

Appendix 1

East Dunbartonshire Council

**Fraud Performance Outcomes
2020/2021**

As at 31 March 2021

Corporate Fraud Team

Fraud Performance Outcomes 2020/2021

Overview

The Corporate Fraud and Corruption Policy outlines the Council's strategy in relation to fraud and corruption, the Council's commitment to creating an anti-fraud service and culture and maintaining high ethical standards in its administration of public funds. The Council is committed to protecting public funds through securing robust working methods and procedures and by promoting an environment that actively encourages the highest principles of honesty and integrity.

Throughout 2020/2021, the Corporate Fraud Team continued to provide a counter fraud service to the Council. In support of the initial Covid-19 response, two team members assisted in the delivery of Scottish Welfare Fund applications. For the majority of 2020/2021, the main fraud focus of the team was the investigation of potential issues relating to the various Coronavirus Business Support Grant scheme applications. In order to prevent fraud and error, real-time intelligence sharing was developed with other councils in order that intelligence relating to suspected fraudulent business grant application could be shared without time delay¹. This helped to minimise losses, as much of this work was preventative in nature.

The team continue to deal with whistleblowing cases, undertaking both proactive and reactive inquiries. Preparatory work has been undertaken to allow participation in a National Fraud Initiative exercise. Results from the data matching exercise are released on a phased basis, between January and Summer 2021. Initial sifting will be required before investigatory work can commence and results from this will be included in a future report.

Summary of Fraud / Error Identified

Category	2020/21	2019/20
Covid Related Business Grants (£)	270,300	0
Business Rates (£)	15,538	66,450
Council Tax Discount/Evasion/Reduction (£)	16,093	173,429
No. of Education Places/Funding Requests Refused/Withdrawn	8	12
Housing Tenancy Offers Withdrawn/Applications Withdrawn	11	24
Housing Tenancies Recovered	2	1
Licence Applications Refused/Revoked/Applications Withdrawn	2	8
Licence Applications Warning Issued	0	14

The focus on preventative Covid Related Business Grants work has resulted in total fraud or error of £270,300 being identified. Grants provided to support businesses through the Covid-19 pandemic have unfortunately been targeted both by opportunists and serious organised crime, which by its nature is inherently large and complex, crossing not only geographical borders but organisational ones too. The most serious cases identified were four business grant applications, all suspected as being instigated by organised crime and so were reported to Police Scotland. The Corporate Fraud Team continue to make inquiries in respect suspected fraudulent business grant applications.

¹ Data Protection Act 2018 – Schedule 2, Part 1(2) allows for the sharing of information for the prevention and detection of crime.

Business Rates results are lower than 2019/20 due to the previous year's results including findings from the Audit Scotland pilot exercise to identify fraud and error within awards of Small Business Bonus. The £15,538 in 2020/21 was uncovered as a result of inquiries undertaken regarding Business Grants.

Council Tax Discounts/Evasion/Reduction figure has also decreased year on year as 2019/20 included results achieved from our participation in the National Fraud Initiative, which is undertaken on a biennial basis.

Business Grants

	2020/21	2019/20
Value of grant applied for established as fraud/error (£)	270,300	0

Grants provided to businesses to help them through the Covid-19 pandemic were unfortunately targeted both by opportunists and serious organised crime. In order to prevent fraud occurring, Scottish Councils shared intelligence regarding the grants on a daily basis; this undoubtedly minimised losses.

As previously mentioned, four cases, all suspected as being organised crime related, were reported to Police Scotland. A further 87 applications submitted for Strategic Framework Grants (SFG) were established as being either fraudulent or containing errors which prevented entitlement to the grants. If successful, the applicants would have been paid four weekly amounts over a six monthly period of:

- £2,000 per month for businesses with a Rateable Value up to £51,000
- £3,000 per month for businesses with a Rateable Value £51,001 or above.

In addition, SFG applicants would also have been paid:

- One off payments ranging from £6,000 - £25,000:
- Restart payments ranging from £6,000 - £18,000

Inquiries relating to grant applications continue. A national data matching exercise relating to business grants is also scheduled and the result of the data matching will be released to the council in early 2021/22.

Business Rates

	2020/21	2019/20
Liability Evaded (£)	15,538	318,596

Business Rates evasion is being recognised as being an emerging threat and the authority took part in a pilot national initiative in 2019/20 to detect rate payers who had evaded Business Rates liability by claiming Small Business Bonus fraudulently or in error.

