
Counter Fraud Update

Governance and Audit Committee

Date of meeting: 5th December 2024

Lead director: Amy Oliver

Useful information

- Ward(s) affected: All Wards
- Report author: Stuart Limb (Corporate Investigation Manager)
- Author contact details: (0116) 454 2615 / 37 2615 stuart.limb@leicester.gov.uk
- Report version number: Version 2

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 1st April 2024 to 30th September 2024.

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 and reactive referrals received relating to suspected financial irregularities. These two work types cover the majority of activity. Some examples of the work areas and savings are listed below. These are not exhaustive, and the total savings are detailed in the table at 4.8 of the report.
- 4.2 The team continue to undertake background checks on every Right to Buy application on council homes and this remains a key objective to ensure that all purchases are valid. This includes checks to ensure the tenant is still resident at the property and that the source of the funding to purchase the property is legitimate and evidenced. Where irregularities or concerns are raised, the issues are shared 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 during the first 6 months of the financial year 2024/25 from the loss of rents had invalid sales proceeded was £138,000.

- 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, savings for the period covered by this report total £251,000 which related to 53 properties that were in fact occupied.
- 4.4 The Team also works in close partnership with the school admissions section to validate the details submitted in the applications for school places. The validation exercise checks that the data submitted is accurate 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. This has identified 25 secondary school where the applicant had applied from a false address in an effort to get a school place at their preferred school.
- 4.5 Since 2016 welfare benefit fraud has been investigated by the Department of Work and Pensions (DWP) and their Single Fraud Investigation Service. However, as part of the work carried out corporate investigations team, they do on occasions become aware of evidence that affects entitlement to Housing Benefit. The information is passed to the assessment teams within Revenues & Customer Support and the Housing Benefit entitlement is recalculated. This can result in the creation of an overpayment based on the previously undisclosed facts. This overpayment is calculated, and a referral is made to the DWP for them to consider a formal investigation. The overpayments created as a result of work by the Corporate Investigations Team during the period 1st April 2024 to 30th September 2024 total £48,000.
- 4.6 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. Where the risks relate to school frauds they are shared with schools across the city.
- 4.7 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. Many of the requests were for information from more than one system and some requests were for information relating to several users. During the first six months of 2024/2025, some 17 requests were received and processed in accordance with internal policy and national legislation.
- 4.8 During the remainder of the financial year the National Fraud Initiative (NFI) datasets will be uploaded to the Cabinet Office secure website by the end of October. The Cabinet Officer will then undertake the data matching exercises and the matches will then be made available in January 2025. These matches will then be available for checking by the relevant departments and any suspected frauds will be referred to the Corporate Investigations Team for investigation.

4.9 Statistical information on financial savings and notional savings for the first half year 2024/25 is detailed in the table below.

Case Category (Financial Savings)	Number of cases	Total amount
Concessionary Travel	1	£500.00
Council Tax Exemption	1	£1716.88
Council Tax Liability	1	£1,699.85
Council Tax Relief (CTDR)	2	£50.00
Council Tax SPD	11	£7,462.96
Council Tax Support	15	£46,828.22
Council Tax Support - Penalty	1	£121.09
Empty Homes Bonus	53	£251,750.00
Housing Benefit Overpayment	6	£48,032.56
Case Category (Notional Savings)	Number of cases	Total amount
Housing Application Cancellation	3	£93,075.00
Possession of LCC property	3	£123,720.00
Right To Buy application	3	£138,120.00
School Place - Secondary	25	£489,700.00
Totals	125	£1,202,776.56

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.

Stuart McAvoy, Head of Finance
14th November 2024

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
11th November 2024

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
8th November 2024

5.4 Climate Emergency implications

This report does not contain any significant climate emergency implications.
Aidan Davis, Sustainability Officer
11th November 2024

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