

	<p align="center">Audit and Standards Advisory Committee 12 June 2024</p>
	<p align="center">Report from the Corporate Director of Finance and Resources</p>
	<p align="center">Lead Member - Deputy Leader and Cabinet Member for Finance & Resources (Councillor Mili Patel)</p>
<p align="center">Annual Counter Fraud Report 2023-24</p>	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	Two Appendix 1: Annual Counter Report 2023-24 Appendix 2: Annual Counter Fraud Plan 2024-25
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Darren Armstrong Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@brent.gov.uk

1.0 Executive Summary

- 1.1 This report presents the Council’s Annual Counter Fraud Report for the financial year 2023-24.
- 1.2 The report is intended to support the Audit and Standards Advisory Committee in obtaining assurance that the Council has robust and sound counter fraud arrangements in place. It does this by providing a summary of the activity of the Counter Fraud team in-year across multiple fraud types (including internal fraud, housing tenancy fraud, external fraud and proactive work).

- 1.3 The report also fulfils the requirements of the Local Government Transparency Code 2015, which requires local authorities to publish details of their counter-fraud activity.

2.0 Recommendations

- 2.1 The Committee is asked to note the contents of the report, including the annual opinion of the Head of Internal Audit.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

- 3.1.1 As is the same for all local authorities, fraud remains an area of significant inherent risk to the Council. The tackling of fraud therefore remains a high priority as every penny that is lost to fraud is a penny that cannot be spent on delivering services to our residents.
- 3.1.2 The Council takes a well-developed approach to tackling fraud and corruption, which includes a combination of proactive prevention and detection activities in-line with best practice. An Annual Counter Fraud Plan is also prepared and delivered to ensure that resources are effectively targeted and deployed to prevent and detect fraud, which is underpinned by the Council's Anti-Fraud and Bribery and Whistleblowing policies.
- 3.1.3 The response of the Council to the activity of the Counter Fraud and Investigations service should lead to the strengthening of governance arrangements and the control environment, and therefore, contribute to the achievement of strategic objectives.

3.2 Background

- 3.2.1 The work of the team is split between reactive and proactive activity. Reactive work largely consists of referrals to the team from the Internal, Housing or External fraud types. Proactive activity is usually generated from within the service in response to a range of fraud risks and can incorporate any of the reactive fraud types. A summary of all activity performed in 2023-24 is presented at **Appendix 1**.
- 3.2.2 The Counter Fraud Plan for 2024-25 is also presented at **Appendix 2**. This summarises how resources will be deployed and targeted to achieve the aims and objectives of the Council's anti-fraud policies. The plan is based on previous outcomes, stakeholder engagement and known and emerging risks.
- 3.2.3 The plan also includes a Fraud Awareness plan, which summarises the activities to be undertaken by the team to raise awareness of fraud risks amongst officers, residents and Members to help ensure that the Council's assets are adequately protected.

3.3 Internal Fraud

3.3.1 Internal fraud includes whistleblowing referrals and a range of case types such as staff conduct, financial and procedural irregularities. Proactive work and our review of the National Fraud Initiative (NFI) data-matched reports are covered in the '*Proactive*' section of **Appendix 1**. Internal fraud typically has the fewest referrals in any period but is generally more complex in nature.

3.3.2 With most cases under this category, the team will report to management with any recommendations to improve control and to mitigate future occurrences. It will also liaise with the Internal Audit team for wider consideration in the Internal Audit Plan. Recommendations arising from fraud investigations are followed up with the same rigour as those from Internal Audit.

3.4 Tenancy and Social Housing Fraud

3.4.1 The recovery of social housing properties by Counter Fraud and Investigations has a positive impact upon the temporary accommodation budget and remains a high priority fraud risk for the Council. Whilst this is an external fraud type, it is kept separate to reflect the high priority fraud risk. The counter-fraud activity for 2023-24 is summarised in section 2 of **Appendix 1**.

3.4.2 The team has previously utilised and reported an average notional saving value of £93,000 per property recovered, which is consistent with the formulae used by the Cabinet Office. From 2023-24, the team has adopted a lower notional figure of £42,000 to reflect the notional savings generated from tenancy recoveries. This follows extensive national research concluded in 2021-22 and undertaken by the Tenancy Fraud Forum (TFF) in partnership with the London Boroughs' Fraud Investigators' Group (LBFIG), and supported by the Cabinet Office's National Fraud Initiative, Northern Ireland Housing Executive, Fraud Advisory Panel, CIPFA, CIFAS, the Chartered Institute of Housing and the G15 group of housing associations.

3.5 External Fraud

3.5.1 External fraud includes all external fraud / irregularity that affects the Council. This will include (but is not limited to) fraud cases involving; Blue Badge, Direct Payments, Council Tax, Business Rates, insurance, finance, concessionary travel and grant applications. The counter fraud activity for 2023-24 is summarised in section 3 of **Appendix 1**.

3.6 Proactive and other activity

3.6.1 The team undertakes a broad range of proactive activity based on fraud risk and close working with the Internal Audit team and other stakeholders. This will include NFI data matching reviews, fraud workshops, targeted operations, and other planned fraud risk activity across all service areas. The counter fraud activity for 2023/24 is summarised in section 4 of **Appendix 1**.

4.0 Alternative Options Considered

4.1 N/A

5.0 Stakeholder and ward member consultation and enagement

5.1 As detailed within the report.

6.0 Financial Considerations

6.1 There are no specific financial implications associated with noting this report.

7.0 Legal Considerations

7.1 There are no specific legal implications associated with noting this report.

8.0 Equity, Diversity & Inclusion (EDI) Considerations

8.1 None

9.0 Climate Change and Environmental Considerations

9.1 None

10.0 Communication Considerations

10.1 None

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources