

Leicester  
City Council

**WARDS AFFECTED**  
**All**

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Audit and Risk Committee**

**6<sup>th</sup> December 2017**

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**Counter-Fraud Update Report 2017-18**

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**Report of the Director of Finance**

**Purpose of the Report**

- 1.1. Responsibility for the City Council's counter-fraud work is shared between the Corporate Investigations Team, the Revenues & Benefits Investigations Team both within Financial Services and the Trading Standards Team within Local Services & Enforcement.
- 1.2. The report, which is attached, provides information on Financial Services counter-fraud activities between 1 April 2017 and 30 September 2017.

**2. Recommendations**

The Committee is recommended to:

- 2.1. Receive the report.
- 2.2. Make any recommendations or comments it sees fit to the Executive or the Director of Finance.

**3. Summary**

- 3.1. This report includes statistical information on fraud cases. A report on the Council's counter fraud activities was presented to Members of the Audit and Risk Committee on 28 June 2017 and therefore this report seeks only to update Members on statistical information where it is available and to inform them about progress on the teams dealing with fraud.
- 3.2. As part of its work, the Corporate Investigations Team has investigated suspected financial irregularities and made 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 Trading Standards Service is responsible for fair trading, consumer credit, product safety, food standards, weights & measures and age restricted products. The Team has not been involved in any fraud investigations involving the City Council and affecting its internal control and governance framework or risk profile, during the period of this report.

#### **4. Report**

4.1. See the Counter-Fraud Update Report 2017-18, attached.

#### **5. Financial, Legal and Other Implications**

##### **5.1. Financial Implications**

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

Colin Sharpe, Head of Finance, ext. 37 4081

##### **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. Climate Change Implications**

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Louise Buckley, Graduate Project Officer (Climate Change)

#### **6. Other Implications**

<b>OTHER IMPLICATIONS</b>	<b>YES/NO</b>	<b>Paragraph References Within Supporting Information</b>
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

## 7. Background papers – Local Government Act 1972

- 7.1. Files held by Revenues and Benefits, Trading Standards and Housing  
Leicester City Council's Anti-Fraud and Corruption Policy and Strategy  
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

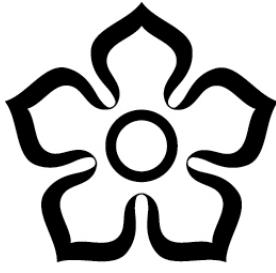
## 8. Consultations

Roman Leszczyszyn, Head of Regulatory Service, Environmental Services.

## 9. Report Author

Stuart Limb, Corporate Investigations Manager, ext 2615

Alison Greenhill  
Director of Finance



Leicester  
City Council

**COUNTER-FRAUD  
UPDATE REPORT  
2017-18**

## **COUNTER-FRAUD UPDATE REPORT 2017-18**

### **1. Introduction**

1.1 This is a report to the Audit & Risk Committee on the work delivered by Leicester City Council's Corporate Investigations Team during April 2017 to September 2017. It also provides the Committee with an update on the work of the Leicester, Leicestershire and Rutland Intelligence Hub.

### **2. The First Six Months in Summary**

#### **2.1 Corporate Investigations Team**

2.2 During the period covered by this report the Corporate Investigations Team has undergone a period of transition due to changes in personnel on the team. There have been vacancies due to members of the team moving to new roles both within and outside of the authority. A recruitment exercise has been completed for 2 permanent Corporate Investigation Officers and 3 fixed-term contracted Corporate Investigation Officers to work on the DCLG funded Intelligence Hub project. The remaining vacancy for the post of Financial Investigator will be completed as a matter of urgency.

2.3 The team has been working hard to progress the investigations which are now developing into more criminal in nature. This is now seeing a step change in the work of the Corporate Team at the authority, as in previous years it was more civil based investigations. The authority prosecuted a case of theft and 7 cases of disabled parking permit (blue badge) offences. There are currently 9 files with Legal Services pending court outcomes.

2.4 The team has embedded the use of the new case management system into the investigations that allows the work to fully compliant with the legislation that governs the recording, retention and subsequent disclosure of evidence. Work continues with the suppliers in the development of more tailored management reports which will improve meaningful reporting of the team's cases and outcomes. Further work is being undertaken to add in both real and projected financial savings that are associated with preventing and detecting fraud.

2.5 There have been savings achieved on Right to Buy Cases, Tenancy Frauds, recovery of outstanding debt, Council Tax Reduction Scheme and Single Person discount frauds. These total £115,800, which is a combination of loss avoidance and income generated for the authority. On future reports a breakdown and an explanation of the notional savings formulae will be provided for the committee.

2.6 The team continues to work with other sections of the authority in an effort to reduce the risk of loss and fraud and this is highlighted by the collaborative approach in 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 a combination of Legal Services, the RTB team and corporate investigations. This not only identifies irregularities but provides a much higher level of assurance around the validity of the sales to tenants.

- 2.7 Work continues in developing the region wide counter fraud intelligence hub which is on behalf of all Local Authorities across Leicester, Leicestershire and Rutland. A large amount of work has been completed in procuring the data warehouse, producing data sharing agreements and a prosecution policy. In addition to the recruitment of the staff who will be working on the project. This continues to be a very challenging task in collating data from the other authorities to data match for the purposes of preventing and detecting fraud. To date all authorities in the project have signed up to the data sharing protocol but some authorities have either provided no data or it has proven to be sporadic in its regularity where data has been provided.
- 2.8 The team continues to investigate a variety of non benefit related cases and provide advice and assistance to management.

### **3. Review of Performance**

3.1 Statistical information on the performance of the Corporate Investigations Team during the six months is detailed in the table below.

<b>Registered</b>	146
<b>Closed</b>	135
<b>Investigations In Progress</b>	<b>87</b>
<b>Investigations In Progress more than 6 months old</b>	39
<b>Cautions Accepted</b>	5
<b>Administrative Penalties Accepted</b>	0
<b>Prosecutions - Successful (Guilty)</b>	8
<b>Total files with Solicitors</b>	9

### **4. The Year Ahead**

4.1 The report presented to the Committee on 28<sup>th</sup> June 2017 outlined the major objectives for the Corporate Investigations Team over coming months. The completion of the organisational review of fraud services has changed the emphasis from reactive fraud investigations to proactive fraud searching and offers other partners locally the opportunity to procure fraud investigation services from the Council. Additionally there is a greater emphasis on prosecuting offenders and seeking restitution and compensation for identified losses.

### **5. Acknowledgment**

5.1 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.

Stuart Limb, Corporate Investigations Manager

