

# Report of the Director of Finance & IT to the meeting of Governance and Audit Committee to be held on 14th July 2022

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## **Subject:**

Corporate Investigations Unit performance and activity report for the financial year 2021/22

## **Summary statement:**

The purpose of this report is to present the Council's Corporate Investigation Unit (CIU) latest performance information to provide assurance that the Council's counter fraud arrangements are effective.

## **EQUALITY & DIVERSITY:**

This report concludes there are no equality and diversity implications which negates the need for an Equality Impact Assessment.

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**Portfolio:**  
**Leader of the Council & Corporate**

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## 1. SUMMARY

The purpose of this report is to present the Council's Corporate Investigation Unit (CIU) latest performance information to provide assurance that the Council's counter fraud arrangements are effective.

## 2. BACKGROUND

The Council has a duty to protect the public purse and has committed to a zero tolerance approach to fraud, theft, corruption (including bribery), or any other financial irregularity committed against the organisation. Fraud is a prevalent cause of concern in the public sector and continues to pose financial threats to local authorities. The Council recognises that each pound lost to fraud represents a loss to the public purse and reduces the Council's ability to provide services to people who need them.

According to the Annual Fraud Indicator 2017, which provided the last set of government sanctioned estimates, fraud costs the public sector at least £40.3bn annually, with £7.3bn of this total being lost in local government.

## 3. OTHER CONSIDERATIONS

The CIU has been demonstrating to Committee over a number of years how the Council continues to successfully prevent and detect fraud, theft, corruption and any other financial irregularity.

This year sees the introduction of a new annual Corporate Investigations activity and performance report (*Appendix 1*). This report represents performance and activity carried out by the CIU in the financial year 1st April 2021 to 31st March 2022 and has been developed to further assure the Committee of the effectiveness of the Council's counter fraud arrangements.

In 2021/22 the Council's CIU detected or prevented **185** instances of fraud, theft or other financial irregularity with an approximate total value of **£548,317,000** – this equates to an average value of **£2,964** per case, lower than the latest CIPFA counter fraud average of all UK local authorities of £3,600 per fraud case.

Of those **185** investigations where instances of fraud, theft or other financial irregularity were found in 2021/22 **146 (79%)** were prosecuted or offered an alternative to prosecution sanction.

The top 3 areas of fraud by volume in 2021/22 were; -

1. Disabled parking concession (Blue Badge Scheme) representing **61%** of the identified instances of fraud found
2. Public Funding & Grant fraud representing **21%**
3. Revenues Related fraud representing **11%**





The top 3 areas of fraud by cumulative value in 2021/22 were; -

1. Public Funding & Grant fraud representing **48%** of the total loss identified in 2021/22

2. Revenues Related fraud representing **21%**
3. Adult Social Care representing **14%**.

Despite the cumulative value of Disabled parking concession (Blue Badge scheme) abuse only representing **7% (£37,047)** of the total loss identified in 2021/22 this high volume/low value area continues to be a leading trend each year for the Council as there continues to be many incidents of smaller value. As this is a continuing risk for the Council it will continue to require higher vigilance on a more frequent basis by the CIU.

Key performance data for 2021/22, compared with the previous two financial years, is detailed in the report shown at *Appendix 1* and briefly summarised with a trend indicator in **Table 1** below.

<b>Table 1</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	
<b>No. of investigations carried out</b>	285	291	226	
<b>% of investigations where fraud, theft or other financial irregularity found</b>	82%	80%	82%	
<b>Investigations resulting in a prosecution or other sanction</b>	198	71	146	
<b>Financial loss identified</b>	£619k	£1.66m	£548k	

**Table 1 above** demonstrates that in 2021/22 there are signs of pre pandemic performance returning and the performance anomalies in respect of pandemic related frauds i.e. significant increases in Public Funding & Grant fraud, seen in 2020/21, are gradually reducing allowing resources to be targeted to other high risk frauds.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

As detailed in Section 12 of *Appendix 1*, during 2021/22, the value of fraud prevented and detected by the CIU amounted to £548,317, which includes £263,152 loss identified from residual cases in relation to COVID-19 grant schemes commenced during the previous financial year.

Of the total fraud prevented and detected £455,174 was actual recoverable financial loss and the remaining a notional loss\* (£93,143) from recovering properties subject to tenancy fraud and preventing the misuse and abuse of Disabled Persons Parking (Blue Badge).

