
Counter Fraud Annual Report 2023/2024

Governance and Audit Committee

Date of meeting: 10th July 2024

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 2023/24.

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 2023/24 from the loss of rents had invalid sales proceeded was £317,000.

- 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 2023/24 of £14,500 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 address.
- 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 2023/24 was £39,000.
- 4.6 The team lost 2 investigators during quarter 4 of the year and recruitment is currently underway to bring the team back to full complement. The work of the team was presented to Heads of Service and Directors at one of their regular meetings and also the schools across the city have received a presentation about the work of the team.
- 4.7 The team also undertook a proactive data matching exercise and reviewed 48 businesses who were in receipt of Small Business Rate Relief (SBRR). From these suspected irregularities 12 accounts were found to no longer be entitled to the relief. This resulted in revised bills being issued for a further £76,000 for business rates.
- 4.8 The combined loss avoidance and income generated from savings in 2023/24, including the above, was assessed as £650,000 for the year.
- 4.9 The National Fraud Initiative (NFI) matches were released to the Council in late January 2023, and formed 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.
- 4.10 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.
- 4.11 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 2023/2024, some 28 requests were received and processed in accordance with internal policy and national legislation.

4.12 Statistical information on service demand and associated activity for the first half year 2023/24 is detailed in the table.

	2023/2024
Registered	300
Screened out (not suitable for investigation)	167
Investigations In Progress at end 23/24	83
Cautions Accepted	0
Administrative Penalties Accepted	1
Prosecutions - Successful (Guilty)	4
Total files with Solicitors	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