

Appendix 1

Counter Fraud & Investigation



See it. Report it. Stop it.

Annual Report 2019/20

 thurrock.gov.uk

Foreword

“This report demonstrates the progress the counter fraud service and the council as a whole has made in protecting the public money we are charged with safeguarding.

The value for money achieved this year by having an effective fraud service shows that for every £1 spent on the team it has detected £3m in fraud.

The continuing challenges for the service are to strengthen our controls by using the learning from every identified incident with our Internal Audit Service and continue to use the powers to take redress from those who do defraud the public purse.”

David Kleinberg,
Assistant Director for Counter Fraud, Investigation
and Enforcement

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 a number of police agencies across the UK and complete work on behalf other local authorities.

This work is provided by our capabilities not present in other public authorities, including:

- Criminal Intelligence Bureau – Strategic Assessment Programmes, helping organisations understand the threats they face and implementing plans to deal with them
- Digital Forensics – providing access to electronic evidence in investigations to international standards (ISO17025)
- Criminal Finances – providing officers, accredited by the National Crime Agency to investigate, restrain and confiscate criminal proceeds, putting them back in to public finance.
- Cyber Resilience – providing advanced technology and expertise to protect public bodies from cyber-crime.

CFI totals since its launch



£35m
Detected



£5.5m
Recovered



63
Public
Bodies
Supported



167
Insider Threats
Apprehended



87
Adult &
Children
Safeguarding
Cases



14
Organised Crime
Groups (OCGs)
Disrupted



12
Police
Forces
Supported

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

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services

- Annual inspection to monitor use of police data by the Directorate and its use in investigative work

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

Governance & Accountability

College of Policing

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

United Kingdom Accreditation Service

- Inspections to monitor our forensics activity for criminal casework

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.

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. An inspection in to CFI's use of the powers will take place in July 2018.

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.

Finances

The Counter Fraud & Investigation team is hosted at Thurrock Council and also provides a full Counter Fraud Service to Castle Point Borough Council and other Housing Associations. Other 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.

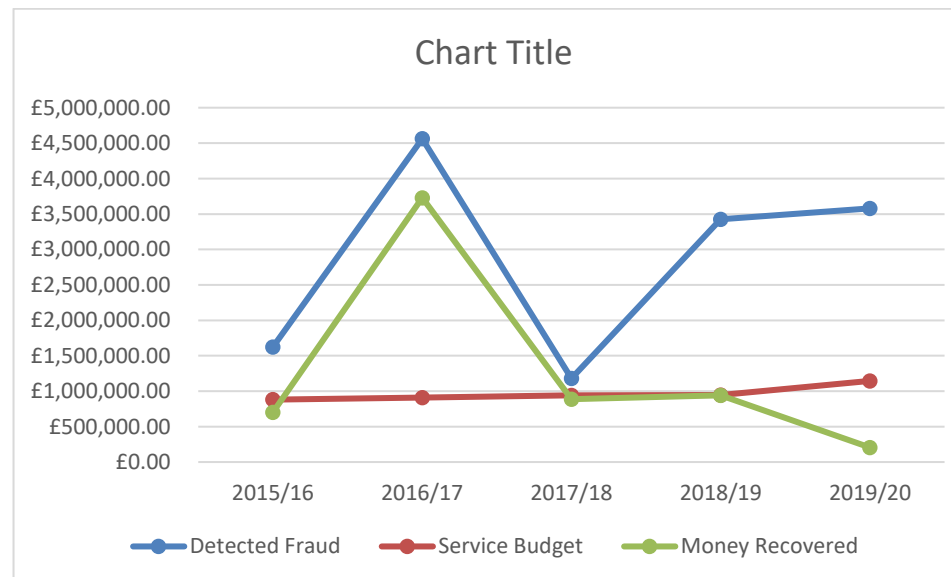
Overall CF&I Budget 2019/20

	Contribution	Contributor
	£1,144,949	Thurrock Council
	£60,000	Castle Point Borough Council
	£45,187	Other Partners
Total Budget	£1,250,136	

