

AUDIT AND STANDARDS COMMITTEE

3 April 2019

Title: Counter Fraud Report Quarter 3 2018/19 (October-December 2018)	
Report of the Chief Operating Officer	
Open Report	For Information
Wards Affected: None	Key Decision: No
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Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary: This report brings together all aspects of counter fraud work undertaken to date during 2018/19. The report details progress to 30 September 2018	
Recommendation: The Audit and Standards Committee is asked to note the contents of the report.	
Reason(s): Assurance work helps to ensure good practice in corporate governance, risk management and internal controls all of which assist service areas in meeting their aims and the overall Council objectives.	

1. **Summary of counter fraud work undertaken for quarter 3 2018/19**
 - 1.1 The tables below indicate the level of work completed in the two separate areas for which the team are responsible; Housing Investigation and Corporate Fraud.
2. **Corporate Fraud Activity including Whistleblowing**
 - 2.1 The update on corporate fraud activity for Quarter 3 is set out below. The team receives many referrals throughout each quarter and will 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 2018/19 Quarter 3 Fraud referrals incl. whistleblowing

	17/18 Total	18/19 to date	Qtr 3
Cases Outstanding from last QTR			10
Referrals received in Period	301	186	37
Cases accepted for CFT investigation	18	26	13
No further Action after initial review/already known	195	13	1
Referred to other service block within LBBD	195	137	13
DPA, FOI, and other information provided		60	10
Cases closed following investigation	19	12	6
Ongoing Corporate Fraud Investigations:			17

2.3 For 2018/19 the recording has been slightly modified to more accurately review each incoming referral. This has prevented double counting in some areas and made it clearer as to what action is being taken on every referral received by us.

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 direct with members of the team. All contact is logged and assessed accordingly. Bearing in mind the scope of potential fraud, many referrals are sent through in the belief that fraud has been committed, but following assessment, found to be incorrectly sent to us.

2.5 We receive requests that relate specifically to CCTV, Subject Access, 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. In short, if there is a possibility/mention of fraud we are likely to have received a referral either via email or phone.

2.6 Outcomes – Quarter 2 and yearly total 2017/18

	17/18 Total	18/19 to date	Qtr 3
Recommended for disciplinary process/New cases as a result	0	3	3
Referred for Management action*	11	5	1
No fraud/No further action	13	4	2

*includes 1 X case police are taking action – Uninsured vehicle displaying Blue Badge highlighted on Councillor walkabout.

3. Current / future key issues – Corporate

- 3.1 There are currently 4 cases open relating to criminal investigations into current or former member of staff. 3 of those staff have formally been interviewed under caution and the intention is to interview the 4th in the coming weeks. All cases involve theft from the council and work is ongoing to establish enough evidence to proceed with a criminal prosecution of those involved. 3 staff members were employed within the Repairs and Maintenance section. The remaining staff member is employed within Be First.
- 3.2 As previously reported in quarter 2, in relation to the mandate fraud, Lloyds bank are in the final stages of arranging the return of the fraudulently obtained £16000.
- 3.3 A whistleblowing campaign was undertaken through November/December. The laptop background was changed, and posters placed throughout our buildings. While not a huge increase, the period did see an increase of staff calling through with enquiries/requests for advice.

4. Regulation of Investigatory Powers Act

- 4.1 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 Members maintain an oversight of RIPA usage.
- 4.2 The last inspection of RIPA was undertaken by the Office of Surveillance Commissioners in December 2016. The report was favourable, and all recommendations subsequently implemented. In September 2017 The Investigatory Powers Commissioner's Office took over responsibility for oversight of investigatory powers from the Interception of Communications Commissioner's Office (IOCCO), the Office of Surveillance Commissioners (OSC) and the Intelligence Services Commissioner (ISComm).
- 4.3 The current statistics are set out below following review of the central register, held by the Corporate Investigation 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 the Quarter October – December 2018 and the number in force at 31 December 2018

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data (e.g. mobile phone data) during the Quarter October – December 2018.

Nil granted. Nil in force.

4.4 We remain an authority that does not appear to make use of RIPA. Other councils make use them which leads to 2 conclusions for LBBB; we either fail to utilise the process at all or unauthorised surveillance is taking place where RIPA should be obtained. Staff across the council have previously been trained and advised on the use of RIPA and an expectation is in place that for any use of covert surveillance, RIPA should be considered.

5. Housing Investigations

5.1 Members are provided specific details on the outcomes from the work on Housing Investigations. For 2018/19, positive outcomes are set out below.

5.2 2018/19 Quarter 2 Housing Investigations:

Caseload	17/18 Total	18/19 to date	Qtr 3
Open Cases brought forward from Q2			36
New Cases Added	256	124	21
Cases Completed	255	111	29
Open Cases			28

On Going Cases - Legal Action	Qtr 3
Notices Seeking Possession served	2
No of Cases - Recovery of property	5

Outcomes - Closed Cases	17/18	18/19 to date	Qtr 3
Convictions	1	0	0
Properties Recovered	12	10	3
Successions Prevented & RTB stopped/agreed	3	11	6
Savings (FTA, Single Person CTax, RTB, Decant)	£202262	£796695	£439400
Other Potential Fraud prevented/passed to appropriate service block incl Apps cancelled	160	45	6
Referral to others outside of LBBB	169	1	0
No further action required/insufficient evidence	N/A	44	14

5.3 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.

	18/19 to date	Qtr 3
Data Protection Requests	42	7
Education Checks	231	99

(n.b education checks relate to assisting admissions in locating children or families to free up school places or confirm occupancy. Data Protection Requests are received from other local authorities, the police, and outside agencies and responses provided in accordance with GDPR).

6. Current / future key issues to be considered – Housing

- 6.1 All staff within the team have now completed the Accredited Counter Fraud Specialist course through CIPFA.
- 6.2 Following on from the verification training of the Right to Buy Team and Sales and Leasing Officers, alongside the regular use of the IDScan verification system, the joint working has prevented £1,010,800 in RTB discounts be awarded to applicants that did not meet the criteria (appendix 1).
- 6.3 Proactive Work continues with properties being visited that are due to be decanted. This is intended to continue through all phases and is resulting in specific addresses being identified where there are concerns over occupancy. Another factor is that several vulnerable people, who have previously failed to engage with the council, have been visited and worked with to progress their moves away from blocks that are due for demolition.

7. Financial Implications

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

8. Legal Implications

- 8.1 None

List of appendices:

Appendix 1

Property	Reason	Discount Saving
Weylond Road	Purchaser was not living in property declared he owned another property. His son, who also had the same name as the Purchaser, was living there with his family. Not a joint tenant.	£104,900
Chelmer Crescent	Was not living in property	£104,900
Tanner Street	Owned multiple other properties	£104,900
Rugby Road	Son & Sons husband were allowed to join but had not been living in property 12 months prior and should have been denied. Identified they had housing association property and tenancy ended a few days before RTB application submitted.	£104,900
Colne House	Cash purchase – unable to prove where money come from	£87,500
Elstow Road	Partner added to application but had not been living in property 12 months prior. Evidence we found on anite supports this.	£104,900
Enterprise House	Had a CCJ which is classed as a legal debt and application should never have been accepted whilst active.	£84,100
Padnall Road	Cash purchase £190,000 – previous bankrupt	£104,900
Meadow Road**	Husband supplied residency permit with application – permit shows no recourse to public funds should have been denied	£104,900
Rothwell Road**	Same as above	£104,900
	TOTAL	£1,010,800

** These applications are going ahead in only tenant's name but if we had not identified the husbands no public funds restriction they would have been party to the purchase and the discount.