

## AUDIT & STANDARDS COMMITTEE

22 July 2024

<b>Title:</b> Counter Fraud Annual Report 2023/2024	
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<b>Wards Affected:</b> None	<b>Requires formal Member-level approval:</b> No
<b>Accountable Director:</b> Jo Moore - Strategic Director, Resources	
<b>Summary:</b> This report brings together all aspects of counter fraud work undertaken during 2023/24. The report details progress between 1 April 2023 and 31 March 2024.	
<b>Recommendation:</b> The Committee is asked to note the contents of the report.	

### 1. Summary of Counter Fraud work undertaken for 2023/24

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

### 2. Corporate Fraud Activity including Whistleblowing

2.1 The update on corporate fraud activity for 2023/2024 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. 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 Quarterly Fraud referrals including whistleblowing:

	22/23 Total	Q1	Q2	Q3	Q4	23/24 Total
Cases Outstanding from last quarter		16	17	16	20	
Referrals received in Period	271	110	115	87	91	403
Cases accepted for investigation	76	16	8	14	32	70
Referred to other service block within LBBD	84	86	83	61	40	270
Data Protection Requests received from other Local Authorities, the Police and outside agencies	111	8	24	12	19	63
Cases closed following investigation	74	17	9	10	29	65
<b>Ongoing Corporate Fraud Investigations:</b>		17	16	20	23	

2.3 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 what may be construed as potential 'fraud', many referrals are sent through in the belief that fraud has been committed, but following assessment, found to be more appropriately dealt with elsewhere.

We receive requests that relate specifically 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.

#### 2.4 Outcomes – Quarterly and annual totals

	22/23 Total	Q1	Q2	Q3	Q4	23/24 Total
Disciplinary Action (including referrals for DA)/Resigned during	11	0	0	3	2	5
Referred to Management/advice given	13	4	0	7	8	19
No fraud found/Not proven/NFA	36	5	5	2	15	27
Referred to Police/Action Fraud/3 <sup>rd</sup> Party	8	8	4	3	3	18
Prosecutions (other than housing)	0	0	0	2	1	3

<b>On Going Cases - Legal Action</b>	Q1	Q2	Q3	Q4
Total Corporate cases	3	3	4	4

### 3. Housing Investigations

3.1 Members are provided specific details on the outcomes from the work on Housing Investigations. For 2023/24, outcomes are set out below.

#### 3.2 Quarterly Housing Investigations

<b>Caseload</b>	22/23 Total	Q1	Q2	Q3	Q4	23/24 Total
Open Cases brought forward		40	28	19	33	
New Cases Added	464	149	155	124	124	552
Cases Completed	460	161	164	125	143	593
Open Cases		28	19	33	14	

<b>Ongoing Cases - Legal Action</b>	Q1	Q2	Q3	Q4
Total housing cases awaiting recovery	4	4	6	15

<b>Outcomes - Closed Cases</b>	22/23 Total	Q1	Q2	Q3	Q4	23/24 Total
Housing Convictions	1	0	0	0	0	0
Properties Recovered	11	4	4	0	1	9
Right to Buy initial checks	459	108	79	63	68	318
Successions Prevented & RTB stopped/agreed	47	18	15	15	12	60
Savings (FTA, SPD CTax, RTB, Decant)	£959,368	£175,326	£12,224	£23,260	£136,844	£347,654
Other Potential Fraud prevented/Advice given/passed to appropriate service block incl Apps cancelled	121	15	51	21	42	129
No further action required/insufficient evidence/not proven	41	16	15	26	20	77

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.

	22/23 Total	Q1	Q2	Q3	Q4	23/24 Total
Education Checks	411	90	62	88	54	294

(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 key issues 2023/2024

4.1 Throughout Quarters 1 & 2 the team completed visits to those properties in receipt of 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. The team completed visits to all 1,666 properties that currently qualify for the scheme. This resulted in a total of 79 properties having their liability amended, raising an extra £256,275 in small business rates.