Finances

Return on Investment (2014-2019) Thurrock Council

	2015/16	2016/17	2017/18	2018/19	2019/20
Detected Fraud	£1,622,604	£4,562,032	£1,179,987	£3,426,474	£3,578,285
Service Budget	£880,637	£909,556	£939,313	£945,876	£1,144,949
Money Recovered	(£701,418)	(£3,729,705)	(£889,097)	(£941,155)	(£205,334 ¹)

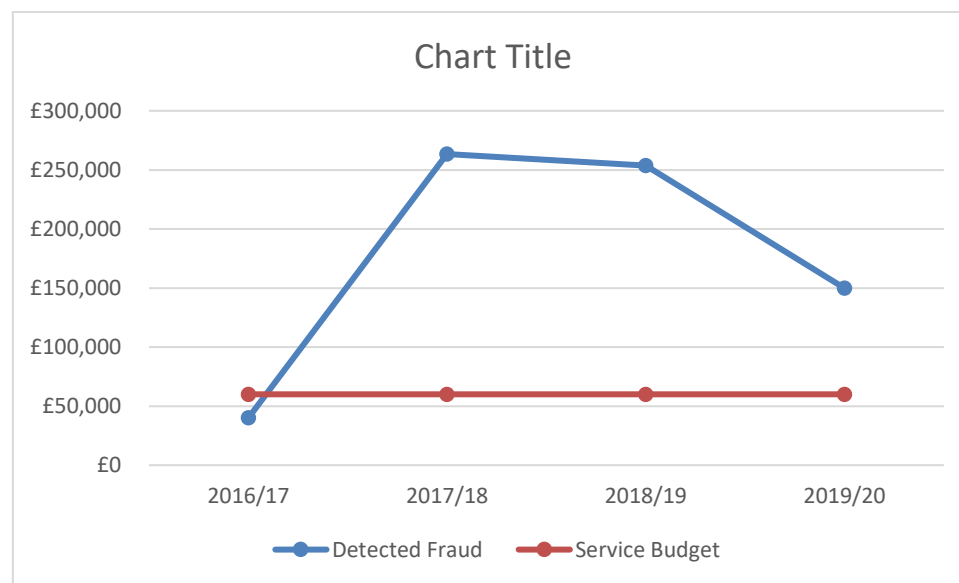


¹ This figure represents the available assets which can be ordered to be paid back by criminals to the council under the Proceeds of Crime Act 2002 or civil remedy, which is different to the amount of fraud that was proven at court.

Finances

Return on Investment (2016-2019) Castle Point Borough Council

	2016/17	2017/18	2018/19	2019/20
Detected Fraud	£40,000	£263,400	£253,800	£149,900
Service Budget	£60,000	£60,000	£60,000	£60,000



Operational Activity

Social Housing Fraud

Last year 36 social housing properties were recovered by the team in 2019/20. Recovering properties lost due to fraud and preventing further housing stock being lost ensures the use of temporary accommodation for those in need is reduced. Had these properties not been recovered then the potential loss to the public purse would have neared £1million.



36
Social Housing
Properties Recovered

Case Example

An allegation was made to CFI stating the occupant of social housing had in fact never lived at the address but had been renting the property out to a number of occupants of a period of nearly five years. The tenant had also made a “right to buy” application which if successful would have provided them a substantial discount. Financial and utilities enquiries were made by investigators which identified the real occupants of the council property, details of the actual property the tenant lived in and rent payments made to the subletting tenant.

A search warrant was obtained and executed at both the council property and the property the tenant was in fact living in. Evidence was seized and the tenant was interviewed under caution. No admissions were made and a criminal case prepared and passed to legal. The tenant was summonsed to court and prior to the trial starting entered guilty pleas to a number of fraud offences. The tenant is awaiting sentence and a confiscation timetable has been set.