£211,166 of the 2019/2020 figure was in respect of fraud/error established in other local authorities as a consequence of an investigated business also having premises in the other areas.

During 2021/2022 the authority will be participating in a further data matching exercise, in conjunction with all other Scottish authorities, in order to identify any further instances of business rates fraud.

Council Tax Discount, Evasion, Exemptions & Reductions

	2020/21	2019/20
Council Tax Discounts/Exemptions/Evasion (£)	30,833	177,785
Council Tax Reduction (£)	1,691	3,091
Housing Benefit (£)	1,116	9,893

Council Tax fraud/error is when a person provides incorrect information or fails to report required changes in circumstances, in order to reduce their liability for Council Tax. During the year, Council Tax Fraud/Error with regards to discounts, evasion, exemptions and reduction totalled £30,833.

£112,551 of the identified Council Tax Discount/Exemption/Evasion fraud/error in 2019/2020 was uncovered as a result of our participation in the National Fraud Initiative, which is a biennial exercise and so there has been a year on year decrease in fraud or error identified.

Although the authority is no longer responsible for the investigation of Housing Benefit, as a consequence of other investigations undertaken, £1,116 of Housing Benefit fraud/error was established.

Education

	2020/21	2019/20
Registration Applications Refused/Withdrawn	8	12

The consistently high attainment level of the schools within East Dunbartonshire continues to result in those without entitlement attempting to secure places. Eight applications for school or early years services were, after investigation, refused or withdrawn by the applicant.

A trial date has been set, in Summer 2021, for an applicant who was the subject of a report to the Crown Office & Procurator Fiscal Service (COPFS) relating to a school application which appears to have been made fraudulently.

20 applications have been identified as suspicious but the investigations were not completed in the year due to Covid related restrictions. The Team are in the process of completing risk assessments in conjunction with Health and Safety to enable the reinstatement of home visits and interviews where required. This will enable further inquiries to be made where fraud is suspected and may also allow future reports to the Procurator Fiscal to be made where there is sufficient evidence of fraud.

Housing Tenancy Fraud

	2020/21	2019/20
Offers of Housing Withdrawn	27	47
Properties Recovered	2	1
Homelessness Priority Removed	12	13

Housing tenancy fraud is the use of social housing by someone who is not entitled to occupy that home. It includes unlawful subletting, succession fraud and use of false information in a housing application to gain a tenancy.

Housing Tenancy Fraud has previously been identified by the Audit Commission as being one the largest losses, by fraud and error, to local government. Our focus remains on prevention, ensuring that only genuine applicants are allocated tenancies.

27 applicants who were due to be offered tenancies, were identified as having applications which were either fraudulent or containing errors, which resulted in the removal of the offer of the tenancy.

Twelve applicants, who had been awarded homelessness priority, were identified as no longer priority and this status was removed.

Two properties were successfully recovered.

Licensing

	2020/21	2019/20
Private Hire/Taxi Operator or Driver Licences Refused/Revoked/Applications Withdrawn	2	8
Private Hire/Taxi Operator or Driver Licences Surrendered	0	6
Public Entertainment Licence Application Withdrawn	0	1

All licence applications submitted to the authority are subject to vetting by both the Council and Police Scotland. The vetting process is primarily a public protection function but in certain instances can also results in other fraud/error being established.

The figure of 2 applications withdrawn in the year in the table above related to one case and two licences. Corporate Fraud undertook inquiries at the vetting stage in order to establish if the person named on the application was the individual who submitted the application. During these inquiries it was established that the person named on the application was not resident in the UK. The applications were withdrawn as soon as inquiries were made.

A process has been agreed that licencing investigations involving interviews will only commence upon instructions from Legal Services. Due to the prioritisation of the Covid-19 response, no such instructions were received from Legal Services with regards to licensing cases in 2020/21.

Bribery

	2020/21	2019/20
No. of gifts, gratuities & hospitality forms received	0	0

An Anti-Bribery Policy is in place. All employees who takes receipt of, or are offered, any gift, gratuity or hospitality must report this and seek authorisation. In 2020/21, no employees reported having been offered gifts, gratuities or hospitality.

Money Laundering

	2020/21	2019/20
No. of suspicious activity reports submitted to NCA	0	1

We are obliged by legislation to submit Suspicious Activity Reports (SARs) to National Crime Agency in all instances where money laundering is suspected.

In 2020/21 no reports of suspected money laundering were made.