



Leicester  
City Council

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# **Counter-Fraud Update Report 2019-20**

Audit & Risk Committee

Date of committee meeting: 20 November 2019

Lead director: Alison Greenhill

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## Useful information

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- Report version: V.3

### 1. Purpose of report

- 1.1 The purpose of this report is to provide a mid-year update to the Audit and Risk committee on the work carried out by the Corporate Investigations Team for the period April 2019 to September 2019.

### 2. RECOMMENDATIONS

- 2.1 The Audit and Risk Committee is recommended to:
- a) Receive and comment on the report;
  - b) Make any recommendations or comments it sees fit either to the Executive or the Director of Finance.

### 3. BACKGROUND

- 3.1 This report includes statistical information on fraud cases identified, referred and where appropriate investigated by the Corporate Investigations Team. A report on the Council's counter fraud activity was presented to Members of the Audit and Risk Committee on 24 July 2019 and therefore this report seeks only to update Members on statistical information where it is available.
- 3.2 As part of its work, the Corporate Investigations Team investigates suspected financial irregularities and makes recommendations to reduce the risk of further losses and improve performance, efficiency, effectiveness and economy in the use of resources by the Council.
- 3.3 The work focus this year has continued to build on the momentum establishing indicative savings for the avoidance loss cases to demonstrate the value of the work undertaken by the team. A summary of the indicative savings definitions can be found in appendix A.

### 4. THE FIRST SIX MONTHS IN SUMMARY

- 4.1 During the period covered by this report, the Corporate Investigations Team have achieved savings and loss avoidance on Right to Buy Cases, Tenancy, Single Person Discount, school admissions and Council Tax Reduction Scheme fraud, together with the recovery of outstanding debt.

- 4.2 For the authority the total combined loss avoidance and income generated savings is £877,000.
- Loss avoidance savings represent 97% £845,000
  - Income generated savings represent 3% £ 32,000
- 4.3 The team continues to work across the authority to reduce the risk of loss and fraud; this is a collaborative approach for example verifying Right to Buy (RTB) applications for council homes. All RTBs are subject to background checks by the investigations team and where irregularities or concerns are raised the issues are addressed by Legal Services, the RTB team and corporate investigations. This not only identifies irregularities but provides a higher level of assurance for sales to tenants.
- 4.4 Work continues in running the region wide counter fraud intelligence hub funded by the Ministry of Housing, Communities and Local Government (MHCLG), on behalf of all Local Authorities across Leicester, Leicestershire and Rutland. This work includes an established data warehouse, data sharing agreements and a prosecution policy which permits multiple data sets from the councils to be cross matched, with irregularities being investigated. It should however be noted that not all district councils have submitted full data sets, therefore the optimised results are not being fully achieved. The MHCLG funding will come to an end in March 2020 and the future funding and operation of the hub is being discussed with the district councils.
- 4.5 The team investigates a variety of human resources related cases including providing advice and assistance to management.

## 5. REVIEW OF PERFORMANCE

- 5.1 Statistical information on service demand and associated activity for the first half of the financial year of the Corporate Investigations Team is detailed in the table below.

<b>Registered</b>	226
<b>Screened out</b>	75
<b>Investigations proven</b>	<b>70</b>
<b>Investigations in Progress</b>	<b>120</b>
<b>Cautions Accepted</b>	2
<b>Administrative Penalties Accepted</b>	2
<b>Prosecutions - Successful (Guilty)</b>	2
<b>Total files with Solicitors</b>	6

## **6 THE YEAR AHEAD**

- 6.1 The report presented to the Committee on 24<sup>th</sup> July 2019 outlined the major objectives for the Corporate Investigations Team over coming months. The team will continue to undertake reactive and proactive investigations and initiatives internally and across Leicestershire to identify and reduce the risk of fraud.
- 6.2 The Corporate Investigations Team will lead on a project for Leicester, Leicestershire and Rutland into identifying falsely claimed Small Business Rate Relief.

## **7. ACKNOWLEDGMENT**

- 7.1 The Director of Finance acknowledges the efforts of all members of the Corporate Investigations Team, and the help, co-operation and support of Members and officers of the City Council.

## **8. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **8.1 Financial implications**

Fraud can cause the Council significant loss; hence activity to prevent and detect fraud is a clear financial investment.

Colin Sharpe  
Deputy Director of Finance

### **8.2 Legal implications**

Fraud is a criminal offence and therefore represents breach of the law. Other forms of financial irregularity, though not criminal, may be in breach of regulation. The conduct of counter-fraud work of all kinds is bound by law and regulation and the Council is careful to ensure that its activities in this area are properly discharged.

Kamal Adata  
City Barrister & Head of Standards

### **8.3 Climate Change and Carbon Reduction implications**

This report does not contain any significant climate change implications.

Aidan Davis  
Sustainability Officer

## 9. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	This report is concerned with fraud and corruption, both of which are criminal offences.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk management	Yes	Whole document

## 10. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

Leicester City Council's Anti-Fraud, Bribery and Corruption Policy  
 Leicester City Council's Finance Procedure Rules  
 Leicester City Council's Constitution  
 Leicester City Council's Code of Conduct for Behaviour at Work  
 Leicester City Council's Information Security Policy Statement  
 Leicester City Council's Prosecutions Policy  
 Leicester City Council's Investigators Code of Conduct

Public Bodies Corrupt Practices Act 1889

Chartered Institute of Public Finance & Accountancy (CIPFA) publication  
*Managing The Risk of Fraud*

The Prevention of Social Housing Fraud Act 2013

## Appendix A

### A summary of the savings definitions

<b>Nature of investigation</b>	<b>Indicative saving per incident</b>	<b>Loss avoidance</b>	<b>Actual saving</b>
Right To Buy	£35,915	£466,895	
Housing Benefit	Actual overpaid discount		£18,493
Council Tax Discounts	Actual overpaid discount		£4,489
Council Tax Support	Actual overpaid amount		£9,393
Housing Tenancy	£35,915	£35,915	
Housing Application	£16,425	£16,425	
Schools Admissions	£19,588	£293,820	
Blue Badge	£2,340	£2,340	
Employee mis-conduct	Half of annual salary	£29,230	
<b>Totals</b>		<b>£844,625</b>	<b>£32,375</b>

### How notional savings are calculated

Tenancy / RTB	Average LCC tenancy X average LCC rent = 10 years (50 rent weeks per year) X £71.83 = £35,915
Blue Badge	Average cost of on street parking is £9 per day X 5 days X 52 week = £2,340 in notional savings in lost revenue for parking
Housing Application	Yearly cost of temporary accommodation £16,425
Employee mis-conduct	Half of annual salary