\*CIPFA notional loss £18,000 per annum per property relating to Social Housing Tenancy Fraud and £699 per Disabled Parking Blue Badge Misuse.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

There are no significant risks arising

## **6. LEGAL APPRAISAL**

There are no legal issues arising from the contents of this Report. See Section 9.1.2 of *Appendix 1*

## **7. OTHER IMPLICATIONS**

### **7.1 SUSTAINABILITY IMPLICATIONS**

None.

### **7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

None.

### **7.3 COMMUNITY SAFETY IMPLICATIONS**

The reduction of all crime, including fraud, corruption and /or theft, contributes to improving community safety.

### **7.4 HUMAN RIGHTS ACT**

The Council's current counter fraud approach complies with the Human Rights Act, in particular in relation to surveillance and the right to privacy. All surveillance operations are required to be formally approved in compliance with the Regulation of Investigatory Powers Act 2000 and Council protocols. However, there were no surveillance applications requested during 2021/22.

### **7.5 TRADE UNION**

None.

### **7.6 WARD IMPLICATIONS**

None.

### **7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

N/A

### **7.8 IMPLICATIONS FOR CORPORATE PARENTING**

N/A

## **7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

None

## **8. NOT FOR PUBLICATION DOCUMENTS**

None

## **9. OPTIONS**

N/A.

## **10. RECOMMENDATIONS**

That the Committee notes the activity and performance carried out by CIU to prevent, detect and deter the Council from instances of fraud, theft, corruption or any other financial irregularity in 2021/22.

## **11. APPENDICES**

Appendix 1 – Corporate Investigations Annual Activity & Performance Report 2021/22

## **12. BACKGROUND DOCUMENTS**

None

# Corporate Investigations Activity & Performance Annual Report for the financial year

## 2021/2022



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## 1.0 Introduction

In common with other public bodies the Council has a duty to protect the public purse and this report details the role of the Corporate Investigation Unit (CIU) in the prevention and detection of fraud.

The work of the CIU underpins the Council's commitment to a zero tolerance approach to fraud, theft, corruption (including bribery), or any other financial irregularity committed against the Council.

The report reflects on the activity and performance of the CIU during **the financial year ending 31<sup>st</sup> March 2022**.

## 2.0 Executive summary

Fraud is a prevalent cause of concern in the public sector and continues to pose financial threats to local authorities. The Council recognises that each pound lost to fraud represents a loss to the public purse and reduces the Council's ability to provide services to people who need them.

According to the Annual Fraud Indicator 2017, which provided the last set of government sanctioned estimates, fraud costs the public sector at least **£40.3bn annually**, with **£7.3bn** of this total being lost in local government.

In 2021/22 the Council's CIU has detected or prevented **185** instances of fraud, theft or other financial irregularity with an approximate total value of **£548,317,000** – this equates to an average value of **£2,964** per fraud case.

Of those **185** investigations where instances of fraud, theft or other financial irregularity were found in 2021/22 **146 (79%)** were prosecuted or given an alternative to prosecution sanction.

The top 3 areas of fraud found by volume in 2021/22 were; -

4. Disabled parking concession (Blue Badge Scheme) representing **61%** of the identified instances of fraud found
5. Public Funding & Grant representing **21%**
6. Revenues Related fraud representing **11%**

The top 3 areas of fraud found by cumulative value were; -

4. Public Funding & Grant fraud representing **48%** of the total loss identified in 2021/22
5. Revenues Related fraud representing **21%**
6. Adult Social Care representing **14%**

Despite the cumulative value of Disabled parking concession (Blue Badge scheme) abuse only representing **7% (£37,047)** of the total loss identified in 2021/22 this high volume/low value area continues to be a leading trend each year for the Council as there continues to be many

incidents of smaller value. As this is a continuing risk for the Council it will continue to require higher vigilance on a more frequent basis by the CIU.

### 3.0 Key Roles and Responsibilities

The Council's Corporate Investigation Unit is responsible for the investigation of allegations of fraud, theft, corruption or any other allegations of a financial nature, perpetrated against the Council, whether by citizens of the district, Council employees or other third parties.

The CIU comprises of 7 staff who are currently training for or are fully accredited with a Counter Fraud Specialist qualification and who ensure that all investigations carried out are in accordance with the relevant legislation and, where evidence of fraud, theft, corruption or any other financial irregularity is found, the appropriate sanction is applied, in accordance with the Council's approved Sanctions Policy.



