

AUDIT AND STANDARDS COMMITTEE

16 November 2020

Title: Counter Fraud 2020-21: Quarter 2 Report	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Kevin Key, Counter Fraud Manager	Contact Details: Tel: 020 8227 2850 E-mail: kevin.key@lbbd.gov.uk
Accountable Strategic Leadership Director: Fiona Taylor, Director of Law, Governance and HR & Deputy Chief Executive	
Summary: This report brings together all aspects of counter fraud work undertaken to date during 2020/21. The report details progress to 30 September 2020.	
Recommendation: The Audit and Standards Committee is asked to note the contents of the report.	

1. Summary of Counter Fraud work undertaken for Quarter 2 2020/21

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 2, 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 2 2020/21 Fraud referrals incl. whistleblowing

	19/20 Total	20/21 Total	Qtr 2
Cases Outstanding from last quarter			11
Referrals received in Period	220	80	51
Cases accepted for investigation	45	15	6
No further Action after initial review/already Known	33	15	10
Referred to other service block within LBBD	142	50	35
DPA, FOI, and other information provided	47	36	30
Cases closed following investigation	42	13	4
Ongoing Corporate Fraud Investigations:			13

2.3 For 2020/21 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 incorrectly sent to us.

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 summary, if there is a possibility/mention of fraud we are likely to have received a referral either via email or telephone.

2.5 Outcomes – Quarter 2 and annual total 2019/20

	19/20 Total	20/21 Total	Qtr 2
Recommended for disciplinary process/New cases as a result	10	1	1
Referred for Management action	14	10	2
No fraud/No further action	15	1	1
Referred to Police/Action Fraud	10	1	0

3. Current / future key issues – Corporate

3.1 Work has continued with casework within Adult Care Services. Meetings have taken place with Legal to progress these cases and look to take appropriate action where possible.

3.2 Work is ongoing with colleagues who administered the Covid Business Grants to ensure sufficient checks have been completed to reduce the potential for fraud.

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 Senior Officers and Members maintain an oversight of RIPA usage.

4.2 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.

4.3 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.

4.4 The current statistics are set out below following review of the central register, held by the Counter Fraud 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 2 July – September 2020 and the number in force at 30 September 2020

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 Quarter 2 July – September 2020.

Nil granted. Nil in force.

5. Housing Investigations

5.1 Members are provided specific details on the outcomes from the work on Housing Investigations. For 2020/21, outcomes are set out below.

5.2 Quarter 2 2020/21 Housing Investigations

	19/20 Total	20/21 Total	Qtr 2
Caseload			
Open Cases brought forward			17
New Cases Added	143	17	8
Cases Completed	154	17	8
Open Cases			17

On Going Cases - Legal Action	Qtr 2
Notices Seeking Possession/NTQ served	2
No of Cases – Recovery of property	4

Outcomes - Closed Cases	19/20 Total	20/21 Total	Qtr 2
Convictions	0	0	0
Properties Recovered	9	1	1
Successions Prevented & RTB stopped/agreed	44	5	1

Savings (FTA, Single Person CTax, RTB, Decant)	£1,390,383	£0	£0
Other Potential Fraud prevented/passed to appropriate service block incl Apps cancelled	46	0	0
Referral to others outside of LBBD	0	0	0
No further action required/insufficient evidence	55	11	6

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.

	19/20 Total	20/21 total	Qtr 2
Data Protection Requests	29	3	3
Education Checks	430	132	129

(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 As with the first quarter, the second has proved challenging for undertaking Housing investigations. The team are reliant on visiting tenants and residents to clarify information and confirm occupation; this was stopped at the beginning of April following the guidance provided by Government.
- 6.2 The team have continued to undertake desk-based investigations where possible and flagging addresses that will ultimately require a visit when restrictions are lifted.
- 6.3 Work began in August to complete the Covid Risk Assessment and is still ongoing. Once complete this should allow staff to undertake visits to specific properties, while following the agreed risk assessment.

7. Financial Issues

Implications completed by: Katherine Heffernan, Group Manager Service Finance

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

8. Legal Issues

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 8.1 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.
- 8.2 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.
- 8.3 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".
- 8.4 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.

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

Appendices: None.