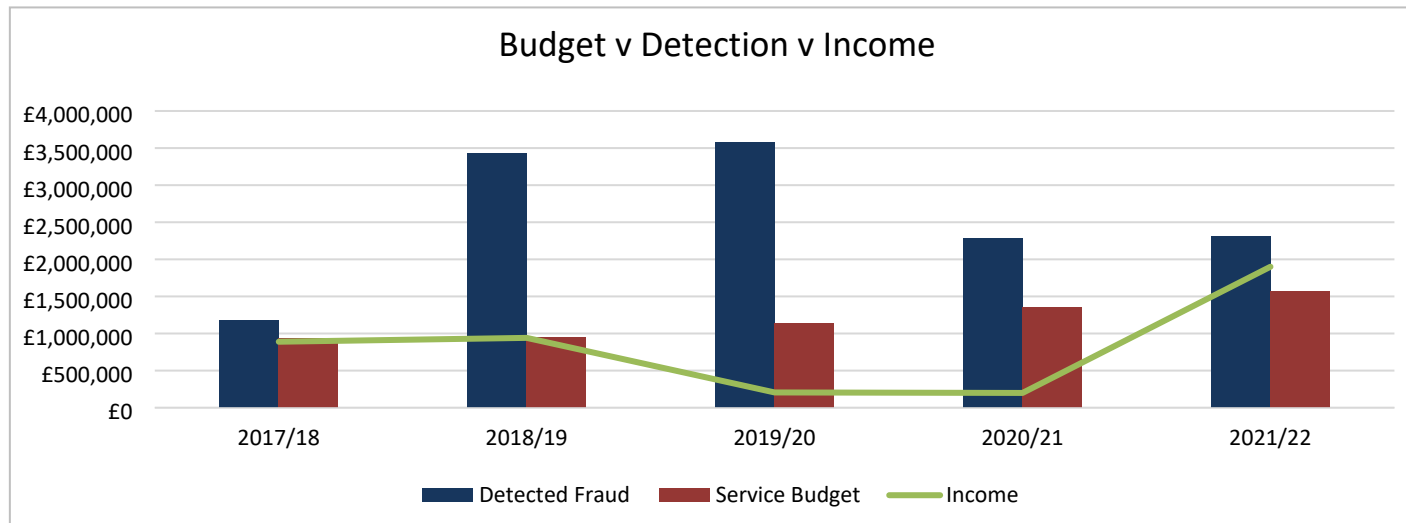
Finances

The Counter Fraud & Investigation (CFI) is the Thurrock Council service that protects the council from fraud and economic crime. In addition, the service also provides a full Counter Fraud Service to other government authorities. Partners can join the service with a financial contribution or with the secondment of its staff into the team. In some cases where CFI is providing a partner's on-site counter fraud resource CFI will have an 'on-site' budget to maintain the counter fraud & investigation operations for that partner which will not be reflected in this report.

The CFI also hosts The National Investigation Service, which is commissioned by external partners where funding is pre-agreed, and the contribution is controlled by ongoing agreements.

As can be seen from below, the CFI cost just over **£1.5m** in 2021/22, with the team being able to detect more than **£2.3m** of fraud from various sources whilst recovering **£1.9m**. When calculated, the CFI detected **£1.47** for every **£1** spent and the budget for the year 2021/22 ended in a surplus of just over **£1.2m** which was able to be reinvested into the council.

	2017/18	2018/19	2019/20	2020/21	2021/22
Detected Fraud	£1,179,987	£3,426,474	£3,578,285	£2,287,500	£2,317,686
Service Budget	£939,313	£945,876	£1,144,949	£1,360,983	£1,570,587
Income	£889,097	£941,155	£205,334	£198,755	£1,900,318



Operational Activity

Social Housing Fraud

Last year 8 social housing properties were recovered by the team in 2021/22 which shows an improvement on 2020/21 but is still lower than average. This figure was still hampered by several lockdowns during last year and the lack of evictions with regards to abandonment of property, which was difficult to prove during the pandemic.



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Social Housing
Properties
Recovered

Case Example

A Thurrock social housing tenant was placed removed from her tenancy address following a domestic incident. The tenant was due to return to her social housing address but had not appeared to do so and had “disappeared”. A CFI investigation identified that she was at an address in the South-West of England. Deploying regional investigation officers, a visit was conducted to the SW address where the tenant was found and spoken to. The tenant received a Notice to Quit, and a notice of service was signed by the officers and Housing updated to this effect. The Thurrock Housing property was recovered within one month and the tenancy allocated to another person in need.

A referral was sent through from a Tenancy Management Officer concerning a tenant who had not responded to several attempts of contact made by Housing. In addition to this, neighbours had also reported that they had not seen the tenant for some time. Enquiries were conducted by the Fraud Team, which was followed up with several visits by Officers to speak with neighbours, where further concerns were raised that other ‘individuals’ had been reported as being seen visiting the address. The investigation was subsequently concluded with the Tenant being tracked down to a family address in another local borough. The tenant was found staying with family for much needed ‘mental health’ support; following a report from the Fraud Team the TMO subsequently assisted the Tenant with their needs so that the property could be made available to those in need.