### 4.0 Types of fraud

These are categorised for the purposes of this report as follows; -

#### 4.1 Revenues related

- Council Tax; Council Tax Reduction Scheme; Council Tax Single Person Discount  
*This type of fraud is committed when someone deliberately gives false or misleading information so that they can pay less or no Council Tax.*
- Business Rates  
*This type of fraud is committed when someone deliberately gives false or misleading information so that they can pay lower or no business rates including stating that a property is no longer in use and therefore qualifies for a reduction in rates*

## 4.2 Disabled Parking (Blue Badge)

Misuse, abuse or defrauding the Blue Badge scheme is committed when; -

- *Using a badge which is no longer valid*
- *Using a badge when the badge holder is deceased*
- *Using a badge that has been forged or copied*
- *Using a badge that has been reported lost or stolen*
- *Using a valid badge belonging to a friend or relative for own personal use*

## 4.3 Housing

- Council Housing
- Social Housing / Tenancy Fraud

*This type of fraud is committed when someone deliberately gives false or misleading information when applying for a property e.g. falsely claiming to have children; subletting a property without permission; living in a property after someone has died without the right to do so; key selling – where a resident is paid to pass on their keys in return for a one off payment; false right to buy/acquire.*

## 4.4 Adult Social Care

- *Financial abuse – committed when the person in care has their money stolen or misappropriated*
- *Direct payment – committed when payments are not spent on items detailed in the care plan; false claims for expenses and wages are made by carers; when a disability or care need is exaggerated to receive support;*
- *Savings and capital are not declared on a financial assessment.*

## 4.5 Procurement

*This type of fraud occurs when someone deliberately intends to influence any stage of the procure to pay life cycle in order to make a financial gain or cause a loss. This could be perpetrated by contractors or sub-contractors external to the Council and/or staff within the organisation.*

## 4.6 Occupation / Employee Fraud

- *Recruitment – committed for example when a job applicant inflates their credentials to apply for a position*
- *Financial statement– committed for example when providing false information to support an expenses claim; working for another employer whilst receiving sick pay.*
- *Asset misappropriation – committed when an employee steals the Council's property.*

## 4.7 Public Funding and Grant

*This type of fraud is committed when individuals, organisations or organised criminal groups claim public funding or grants that they are not eligible for.*

## 5.0 Referrals to the CIU

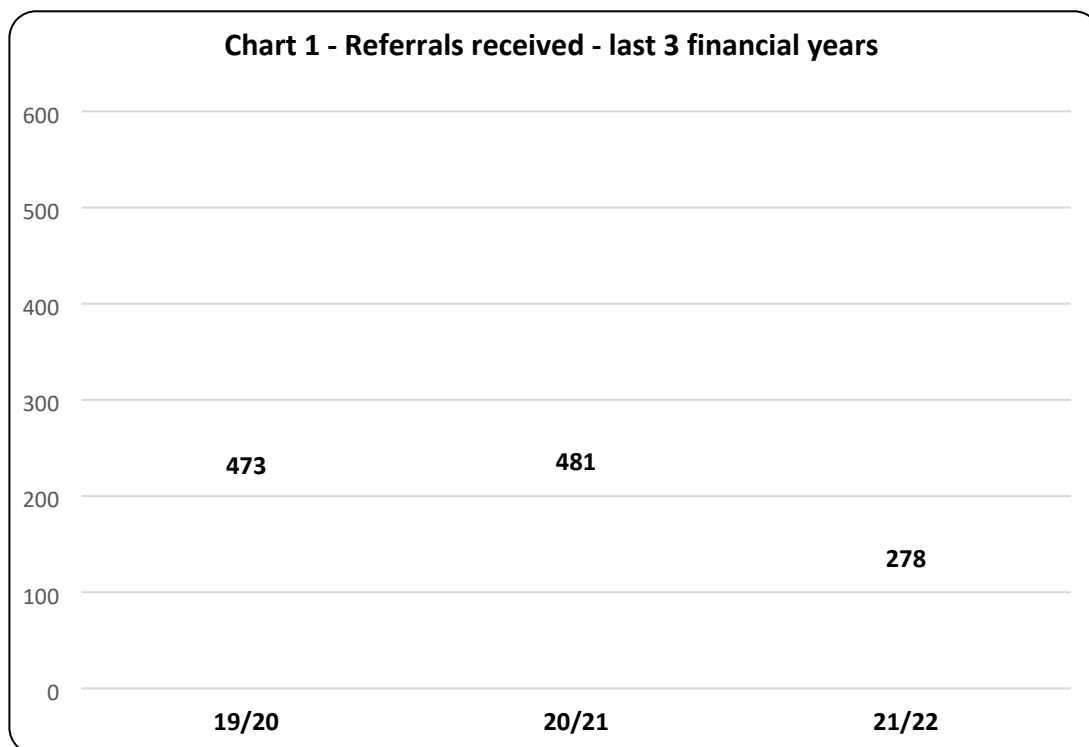
Referrals are made to the Council's Corporate Investigation Unit from a variety of sources; - including, internal sources e.g. employees of the Council Departments and Services or external sources such as the Department for Work and Pensions, Police, Registered Social

