



Leicester
City Council

WARDS AFFECTED
All

Cabinet

11th December 2006

Leicester City Council Anti Fraud And Corruption Policy And Strategy

Report of the Chief Finance Officer

1. Purpose of Report

To present an updated Anti-Fraud and Corruption Policy and Strategy for approval by the Cabinet.

2. Summary

- 2.1. Fraud against public sector organisations is big business
- 2.2. According to the Audit Commission¹ the value of detected fraud and overpayments rose to £111 million in 2004/05 – an increase of 33 per cent over the value reported in 2002/3
- 2.3. The main areas of fraud affecting local authorities relates to Housing and Council Tax Benefits, but there are many other areas of activity that are exposed to the risks of fraud, for example Occupational Pensions (payments to the families of deceased employees), Housing Tenancies, abuse of Blue Badges to avoid parking charges, and insurance claim fraud
- 2.4. The Council has a duty to the citizens of Leicester to make it clear that fraud in any form cannot be tolerated.
- 2.5. The attached Anti-Fraud and Corruption Policy and Strategy is the Council's statement of intent on how it views fraud committed against it and the role of members and officers in detecting, deterring and dealing with it.

3. Report

- 3.1. Many frauds committed against public sector bodies are of relatively small value, but collectively the loss to the public purse is huge.
- 3.2. Despite what some may say, the loss of revenue and the management time taken up in pursuing and dealing with fraud diverts scarce financial and management resources from delivering key services to the citizens of Leicester.
- 3.3. For example, a recent fraud uncovered at Birmingham City Council, involved a loss of about £1.2m due to fraud committed by an employee. This was a particularly clever fraud, which was possible due to a breakdown in internal control involving the payment of VAT on invoices for residential care provision to clients of Birmingham Social Services.

¹ Audit Commission Report on National fraud initiative 2004/05

- 3.4. The Council was faced with reimbursing to HMR&C the lost VAT but have used the Proceeds of Crime Act provisions to recover its costs. The damage to its reputation however is almost incalculable.
- 3.5. The Council employs one Principal Investigations Officer, 3 Investigations Officer and one Clerical Support Assistant to combat Corporate fraud. In 05/06, 35 cases of advice and assistance were registered and 14 investigations were registered many of which would have resulted in disciplinary action being taken.
- 3.6. The Council employs one Team Leader, 9 Investigations Officers and 2 Assistants to combat Housing and Council Tax Benefit fraud. In 05/06, 635 investigations were registered, resulting in 18 prosecutions, 10 cautions and 14 administrative penalties being obtained.

4. Recommendations

- 4.1. The Cabinet is recommended to adopt the revised Anti Fraud and Corruption Policy and Strategy and support development of a programme of fraud awareness training for staff and members.

5. Background papers – Local Government Act 1972

Files held by Internal Audit

6. Consultations

Legal Services (Pam Snowden, Solicitor)

7. Report Author

Linda Fletcher, Principal Investigations Officer, Financial Services, Resources Department. Contact on extension 7999 or Linda.fletcher@leicester.gov.uk.

Mark Noble
Chief Finance Officer

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)