

## AUDIT AND STANDARDS COMMITTEE

20 July 2022

<b>Title:</b> Counter Fraud Annual Report 2021/22	
<b>Report Author:</b> Kevin Key, Counter Fraud & Risk Manager	<b>Contact Details:</b> Tel: 020 8227 2850, E-mail: <a href="mailto:kevin.key@lbbd.gov.uk">kevin.key@lbbd.gov.uk</a>
<b>Wards Affected:</b> None	<b>Requires formal Member-level approval:</b> No
<b>Accountable Director:</b> Philip Gregory, Chief Financial Officer	
<b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Chief Executive	
<b>Summary:</b> This report brings together all aspects of counter fraud work undertaken to date during 2021/22. The report details progress to 31 March 2022.	
<b>Recommendation:</b> Assurance Board is asked to note the contents of the report.	

### 1. Summary of counter fraud work undertaken for Quarter 4 2021/22

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 taken 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 2021/22 Fraud referrals incl. whistleblowing

	20/21 Total	21/22 Total	Q4
Cases Outstanding from last quarter			11
Referrals received in Period	178	198	36
Cases accepted for investigation	33	50	12
No further Action after initial review/already known	37	46	5

Referred to other service block within LBBD	108	102	19
DPA, FOI or other information provided	61	30	5
Cases closed following investigation	33	42	6
<b>Ongoing Corporate Fraud Investigations:</b>			17

2.3 For 2021/22 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 what could be considered 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. 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 yearly totals

	20/21 Total	21/22 Total	Q4
Recommended for disciplinary/ New cases as a result	4	4	0
Referred for Management action	21	11	0
No fraud/No further action	5	19	4
Referred to Police/Action Fraud/Covid Fraud	3	8	2

### 3. Summary of Quarter 4 key issues

3.1 Quarter 4 saw the team's first criminal prosecution since directly funding a Solicitor to support the team's casework. In January 2020, council officers received information that Mr J.G. was not living at his two-bedroom flat at Colne House, Barking. Mr G. previously obtained a council tenancy in 2007 at Howard Road, Barking, before switching to the flat in question in July 2019. Initial enquiries from council officers quickly established Green's links to West Yorkshire and it soon came to light that he had secured alternative accommodation with Wakefield District Council. Council officers finally tracked down Mr G. and in an interview under caution he admitted that he had never moved into Colne House or indeed even held the keys. The case went to Barkingside Magistrates Court on Tuesday 18 January 2022 where Mr G. pleaded guilty to one offence under the Prevention of Social Housing Fraud Act

2013 and two offences under the Fraud Act 2006. He was sentenced to a 12-month Community Order of 200 hours of unpaid work, given a £2,800 unlawful profit order, ordered to pay costs of £800 to Barking and Dagenham Council and a £95 Victim Surcharge, totalling £3,695.

- 3.2 The team recovered a further 2 properties in the quarter, bringing the annual total to 6 properties brought back to the council to be re-let.
- 3.3 The team was provided extra funding within the year to allow us to add a Senior Investigator to the group. This supervisory role has added capacity to investigate more involved frauds as well as provide more day-to-day support for the other investigators within the team.
- 3.4 The full transfer to a new case management system was completed during the year. This has massively improved the team's ability to log and monitor casework and ensure a consistent approach, as well as securing all data in line with Data Protection regulations.
- 3.5 The team provided Toolbox talks to staff based at Frizlands and Creek Depots. The focus was on ensuring staff were aware of the council policies aligned to Fraud and ensuring all staff were aware of the consequences of not following the guidance.

#### **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 & 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 2022, and the number in force on 31 March 2022

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data during Quarter 4, January – March 2022.

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 2021/22, outcomes are set out below.

### 5.2 2021/22 Quarter 4 Housing Investigations

<b>Caseload</b>	20/21 Total	21/22 Total	Q4
Open Cases brought forward			19
New Cases Added	101	156	59
Cases Completed	96	139	42
Open Cases			36

<b>On Going Cases - Legal Action</b>	Q4
Notices Seeking Possession/NTQ served	0
No of Cases – Recovery of property	2

<b>Outcomes - Closed Cases</b>	20/21 Total	21/22 Total	Q4
Convictions	0	1	1
Properties Recovered/Formal Warning given	5	6/1	2/1
Successions Prevented & RTB stopped/agreed	41	41	16
Savings (FTA, SPD CTax, RTB, Decant)	£502,900	£444,639	£219,039
Other Potential Fraud prevented/passed to appropriate service block incl Apps cancelled	22	42	15
No further action required/insufficient evidence	28	37	7

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.

	20/21 Total	21/22 Total	Q4
Data Protection Requests	27	30	5
Education Checks	416	371	50
Right to Buy initial checks	146	258	37

(Data Protection Requests are received from other local authorities, the police, and outside agencies and responses provided in accordance with GDPR. 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).

## 6. Financial Issues

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

## 7. Legal Issues

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