

## AUDIT & STANDARDS COMMITTEE

30 January 2024

<b>Title:</b> Counter Fraud Report 2023/2024 Q3 (April to December 2023)	
<b>Report Author:</b> Kevin Key, Counter Fraud & Risk Manager Tel: 020 8227 2850, E-mail: kevin.key@lbbd.gov.uk	
<b>Wards Affected:</b> None	<b>For Information</b>
<b>Accountable Director:</b> Jo Moore - Strategic Director, Finance & Investments	
<b>Summary:</b> This report brings together all aspects of counter fraud work undertaken to date during 2023/24. The report details progress between 1 April and 31 December 2023.	
<b>Recommendation:</b> Audit & Standards Committee is asked to note the contents of the report.	

### 1. Summary of counter fraud work undertaken for Q1-3 2023/24

1.1 The tables below indicate the level of work completed in the two areas for which the team are responsible, Corporate Fraud and Housing Investigations.

### 2. Corporate Fraud Activity including Whistleblowing

2.1 The update on corporate fraud activity for Q1-3, 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. 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 Quarterly Fraud referrals including whistleblowing:

	22/23 Total	Q1	Q2	Q3	23/24 Total
Cases Outstanding from last quarter		16	17	16	
Referrals received in Period	271	110	115	87	312
Cases accepted for investigation	76	16	8	14	38
Referred to other service block within LBBD	84	86	83	61	230
Data Protection Requests received from other Local Authorities, the Police and outside agencies	111	8	24	12	44
Cases closed following investigation	74	17	9	10	36
<b>Ongoing Corporate Fraud Investigations:</b>		17	16	20	

2.3 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. Given the scope of what may be construed as 'fraud', many referrals are sent through in the belief that fraud has been committed, but following assessment, found to be more appropriately dealt with elsewhere.

We receive requests that relate specifically to CCTV, Subject Access Requests, 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.

#### 2.4 Outcomes – Quarterly and annual totals

	22/23 Total	Q1	Q2	Q3	23/24 Total
Disciplinary Action (including referrals for DA)/Resigned during	11	0	0	3	0
Referred to Management/advice given	13	4	0		4
No fraud found/Not proven/NFA	36	5	5	2	10
Referred to Police/Action Fraud/3 <sup>rd</sup> Party	8	8	4	3	12
Prosecutions	0	0	0	2	2

<b>On Going Cases - Legal Action</b>	Q1	Q2	Q3
Total Corporate cases	3	3	4

### 3. Housing Investigations

3.1 Members are provided specific details on the outcomes from the work on Housing Investigations. For 2023/24, outcomes are set out below.

#### 3.2 Quarterly Housing Investigations

<b>Caseload</b>	22/23 Total	Q1	Q2	Q3	23/24 Total
Open Cases brought forward		40	28	19	
New Cases Added	464	149	155	124	428
Cases Completed	460	161	164	125	435
Open Cases		28	19	33	

<b>Ongoing Cases - Legal Action</b>	Q1	Q2	Q3
Total housing cases for recovery	4	4	6

<b>Outcomes - Closed Cases</b>	22/23 Total	Q1	Q2	Q3	23/24 Total
Convictions	1	0	0	0	0
Properties Recovered	11	4	4	0	8
Right to Buy initial checks	459	108	79	63	250
Successions Prevented & RTB stopped/agreed	47	18	15	15	48
Savings (FTA, SPD CTax, RTB, Decant)	£959,368	£175,326	£12,224	£23,260	£210,810
Other Potential Fraud prevented/Advice given/passed to appropriate service block incl Apps cancelled	121	15	51	21	87
No further action required/insufficient evidence/not proven	41	16	15	26	57

3.3 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.

	22/23 Total	Q1	Q2	Q3	23/24 Total
Education Checks	411	90	62	88	240

(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).

#### 4. Summary of Q1-3 key issues

4.1 Throughout Quarters 1 & 2 the team completed visits to those properties in receipt of small business rates relief. This was a proactive exercise, in conjunction with colleagues within Community Solutions, to establish whether there had been any change of circumstance in any business that was in receipt of Small Business Rates Relief. The team completed visits to all 1,666 properties that currently qualify for the scheme. This resulted in a total of 79 properties having their liability amended, raising an extra £256,275 in small business rates.

<b>Row Labels</b>	<b>SBRR VALUE</b>	<b>Count of PROPERTY</b>
Liability Amended	£19,206	8
Visit Raised/Tracing	£237,069	71
<b>Grand Total</b>	<b>£256,275</b>	<b>79</b>

