

AUDIT AND STANDARDS COMMITTEE

June 2023

Title: Counter Fraud Annual Report	
Report Author: Kevin Key, Counter Fraud & Risk Manager Tel: 020 8227 2850, E-mail: kevin.key@lbbd.gov.uk	
Wards Affected: None	Requires formal Member-level approval: No
Accountable Director: Philip Gregory - Strategic Director, Finance and Investments	
Summary: This report brings together all aspects of counter fraud work undertaken during 2022/23. The report details progress to 31 March 2023.	
Recommendation: Audit and Standards Committee is asked to note the contents of the report.	

1. Summary of counter fraud work undertaken for Quarter 4 2022/23

1.1 The tables below indicate the level of work completed in the two separate areas for which the team are responsible: Corporate Fraud and Housing Investigation.

2. Corporate Fraud Activity including Whistleblowing

2.1 The update on corporate fraud activity for quarter 4, along with the annual totals, is set out below. The team receives many referrals throughout each quarter and log and assess each case independently. A decision is then made as to what the best course of action is to deal with the referral. This means either the team will open an investigation, refer to another service block of the council or arrange for the matter to be referred to a specific manager for action.

2.2 Quarter 4 2022/23 Fraud referrals incl. whistleblowing

	21/22 Total	22/23 Total	Q4
Cases Outstanding from last quarter			14
Referrals received in Period	198	174	57
Cases accepted for investigation	50	76	20
Referred to other service block within LBBDD	102	84	37
Data Protection Requests received from other LAs, the Police and outside agencies	30	111	16
Cases closed following investigation	42	74	18
Ongoing Corporate Fraud Investigations:			16

2.3 For 2022/23 the recording remains an accurate representation of the work undertaken, outlining a true reflection of what action is being taken on every referral received. We also still report on all referrals made directly to the Police and/or Action Fraud.

2.4 The ‘referrals received’ relate to the number of cases that are sent through to the Fraud email inbox or where contact is made directly with members of the team. All contact is logged and assessed accordingly. Considering the scope of potential ‘fraud’, many referrals are sent through in the belief that fraud has been committed, but following assessment, found to be best dealt with elsewhere.

We receive requests that relate to CCTV, Subject Access Requests, Freedom of Information and Data Protection as well as referrals relating to Housing Benefits, Council Tax, Department for Work & Pensions, Complaints, Parking Enforcement, Housing Services, noise nuisance, Housing Association properties, Planning, Private Sector Licencing, Police matters and Trading Standards. If there is a possible consideration of fraud we are likely to have received a referral either via email or phone.

2.5 Outcomes – Quarter 4 and annual totals

	21/22 Total	22/23 Total	Q4
Disciplinary Action (including referrals for DA)/Resigned during investigation	4	11	2
Referred to Management/advice given	11	13	3
No fraud found/Not proven/NFA	19	36	8
Proactive Exercise	N/A	7	0
Referred to Police/Action Fraud/Covid Fraud	8	8	5

3. Housing Investigations

3.1 Members are provided specific details on the outcomes from the work on Housing Investigations. For 2022/23, outcomes are set out below.

3.2 Quarter 4 2022/23 Housing Investigations

Caseload	21/22 Total	22/23 Total	Q4
Open Cases brought forward			47
New Cases Added	156	464	168
Cases Completed	139	460	175
Open Cases			40

On Going Cases - Legal Action	Q4
Total Housing cases for recovery	1

Outcomes - Closed Cases	21/22 Total	22/23 Total	Q4
Convictions	1	1	0
Properties Recovered	6	11	2
Successions Prevented & RTB stopped/agreed	41	47	15
Savings (FTA, SPD CTax, RTB, Decant)	£444,639	£959,368	£310,298
Other Potential Fraud prevented/Advice given/passed to appropriate service block incl Apps cancelled	42	121	49
No further action required/insufficient evidence/not proven	37	41	9
Proactive Exercise cases	n/a	33	0

3.3 In addition to the above other checks are routinely carried out and information provided to others. Below is an indication of the level of work undertaken.

	21/22 Total	22/23 Total	Q4
Education Checks	371	411	96
Right to Buy initial checks	258	459	100

(Education checks relate to assisting admissions in locating children or families to free up school places or confirm occupancy and RTB checks are the early-stage checks undertaken to ensure occupancy and the legitimate tenant/s are entitled to continue with the RTB process to purchase their property).

4. Summary of Quarter 4 key issues along with review of year

4.1 The 2022/23 year has been successful across all aspects of Counter Fraud. The team have exceeded the previous year's totals across most outcomes and continue to look at proactive exercises to compliment the reactive work being undertaken. An interesting point to note is there was a 52% increase from 21/22 in the number of cases accepted. This was due to more publicity as well as Counter Fraud providing briefings at team meetings across all service blocks. There has been an increase in proactive exercises across the year to

compliment the reactive work received from colleagues and the public. The team recovered 11 properties, seeing an 83% increase on the previous year, meaning more deserving families were able to be provided housing in the borough.