Operational Activity

Insider Threats

The sad reality for any large organisation is the small minority of individuals who seek to take advantage of the trust their employer places in them. It is of some comfort that these cases are extremely rare but where fraud or corruption does occur, CFI has the expertise and experience to resolve any allegations swiftly and professionally reducing the potential impact on frontline service delivery. CFI works closely with business areas in each partner agency as well as its Executive and Human Resources teams in a collaborative approach.

Case Example

CFI undertook an investigation into a member of council staff who was allegedly utilising/stealing council materials for private work, carrying out private work in work time and using a corporate fuel card to obtain fuel and placing this in their own private vehicle. CFID carried analysis of vehicle telematics and mounted a protracted surveillance operation. This resulted in evidence being obtained showing the staff member carrying out private work using Council materials and him purchasing fuel with a corporate fuel card and subsequently placing this in his own vehicle.

As a result of the investigation the member of staff was dismissed by the council.

CFI also investigated a member of staff that was found to be working for a different company whilst declaring to be long term sick for the council. It was established that the employee had been completing work with an agency for 'full-time' hours, whilst continuing to claim sick pay from the council. CFI gained the required evidence, interviewed the member of staff and after consideration by the councils legal services department, the staff member was prosecuted.

This resulted in the staff member being found guilty and subject to compensation and a fine.

Operational Activity

Grant Fraud

Case Example

CFI carried out an investigation against a Thurrock based company who were involved in the fitting of emissions devices to vehicles in response to the rollout of the London Low Emissions Zone ("LEZ"). The scheme meant that vehicle owners would have to pay for the device and for it to be fitted. The cost varied but was typically several thousand pounds. The company fraudulently supplied a number of customers with exhaust devices that did not meet the emission standards and made false declarations to the Driver and Vehicle Standards Agency (DVSA) as to what device they had fitted. This practice continued over a number of years and involved the fitting of well over 380 devices to customer vehicles that failed to meet the emissions criteria.

A complex enquiry began involving hundreds of witnesses, searching of business premises, the arrest of four suspects and subsequent complex financial investigation and scientific examination of numerous vehicles. This spanned several years of evidence gathering and then the legal process resulting in a lengthy trial and subsequent convictions of the suspects. Custodial sentences were passed by the Judge and a proceeds of crime confiscation timetable set.

Operational Activity

Joint Working

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.

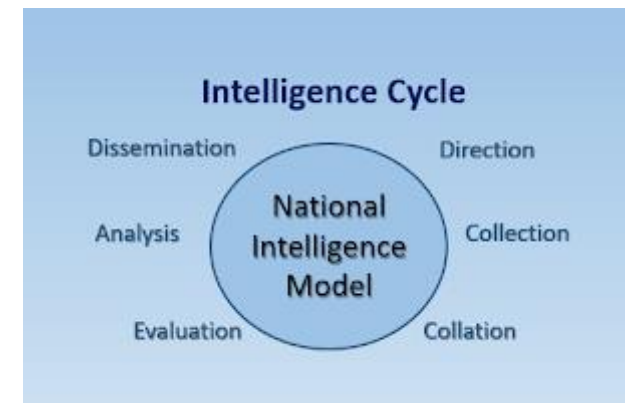
CFI's Criminal Intelligence Bureau works closely with law enforcement to develop intelligence that will assist in protection of the public. Over the last year **48 Alerts** and guidance notes were disseminated by CFI across all our local authority and public partner service areas.

The Criminal Intelligence Bureau has also disseminated **159 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 and ICT.

In 2019 CFI looked to increase joint working within the intelligence sphere, arranging for a member of staff to be seconded up to NAFN in Manchester, so that both CFI and NAFN could learn from each organisations approach to intelligence support and also establish a working link between the two organisations.

This has resulted in close working relationships with NAFN, and the clear advantages that come from joint working between our two organisations.