- 4.2 Quarter 3 saw the sentencing of 2 ex-employees who had worked in the Trade Waste Collection Service. Both ex-employees were handed 90-week prison sentences, suspended for 2 years, alongside 120 hours of unpaid work and £3,600 each in costs and compensation. One also received a further 20 days of rehabilitation activity following his late guilty plea. The Counter Fraud Team started an investigation 18 months previously following suspicion that they may have been collecting extra waste, and taking money, from businesses who were not paying the council for the service. An initial disciplinary investigation led to both resigning before a disciplinary hearing. The team opened a criminal investigation and assisted by colleagues in Public Realm and a full review of data established the full extent of the fraud. The criminal investigation led to both being summonsed to Barkingside Magistrates Court in September 2022 where the case was committed to Snaresbrook Crown Court, ultimately leading to the sentencing in October 2023.
- 4.3 Quarters 2 & 3 also saw the team become involved with checking of Reside applications. To date this has resulted in numerous applications being stopped for not meeting the required criteria, alongside 4 confirmed frauds, where the applicants provided false documents. Criminal investigation is ongoing with the view to prosecuting those that attempted to gain Reside tenancies fraudulently.
- 4.4 Throughout Quarters 1 to 3, the team recovered 8 housing properties. One particular property was the subject of a joint working initiative with colleagues in Anti-social behaviour. The property has been regularly visited by Police leading up to the involvement of LBBB. Checks confirmed the tenant was residing in Essex and through working with her to explain the concerns, and evidence available to instigate legal action, the tenant voluntarily gave up the property and returned the keys.
- 4.5 Of the 8 properties in the quarter, outlined below is a summary of the people who were given the properties that were being sublet or not used in the correct way, and recovered by the team in the quarter.

1 bed flat	Still void	Tenant was living abroad and allowing family member to reside in property. Tenant passed away during the investigation and property was recovered without the need for legal action.
2 bed house	Still Void	Sublet property and anti-social behaviour reported at address. Tracked tenant living in another borough and following a meeting at the property, tenant voluntarily handed back keys. No approach

		from any of the subtenants to date.
2 bed flat	Re-let as temporary accommodation on 13 July to a Priority Homeseeker	Tenant was living abroad and allowing family member to reside in property. No one has approached for assistance since the property was recovered
2 bed house	Re-let 27 July to a Priority Homeseeker	Tenant was living abroad and subletting, but they moved out of the property and never met with Officers. We have no information as to who they were so cannot state whether they have approached for assistance.
3 bed flat	Re-let 25 September 2023 to Homeseeker	Sublet property and anti-social behaviour reported at address. Tracked tenant living in another borough and following a meeting at the property, tenant voluntarily handed back keys. No approach from any of the subtenants to date.
2 bed flat	Re-let 27 June 2023 to Homeseeker	Tenant sublet property to family member and voluntarily handed back keys when challenged. No contact to date from subtenant.
1 bed flat	Re-let 25 September 2023 to Homeseeker	Tenant was living abroad and subletting. Keys handed back and property recovered without need for legal action. No one has approached for assistance since the property was recovered.
1 bed flat	Re-let on 29 August 2023 by transfer	Tenant was subletting and voluntarily handed keys back when challenged. No contact from either Tenant or subtenants to date.

4.6 As part of a commitment to be more transparent about how we deal with employees, outlined below is a summary of the 10 cases within Q1-3 that the Counter Fraud Team were involved in;

<b>Service</b>	<b>Allegation</b>	<b>Outcome</b>
Enforcement	Working 2 jobs simultaneously	Former employee – Information passed to requesting Authority via Data Protection response
Public Realm	Being flagged on Credit Industry Fraud Avoidance System	Established that Agency worker had attempted to pay false cheques into a bank account 8 years previously. Full checks completed and allowed to continue with role
Adults & Childrens	Whistleblowing allegation	Former employee raised concerns over SEND funding. Fully investigated and no wrongdoing found.
Parking	Allegation received that member of staff allegedly provided false evidence at a Parking Tribunal	Fully investigated and establish no one knowingly made a false statement; unclear wording used; recommendations provided to prevent future occurrences.
School	Using incorrect address for job application	Investigated. Established the incorrect door number was mistakenly added on the application. School dealt direct.
Care Home	Multiple allegations of abuse at Care Home made by employee	Escalated as safeguarding and dealt with directly by Head of Service/Inspection Team
My Place	Abuse of Position	Agency contract terminated following internal investigation
Core	Abuse of permit system	Not proved, referred for management action

Parking	Abuse of permit system/PCNs	No issues found identifying any officer, referred for management action
Be First	Believed to have been the victim of a scam	No issues found with LBBD processes/procedures or staff involvement Reported to Action Fraud.

## 5. Regulation of Investigatory Powers Act

5.1 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.

5.2 In June 2023, the Council received an inspection undertaken by the Investigatory Powers Commissioner's Office. The report was favourable, and we have begun to work on the recommendations.

5.3 Training was last provided to over 90 staff and managers, across all service blocks, throughout 2020. Following the inspection in June 2023 a recommendation was made regarding training of staff. Work is currently ongoing to ensure the appropriate officers are reminded of their obligations and understand the need to consider RIPA should this come up in their work.

5.4 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 1-3 April – December 2023, and the number in force on 7 September 2023

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data during Quarter 1-3, April – December 2023

Nil granted. Nil in force.

## **6. Financial Issues**

*Implications completed by: Nish Popat, Deputy S151 Officer*

- 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 7/7 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 support effective risk management across the Council.
- 8.2. No other implications to report

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

## **10. Appendices None**