

AUDIT & STANDARDS COMMITTEE

6 December 2022

Title: Counter Fraud Quarter 2 Report	
Report of the Head of Assurance	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Kevin Key, Counter Fraud and Risk Manager	Contact Details: Tel: (020) 8227 2850 E-mail: Kevin.Key@lbbd.gov.uk
Accountable Strategic Leadership Director: Philip Gregory - Strategic Director, Finance & Investments	
Summary: This report brings together all aspects of Counter Fraud work undertaken to date during 2022/23. The report details progress to 30 September 2022.	
Recommendation: The Audit & Standards Committee is asked to note the contents of the report.	

1. Summary of counter fraud work undertaken for Quarter 2 2022/23

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 2022/23 Fraud referrals incl. whistleblowing

	21/22 Total	22/23 Total	Q2
Cases Outstanding from last quarter			22
Referrals received in Period	198	54	37
Cases accepted for investigation	50	37	22

Referred to other service block within LBBB	102	3	1
Data Protection Requests received from other Local Authorities, the Police and outside agencies	30	45	14
Cases closed following investigation	42	35	25
Ongoing Corporate Fraud Investigations:			19

2.3 For 2022/23 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 as 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 short, if there is any consideration of fraud we are likely to receive a referral.

2.5 Outcomes – Quarter 2 and yearly totals

	21/22 Total	22/23 Total	Q2
Disciplinary Action/Resigned during	4	6	4
Referred for Management action/Advice Given	11	4	4
No fraud found/Not proven/NFA	19	17	10
Proactive Exercise	N/A	7	7
Referred to Police/Action Fraud/Covid Fraud	8	1	0

3. Summary of Quarter 2 key issues

3.1 Following the Team's successful prosecution of Mr G in January 2022, August saw the recovery of Mr G's 2-bedroom flat that he had been subletting. The delay in recovering the property was due to the extended notice periods required by the Court due to Covid, as well as Mr G's subtenants refusing to leave. An eviction warrant was obtained, and officers attended to secure the property. The subtenants had left and were subsequently supported by the Housing option Team to secure new accommodation.

3.2 The team recovered 4 properties in the quarter. Outlined below is a summary of those who were given the properties that were being sublet or not used in the correct way.

Property type	Who was rehoused into the property	Contact from Tenant or Subtenant if applicable
1 Bed Flat	Still Void	No contact with LBBB from tenant. Subtenants moved on without ever meeting with Counter Fraud Team.
2 Bed flat	Still void	No contact with LBBB. Subtenant was assisted with accommodation through Housing Options Team
4 Bed House	Homeless applicant housed into the property with their family	No contact with LBBB from the tenant. Subtenants moved to alternative accommodation themselves.
1 Bed Flat	Block is being demolished and no one will be rehoused into the property	LBBB have saved on costs associated with decant

3.3 As part of a commitment to be more transparent about how we deal with employees, outlined below is a summary of the 4 cases within quarter 2 that the Counter Fraud Team dealt with;

Service	Allegation	Outcome
My Place	Gross Misconduct	Dismissed with notice following Disciplinary Hearing
My Place	Gross Misconduct	Dismissed without notice following Disciplinary Hearing
My Place	Abuse of Position/Gross Misconduct	Resigned prior to Hearing
Enforcement Services	Theft	Resigned prior to hearing

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 2, July – September 2022, and the number in force on 30 September 2022

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data during Quarter 2, July – September 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 2022/23, outcomes are set out below.

5.2 Quarter 2 2022/23 Housing Investigations:

Caseload	21/22 Total	22/23 Total	Q2
Open Cases brought forward			55
New Cases Added	156	136	47
Cases Completed	139	128	58
Open Cases			44

On Going Cases - Legal Action	Q2
Total Corporate cases	5
Total Housing cases for recovery	6

Outcomes - Closed Cases	21/22 Total	22/23 Total	Q2
Convictions	1	1	0
Properties Recovered	6	8	4
Successions Prevented & RTB stopped/agreed	41	21	7

Savings (FTA, SPD CTax, RTB, Decant)	£444,639	£189,555	£45,185
Other Potential Fraud prevented/Advice given/passed to appropriate service block incl Apps cancelled	42	42	31
No further action required/insufficient evidence/not proven	37	24	11
Proactive Exercise cases	n/a	33	5

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.

	21/22 Total	22/23 Total	Q2
Education Checks	371	311	151
Right to Buy initial checks	258	252	152

(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

Implications completed by: Katherine Heffernan, Group Manager Service Finance

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

9. Appendices: None