



Leicester
City Council

Counter-Fraud Update Report 2018-19

Audit & Risk Committee

Date of committee meeting: 27 November 2018

Lead director: Alison Greenhill

Useful information

- Report author: Stuart Limb (Corporate Investigations Manager)
- Author contact details: 0116 454 2615 / 37 2615 stuart.limb@leicester.gov.uk
- Report version: V4

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 1 April 2018 to 30 September 2018.

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. A report on the Council's counter fraud activity was presented to Members of the Audit and Risk Committee on 25 July 2018 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 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 on Right to Buy Cases, Tenancy Frauds, and recovery of outstanding debt, Council Tax Reduction Scheme, Single Person Discount frauds, school admission fraud and empty residential properties being reclassified as occupied.

4.2 For the authority the total combined loss avoidance and income generated savings is £757,000.

- Loss avoidance savings represent 77% £584,000
- Income generated savings represent 23% £173,000.

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 developing the region wide counter fraud intelligence hub funded by the Ministry of Housing, Communities and Local Government on behalf of all Local Authorities across Leicester, Leicestershire and Rutland. The data warehouse, data sharing agreements and a prosecution policy are now in place which permits multiple data sets from the councils to be cross matched with irregularities being investigated. A recent exercise included reviewing empty discounts claimed on residential properties, the work identified multiple properties that were in fact occupied, which resulted in the correct billing of council tax liability and gaining additional funding under the new homes bonus scheme.

4.5 The team continues to investigate a variety of non-benefit related cases and provide advice and assistance to management.

5. REVIEW OF PERFORMANCE

5.1 Statistical information on the performance of the Corporate Investigations Team is detailed in the table below.

Registered	233
Screened out	69
Investigations founded	45
Investigations In Progress	120
Cautions Accepted	2
Administrative Penalties Accepted	1
Prosecutions - Successful (Guilty)	1
Total files with Solicitors	2

6 THE YEAR AHEAD

- 6.1 The report presented to the Committee on 25th July 2018 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 be undertaking a project into identifying falsely claimed Small Business Rate Relief across the city. If this yields results and income for the authority, this project will be replicated across Leicestershire for all other Local Authorities who form the Intelligence hub. This will continue to utilise the funding from the Ministry of Housing, Communities and Local Government (MHCLG) received by the authority.

7. ACKNOWLEDGMENT

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
Head 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 Adatia
City Barrister & Head of Standards

8.3 Climate Change and Carbon Reduction implications

This report does not contain any significant climate change implications.

Duncan Bell
Senior Environmental Consultant

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

Nature of investigation	Indicative saving per incident	Loss avoidance	Actual saving
Right To Buy	£36,230	£217,380	
Small Business Rate Relief	Actual reduction of business rates		£8,956
Council Tax Discounts	Actual overpaid discount		£2,007
Council Tax Support	Actual overpaid amount		£9,762
Housing Tenancy	£36,230	£108,690	
Schools Admissions	£19,588	£228,511	
Blue Badge	£2,340	£11,700	
Empty residential properties	£7,650		£152,692
Employee misconduct	Half of annual salary	£18,222	
Totals		£584,503	£173,417

How savings are calculated

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
Tenancy / RTB	Average LCC tenancy X average LCC rent = 10 years (50 rent weeks per year) X £72.46 = £36,230
LCTRS	Actual overpayment in each case
Direct Theft & Social Care	Accurate figures identified as stolen
Empty homes bonus	National Average Band D x 4 years = £1,530 x 5 = £7,650 per case identified