Operational Activity

Insider Threats

Case Example

CFI worked with another Council department that identified a member of staff was privately providing the services usually offered by that person's Council department, for a fee, to seemingly expedite applications submitted by members of the public to receive special support services for young people. These services were being offered privately, during work time or when the staff member was off sick. CFI identified that the services were being advertised through a website, which was attributed to the staff member through the contact information detailed on the site. Working together with HR the staff member was suspended, formally interviewed, and later resigned from service.

Grant Fraud

Case Example

The LA had identified several properties that were linked by landlord ownership however, all were vacant at the point of applying for Business Support Grants that were being administered by the council on behalf of HMG. CFI officers located the landlord, built an intelligence picture, including financial information as well as other social media material that assisted in identifying that the landlord was not entitled to claim for the grants. The subject was arrested and interviewed under caution by CFI officers. This has now resulted in a case file being prepared for the legal department.

Another Small Business Grant was paid by the authority to a bank account in relation to an application made for a local business. The bank account provided was subsequently found to be in the name of a third party who was not associated to the local business in any way; this information came to light when the true business owner made their own application for a small business grant payment. The "original false" application was therefore investigated and found to contain contact information for the business to which it did not relate, which indicated it had been impersonated. The suspects were identified, arrested, and interviewed and their electronic items seized. Financial enquiries confirmed how the illicitly gained funds were spent and analysis of phone communications showed that the suspects had discussed "spending the money". These individuals will now face prosecution.

Operational Activity

Intelligence Dissemination and Prevention

CFI works closely with policing partners and other law enforcement bodies to protect the public purse. Intelligence is lawfully shared under statute, including the new Data Protection Act 2018 where crime is suspected.

CFI's Criminal Intelligence Bureau works closely with law enforcement to develop intelligence that will assist in protection of the public. Over the last year **517 Alerts** and guidance notes were disseminated by CFI across all our local authority and public partner service areas.

The Criminal Intelligence Bureau has also disseminated **508 Intelligence Reports** to other agencies to assist with their criminal investigations.

CFI's specialist expertise has been used by other local authority services to protect the public including tactical support to other enforcement teams in Planning, Trading Standards and Housing to Human Resources, Procurement, ICT as well as other fraud departments.

Collaborative Operational Activity

Our Digital Forensics Unit are available to others for advice and support, which was seen this year after a LA approached CFI to firstly advise prior to multiple searches. The DFU provided search and seizure advice regarding digital devices (including network isolation with faraday bags) and on the day of the warrant DFU were on standby to provide further advice and subsequently received devices that afternoon that required prompt action. The suspects had refused PIN codes on phones which had been placed in faraday bags, but needed to be kept 'ON', to aid forensic analysis to defeat passcodes.

Devices were received on the day, decanted within a network isolation environment, put on charge, and subsequently processed over the following days. Sophisticated software was used to crack passcodes where possible, resulting in the extraction of full file systems and in some cases partial extractions. In total 9 devices were submitted on the date of seizure with primary devices processed and ready for OIC on encrypted media by 21 days later. Assistance with the data review has been provided via telephone. The processing of secondary devices was also completed within 20 days.

Counter Fraud & Investigation Annual Strategy 2022/23

Our Fraud Control Strategy

Our Strategy ensures all of our actions are considered and justified.

The Counter Fraud & Investigation team's work ensures that we are able to identify at an earlier stage intelligence relating to the key priorities below, particularly those affecting the most vulnerable of society.

Who are We?

A specialist function to protect public finance from fraud and serious crime, using our legal framework as a local authority service

What is Our Purpose?

- 1 Protect the public purse from crime
- 2 Support the wider-public sector with shared, advanced capabilities

What are Our Priorities?

Crimes affecting a vulnerable adult or child

Insider threats in local government

Organised crime targeting local government

Improving local government's resilience to cyber crime

How do we Succeed?

Always acting Ethically in everything that we do, working to our values, attitudes and principles

Consider opportunities to work collaboratively with others for the benefit of our purpose, sharing our knowledge, experience and expertise

Apply the 4 'P' Strategy to Prevent, Protect and Prepare local government for economic crime, pursuing offenders where necessary

Ensure our teams are fully equipped to respond to the threats faced from economic crime

Proactive Work Plan 2022/23

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	<p>Training of high risk areas in counter fraud measures</p> <p>Ensure understanding of the threats posed to those areas. To be tailored to the areas and ongoing support offered via a Single Point of Contact with CFI. This is a yearly activity that CFI will continue to deliver.</p>	July 2022 to June 2023		Phil Butt/Rob Kleinberg	
Council-wide	<p>Review all relevant policies concerning fraud aspects of the council's business</p> <p>Ensuring that all hold the most up to date legislative information as well as ensuring best practice is always adhered to.</p>	Jan 2023		Michael Dineen	
Council-wide	<p>A Fraud Health Check on the Social Care Application Process</p> <p>Ensuring the applicants that apply for Social Care assistance are entitled to and worthy of such care assistance, specifically direct payment care.</p>	Apr 2023		Phil Butt	
Council-wide	<p>Targeting POCA and Civil Legislation to maximise effect on criminal behaviour</p> <p>Ensure that CFI utilise the appropriate legislation to maximise the effects on criminals and ensure that our vision of protecting the public purse is adhered to by promoting this work.</p>	June 2023		Roger Noakes	

As well as the proactive work, the CFI will continue to work on all the reactive investigations that continues every day from the referrals it receives. This is predominately the work that is required to be completed to ensure a successful CFI as can be seen throughout this report.