Row Labels	SBRR VALUE	Count of PROPERTY
Liability Amended	£19,206	8
Visit Raised/Tracing	£237,069	71
<b>Grand Total</b>	<b>£256,275</b>	<b>79</b>

4.2 The team achieved the successful prosecution of 2 former members of staff. The 2 had previously worked within Public Realm and were responsible for collecting trade waste but were found to have been collecting extra waste, for personal monetary gain, from businesses who were not paying the council for the service.

4.3 The team also were successful in Quarter 4 with the prosecution of a Care Worker who had submitted false timesheets. Following a guilty plea, the care worker resigned.

4.4 Throughout quarters 2, 3 and 4 the team have been involved with checking of Reside applications. All Market Rent and subsequently Affordable Rent properties are being reviewed to ensure the applications meet the criteria required. Unfortunately, the schemes appear to have been targeted by applicants who have provided false or misleading documentation. This has led to numerous criminal investigations being opened with a view to prosecuting those that have committed fraud.

4.4 For 2023/2024 the team recovered 9 housing properties. One particular property was the subject of a joint working initiative with colleagues in the Anti-Social Behaviour team. The property has been regularly visited by Police leading up to the involvement of LBB. Checks confirmed the tenant was residing in Essex and through working with her to explain the concerns, and evidence available to instigate legal action, the tenant voluntarily gave up the property and returned the keys.

4.5 One property was recovered in quarter 4; outlined below is a summary of the people who were given the properties that were being sublet or not used in the correct way.

1 bed flat	Reside property – re-let within 3 weeks of former tenancy ending.	Tenant was advertising property on Airbnb –
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		investigation led to tenant handing back the keys.
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4.6 As part of a commitment to be more transparent about how we deal with employees, outlined below is a summary of the 16 cases within Q4 that the Counter Fraud Team were involved in:

<b>Service</b>	<b>Allegation</b>	<b>Outcome</b>
My Place	Ex Agency committed fraud while working for LBBDD	Insufficient evidence to progress case
Resources	Officer accused of stealing money	Investigation and recommendation for disciplinary hearing. Officer dismissed for gross misconduct.
Adults & Childrens	Social Worker/s provided information to third party about a client	Fully investigated and no wrongdoing found.
My Place	Allegation received that a manager had acted in an illegal way when dealing with member of public.	Fully investigated and no wrongdoing found.
Be First	Request from service to access officer emails	Access refused based on reasons provided.
Adults & Childrens	Social Worker believed to be working elsewhere while employed by LBBDD	Social Worker resigned with immediate effect. Criminal Investigation ongoing.
Public Realm	Officer taking side waste	Referred to management – no fraud
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My Place	Grievance	Investigation under grievance procedure – partially upheld
My Place	Officers allocating properties for money	Insufficient evidence to establish any named officer
Public Realm	Anonymous complaint regarding management of service within Public Realm	Insufficient evidence to investigate fully as officers refused to identify

Public Realm	Procurement concerns	Referred to management as already aware and dealing
Public Realm	Cifas match	Following initial review officer never started with LBBD
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Public Realm	Various concerns over management of service	Referred to management as already aware and dealing

## 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 In June 2023, the Council received an inspection undertaken by the Investigatory Powers Commissioner's Office. The report was favourable, and we have begun to work on the recommendations.

5.3 Following the inspection in June 2023 a recommendation was made regarding training of staff. Work is currently ongoing to ensure the appropriate officers are reminded of their obligations and understand the need to consider RIPA should this come up in their work.

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, 1 January to 31 March 2024, and the number in force on 31 March 2024

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data during Quarter 4, 1 January to 31 March 2024

Nil granted. Nil in force.

## **6. Financial Issues**

*Implications completed by: Michael Bate, Deputy S.151 Officer*

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

## **7. Legal Issues**

*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 support effective risk management across the Council.

8.2. No other implications to report

**9. Public Background Papers Used in the Preparation of the Report:** None

**10. Appendices** None