

AUDIT & STANDARDS COMMITTEE

July 2021

Title: Counter Fraud Annual Report 2020/21	
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Wards Affected: None	Requires formal Member-level approval: No
Accountable Director: Fiona Taylor, Strategic Director of Law, Governance and Organisational Change	
Summary: This report brings together all aspects of counter fraud work undertaken during 2020/21. The report details progress to 31 March 2021.	
Recommendation: Assurance Group is asked to note the contents of the report.	

1. Summary of counter fraud work undertaken for Quarter 4 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 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 2020/21 Fraud referrals incl. whistleblowing

	19/20 Total	20/21 Total	Q4
Cases Outstanding from last quarter			13
Referrals received in Period	220	178	43
Cases accepted for investigation	45	33	13
No further Action after initial review/already Known	33	37	13
Referred to other service block within LBBD	142	108	17
DPA, FOI, and other information provided	47	61	13
Cases closed following investigation	49	33	17
Ongoing Corporate Fraud Investigations:			9

2.3 Throughout 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 better dealt with elsewhere.

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. 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

	19/20 Total	20/21 Total	Q4
Recommended for disciplinary/New cases as a result	10	4	2
Referred for Management action	14	21	10
No fraud/No further action	15	5	3
Referred to Police/Action Fraud	10	3	2

3. Summary of 20/21 key issues – Corporate

3.1 The last year has seen the team adapting to a different way of working. At the beginning of the Covid outbreak the team moved to home working and showed resilience to ensure the same level of service was provided to colleagues throughout the Council. We embraced Microsoft Teams and worked hard to use the features to try and provide “business as usual”.

3.2 The Team were asked to provide support to the Registrars throughout quarters 1 & 2 and several of the team undertook training to stand in as Registrars should the need have arisen.

3.3 Support was provided to colleagues within Business Rates when the Covid Grants were made available. We worked hard to support the team administering the grants to ensure those people applying where entitled to receive the grants they were applying for. We still have cases ongoing where this was not the case and people took advantage of the scheme, applying for grants they were not entitled to.

- 3.4 Support was also provided to the NNDR team regarding refunds for Business Rates. A new process was put into place relating to third party companies acting to claim refunds. This followed a successful fraud involving multiple people; an investigation is ongoing that has resulted in 4 other councils becoming involved following the same fraud being perpetrated against them. The team are working with the Financial Investigations Manager and Legal to look to recover the money obtained and instigate criminal proceedings against those involved.
- 3.5 Throughout the year the team have been involved in supporting colleagues in Social Care to deal with cases where there may be fraud. This is predominantly involving cases where Direct Payments are being made; the team is part of a working group to ensure processes and procedures are in place and cases of concern can be discussed and referred at the earliest opportunity.
- 3.6 Quarter 4 saw an upturn in the number of referrals. This was mainly linked to cases aligned with the disciplinary procedure.
- 3.7 Work has started on reviewing the data matches from the National Fraud Initiative; a detailed analysis will be provided once the bulk of the work has been completed, and a review undertaken, of the 9,865 matches provided by the Cabinet Office.
- 3.8 The final stage of the Counter Fraud Team restructure was completed and agreed within Quarter 4. Risk Management responsibilities have been added to the role previously known as the 'Counter Fraud Manager' and now the 'Counter Fraud and Risk Manager'. There has also been a 'Senior Investigator' position added to the team at a supervisory level; this will ensure that there is adequate capacity to deal with all aspects of fraud investigation going forward and also allow for better succession planning.
- 3.9 The Team were involved with updating the Code of Conduct for Employees.

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 Officer 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 4, January – March 2021, and the number in force at 31 March 2021

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data during Quarter 4, January – March 2021.

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 4 2020/21 4 Housing Investigations

Caseload	19/20 Total	20/21 Total	Q4
Open Cases brought forward			17
New Cases Added	143	101	33
Cases Completed	154	96	31
Open Cases			19

On Going Cases - Legal Action	Q4
Notices Seeking Possession/NTQ served	0
No of Cases – Recovery of property	6

Outcomes - Closed Cases	19/20 Total	20/21 Total	Q4
Convictions	0	0	0
Properties Recovered	9	5	3
Successions Prevented & RTB stopped/agreed	44	41	10
Savings (FTA, Single Person CTax, RTB, Decant)	£1,390,383	£502,900	£336,900
Other Potential Fraud prevented/passed to appropriate service block incl Apps cancelled	46	22	9
No further action required/insufficient evidence	55	28	9

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	Q4
Data Protection Requests	29	27	13
Education Checks	430	416	165
Right to Buy initial checks	N/A	146	146

(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. Summary of 20/21 key issues – Housing

6.1 The final quarter proved a success with the recovery of 3 properties. The team have predominantly undertaken desk-based investigations and to still be directly involved with the recovery of 5 properties, over such a challenging year, is testament to how hard the team have worked.

6.2 The Team have had to adapt the method of investigation for cases involving housing, and while the last year has been challenging, the team have made use of new ways of working and digital solutions, such as virtual Interviews under caution, to continue to investigate wrongdoing.

6.3 All Right to Buy checks are now logged within this report. The team were seeing an increase in the initial checks for all RTB's and as such this has been added to the table within 5.3. This shows the number of checks against anyone that has registered an interest in purchasing their property under the RTB scheme.

The team undertake checks to ensure the tenant/s is resident and meets with the criteria to continue with the purchase.

6.4 Visits resumed within the Quarter, in line with the Covid Risk Assessment that was put into place at the end of Quarter 3; getting out and visiting people is an important part of the investigation and with this now happening more frequently, we can go back to giving greater assurance in those cases that genuinely require a face to face appointment.

7. Financial Implications

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 Implications

Implications completed by: Dr Paul Field - 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.

9. Other Implications

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

9.2 No other implications to report

Public Background Papers Used in the Preparation of the Report:

- None

List of appendices:

- None