Results

The Counter Fraud & Investigation team present all of its cases to Legal Services across the different partners or in some cases the Crown Prosecution Service where serious criminality is identified. A framework of different sanctions, redress and punishment outcomes are then considered by a Lawyer independently of the CF&I team.

This process includes the use of the Code for Crown Prosecutors in consideration of any criminal litigation.

In 2019/20 the number of fraud cases identified by the team increased, as did the number of sanctions delivered.

The overall fraud detected figure for **2019/20** is **£3,578,285**

The following tables detail the investigations, sanctions and compliance activities completed by the team across partners for 2019/20. The tables has been developed to show details of all sanction types as opposed to previous reports which only showed prosecutions, value and 'other'. This table enables a clearly understanding of the work conducted by CFID as it relates to solely CFID investigations:

Comparison to Previous Years

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

Year	2015/16	2016/17	2017/18	2018/19	2019/20
Number of reports of Fraud	514	302	324	576	349

Comparison to Previous Years (detected fraud)

The table below shows the detected fraud value year on year since the inception of the Counter Fraud & Investigation team.

Year	2015/16	2016/17	2017/18	2018/19	2019/20
Detected Fraud Value	£8,768,957	£6,958,808	£5,138,836	£5,497,805	£3,578,285 ²

The total value of fraud detected from April 2014 to June 2019 is **£33,582,618**

Delivery of the Proactive Work Programme

The work programme implemented across the council was delivered in full last year. The purpose of the programme is to ensure that there is an enterprise-wide acknowledgement of the risks from fraud and economic crime and the areas most at risk have mechanisms to both prevent and detect suspicious activity.

² The reduction in detected fraud has been affected by previous years including some work for previous local authorities

Delivery of the 2019/20 Proactive Work Programme

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Launch a new e-Learning Package for Countering Fraud, Bribery, Corruption and Money Laundering.	July – Sep 2019	The eLearning Package was successfully rolled out across the authority and our partners. This has resulted in 1000s of employees gaining further knowledge and awareness of Counter Fraud and the role they play in combating crime against the council.	Michael Dineen	Sep 2019
Council-wide	Develop an early intervention risk matrix for social housing tenants targeted by criminality.	July 2019 – March 2020	This risk matrix allows for the early intervention of young/vulnerable persons entering the housing system. It will allow for cross departmental sharing of information, for the benefit of the residents.	Philip Butt	March 2020
Council-wide	Cybercrime risk assessment across the council.	Nov 2019 - Now March 2020	The risk assessment across the council was being completed, it was agreed with the key stakeholders in the council that this scope would be expanded to include the overall programme of cyber-crime protection. The January 2020 meeting it was agreed that activity would be extended into the 2020/21 plan.	David Nash	Ongoing in to 2020/21

Delivery of the 2019/20 Proactive Work Programme

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Enhancing counter fraud and money laundering controls for Social Care Finance.	Nov 2019 - Now Jan 2020	A new digital analytic system has been obtained and is to sit behind online application processes so that instantaneous checks can now take place to highlight any application that is a 'risk' this can then be verified by the particular council department.	Michael Dineen	March 2020
Council-wide	Renewed Education & Marketing Campaign for Countering Fraud, Bribery, Corruption and Money Laundering	January 2020	The new 'See it, Report it, Stop it' campaign has been developed and a further 2 posters have been designed (below) Snr Manager to meet with Communications Team to agree strategy.	Nicholas Coker	December 2020
Revenues	Use of Data Matching Solution to compare NNDR data with law enforcement data.	July 2019	Oneview is to be utilized for the material that has been gained so that the original data and then be actioned.	Nicholas Coker	August 2019
Council-Wide	National Fraud Initiative results to be analysed and any criminal investigations to be raised and dealt with by NATIS.	June 2019- March 2020	NATIS to review results and ensure any required investigations are recorded. This is in fact an ongoing yearly requirement that will feature on the 2020/21 work plan	David Kleinberg Tanya Furber	Ongoing Requirement