4.2 Throughout December and into January/February, the team undertook visits to addresses across Barking that qualified for small business rates relief. This was a proactive exercise, in conjunction with colleagues within Community Solutions to establish whether there had been any change of circumstance in any business that was in receipt of Small Business Rates Relief – in total there are 1,666 properties that currently qualify for the scheme. Of an initial sample of 100 addresses, there were changes to the systems that resulted in additional charges of circa £10k. Realising the potential the team undertook a further 666 visits, and while the Revenue team are still working through the results, there has been an initial indication that the project has resulted in approximately £60K of relief being removed. A full breakdown will be provided once all remaining 900 visits have been undertaken and the revenue team able to update the business information held on LBBB systems.

4.3 As mentioned in Quarter 3, there was ongoing action to recover fraudulently claimed overtime from an ex We Fix employee. During Quarter 4, all money was paid back by the ex-employee. This was subsequently published on the internal staff, and managers, briefings.

4.4 Throughout Quarter 4 the team have been providing briefings to colleagues across Community Solutions. The briefings are part of an ongoing proactive exercise to widen the exposure of the Counter Fraud Team and look to encourage colleagues to report areas of concern or provide the us with areas to consider undertaking proactive exercise.

4.5 Quarter 4 also saw the team complete checks within the National Fraud Initiative. This biennial mandatory exercise starts with the upload of council data to the Home Office which is then cross checked with all other local authorities and other partners who have opted in. The returned data highlights where data from different boroughs/organisations matches with data held by LBBB. This year there were 3,945 matches for the team to review. To date 1,305 have been reviewed and closed. The Home Office provide estimated savings based on different types of fraud/error. Of the 1,305 completed, estimated savings of £282,678 have been linked to the removal of people from our housing waiting list (by either having a tenancy or being registered on another borough’s waiting list).

4.6 The team recovered 2 properties in Quarter 4 and a total of 11 in 2022/23. Outlined below is a summary of the people who were given the properties that were being sublet or not used in the correct way.

Property type	Who was rehoused into the property	Contact from Tenant or Subtenant if applicable
---------------	------------------------------------	--

4 Bed Town House	Relet 31 January 2023 to a Reside Applicant.	Tenant was living abroad and subletting to family members. Neither the tenant nor subtenant have approached the council for assistance.
Bedsit	Still Void	Tenant was referred by the Police for subletting. Was using the property as a business. No approaches made from the address for assistance.

4.7 As part of a commitment to be more transparent about how we deal with employees, outlined below is a summary of the 5 cases within quarter 4 that the Counter Fraud Team were involved in;

Service	Role	Allegation	Outcome
Adults and Childrens Services	Social Worker	Gross Misconduct Abuse of position	Fact-find undertaken – NFA as no evidence
Adults and Childrens Services	Head of Service	Gross Misconduct Abuse of position	Fact-find undertaken - Referred for management action/disciplinary investigation
Public Realm	Agency Worker	Gross Misconduct – accepting bribes	Established that Agency worker accepting food to dispose of commercial waste – Contract terminated.
Public Realm	Agency Worker	Gross Misconduct – Accepting bribes	Established that Agency worker accepting food to dispose of commercial waste – Contract terminated.
My Place/Community Solutions	Unknown	Abuse of Position by unknown staff member allocating properties via Snapchat	No evidence found and unable to establish named officer. NFA.

5. Regulation of Investigatory Powers Act

5.1 The Regulation of Investigatory Powers Act regulates surveillance powers, thus ensuring robust and transparent frameworks are in place to ensure its use only in justified circumstances. It is cited as best practice that Senior Officer and Members maintain an oversight of RIPA usage.

5.2 The last inspection of RIPA was undertaken by the Investigatory Powers Commissioner's Office in April 2020. The report was favourable, and all recommendations have been implemented.

5.3 Training was also provided to over 90 staff and managers, across all service blocks, at the beginning of the year to ensure as many people were aware of RIPA and the processes, we have in place regarding this. By providing this up-to-date training, the expectation is in place that for any use of covert surveillance, RIPA should be considered.

5.4 The current statistics are set out below following review of the central register, held by the Counter Fraud & Risk Manager. As per previous guidelines, RIPA authority is restricted only to cases of suspected serious crime and requires approval by a Magistrate.

(a) Directed Surveillance

The number of directed surveillance authorisations granted during Quarter 4, January – March 2023, and the number in force on 31 March 2023

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data during Quarter 4, January – March 2023

Nil granted. Nil in force.

6. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager Service Finance

6.1 The team is fully funded and there are no financial implications impacting on this report.

7. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

7.1 The Accounts and Audit (England) Regulations 2015 section require that: a relevant authority must ensure that it has a sound system of internal control which—facilitates the effective exercise of its functions and the achievement

of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.

7.2 Furthermore the Director of Finance has a statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, to ensure that there are proper arrangements in place to administer the Council's financial affairs.

7.3 Counter Fraud practices set out in this report address the need to counter fraud, money laundering, bribery and the proceeds of crime. The Council's policies guide on the investigatory and prosecution process. In formulating the policies it addresses the issue of corruption and bribery. Corruption is the abuse of entrusted power for private gain. The Bribery Act 2010 defines bribery as "the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages whether monetary or otherwise".

7.4 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against it. We will enhance our provision further by making best use of existing legislation, for example the Proceeds of Crime Act 2002, to ensure that funds are recovered, where possible by the Council.

8. Other Implications

8.1 **Risk Management** – Counter Fraud activity is risk-based and therefore supports effective risk management across the Council.

8.2 No other implications to report

Public Background Papers Used in the Preparation of the Report: None

List of appendices: None