
Counter Fraud Update

Governance and Audit Committee

Date of meeting: 22nd November 2023

Lead director: Amy Oliver

Useful information

- Ward(s) affected: All Wards
- Report author: Stuart Limb (Corporate Investigation Manager)
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- Report version number: Version 1

1. Summary

- 1.1 The purpose of this report is to inform the Committee of the work carried out by the Corporate Investigations Team during 2022/23 and the 2023/24 half year April 2023 to September 2023.

2. Recommendations

The Governance and Audit Committee is recommended to:

- a) Receive and comment on the report.
- b) Make any recommendations it sees fit to the Executive and/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.
- 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.

4. Detailed report

- 4.1 The work of the Corporate Investigations Team includes proactive data matching (such as Right to Buy applications) and reactive referrals received relating to suspected financial irregularities. These two work types cover the majority of activity.
- 4.2 The work to conduct background checks on every Right to Buy application on council homes remains a key objective to ensure that the purchases are valid. This includes checks to ensure the tenant is still resident and the source of the funding to purchase the property is legitimate and evidenced. Where irregularities or concerns are raised, the issues are addressed with Legal Services and the Right to Buy Team. This not only identifies irregularities that may prevent a sale, but also provides a higher level of assurance for those sales that do proceed. The assessed savings in 2022/23 from the loss of rents had invalid sales proceeded was £1.03m.

- 4.3 The Team undertakes an annual review of empty residential properties to ensure that the council tax discounts awarded are correct. Where a property is identified as being occupied the account is corrected and recovery of the council tax owing is pursued. Together with related checks such as single person discount, in-year savings in 2022/23 of £27,000 were made.
- 4.4 The Team works in close partnership with the school admissions section to validate the details submitted in the applications for school places. The validation checks that the data submitted is correct and that the school places allocated are valid. This is to ensure that those children who are allocated a school place are based on their correct addresses. The assessed savings in 2022/23 on the costs of school places were £235,000.
- 4.5 The Team also works to ensure that tenancies of council houses remain in the possession of the named tenant and are not either sublet or left empty. As part of this work, the Team identified properties where the tenant had parted with possession and subsequently the tenancy was ended and brought back into proper occupation by those in genuine need of council accommodation. The assessed savings in 2022/23 was £199,000.
- 4.6 The combined loss avoidance and income generated from savings in 2022/23, including the above, was assessed as £1.6m for the year.
- 4.7 Moving into 2023/24, the total assessed savings for the first half year is £328,000. During the second half, the Team will be checking school admissions, Small Business Rate Relief awards, empty properties for council tax and raising awareness of the work of the Team through schools and internal departments. It is anticipated that these proactive exercises will yield some considerable savings for the remainder of the financial year.
- 4.8 The National Fraud Initiative (NFI) matches were released to the Council in late January 2023, and form part of the Team's work programme in 2023/24. The data matches have been shared with departments to work through to identify any potential irregularities. Any suspected frauds will be referred back to the Team for investigation. Progress on the matches will be reported in due course.
- 4.9 The Council continues to benefit from membership of the National Anti-Fraud Network (NAFN), which alerts member authorities to the latest phishing emails and frauds. These alerts are shared across the Council to ensure awareness is raised and efforts to prevent attempted fraud are enhanced. They are an excellent fraud prevention tool as they help to ensure new emerging risks nationally are highlighted.
- 4.10 The Corporate Investigation Manager considers management requests for access to the records of employees' emails, internet access, computers and the building access system (which gives staff access to Council buildings). Supported requests are then presented to the Director of Finance for authorisation. The majority of requests were for information from more than one system and some requests were for information relating to a number of users. During 2022/2023, some 35 requests were received and processed in accordance with internal policy and national legislation.
- 4.11 Statistical information on service demand and associated activity for the first half year 2023/24 and the full year 2022/23 is detailed in the table.

	April 23 to Sept' 23	2022/2023
Registered	145	305
Screened out	69	151
Investigations In Progress at end	71	78
Cautions Accepted	0	0
Administrative Penalties Accepted	1	1
Prosecutions - Successful (Guilty)	3	2
Total files with Solicitors	8	6

5. Financial, legal and other implications

5.1 Financial implications

Fraud can cause the Council significant loss; hence activity to prevent and detect fraud is a clear financial investment and a key component of good financial control and governance.

Colin Sharpe, Head of Finance

5.2 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 Adatia, City Barrister & Head of Standards

5.3 Equalities implications

The report provides an annual update to the Governance and Audit committee on the work carried out by the Corporate Investigations Team.

There are no significant equality and diversity implications arising from the report.

Surinder Singh, Equalities Officer

5.4 Climate Emergency implications

This report does not contain any significant climate emergency implications.

5.5 Other implications

None

6. Background information and other 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

7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

8. Is this a "key decision"?

No