Landlords, members of the public usually via letter, email, the Council’s website or the Council’s dedicated fraud hotline – these can include referrals where the referrer wishes to remain anonymous.

Every referral received, which alleges fraud, theft, corruption or any other financial irregularity goes through a “triage” process where initial checks are carried out to ascertain whether further investigation is required by one of the Councils Corporate Investigators.

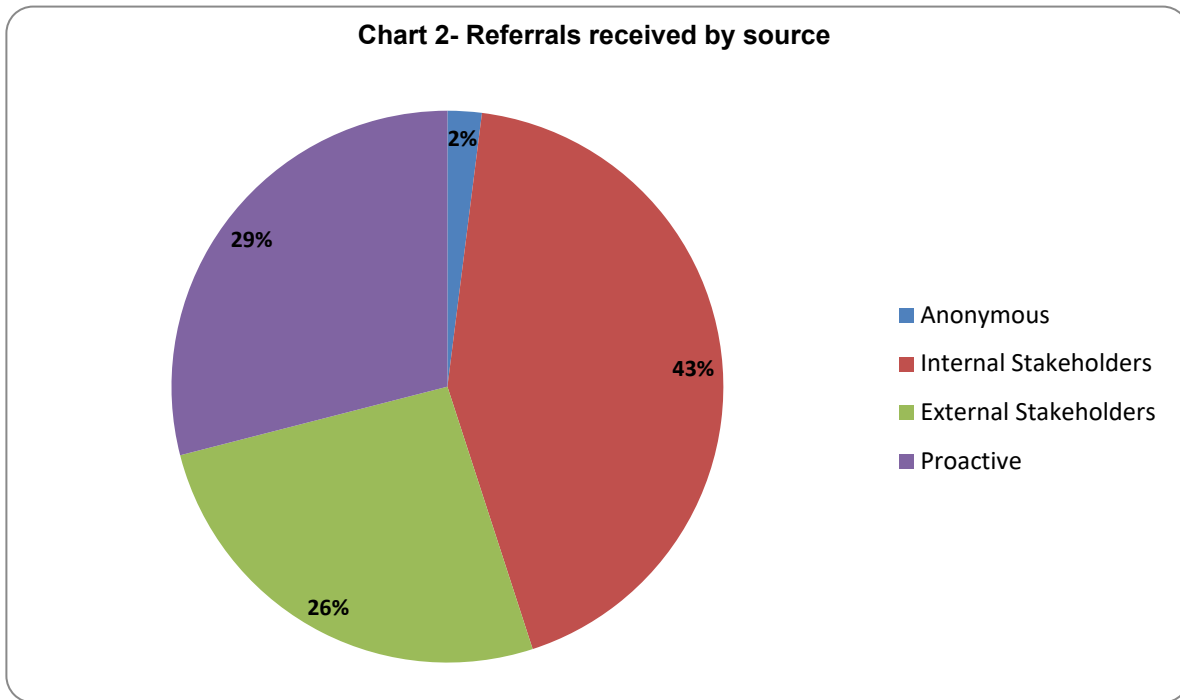
In addition to investigating referrals received the CIU will also, where resources allow, carry out targeted proactive work in areas of high risk. This work can be in conjunction with other internal and/or external stakeholders.

**Chart 1 below** represents the number of referrals received by the CIU in the last 3 financial years.



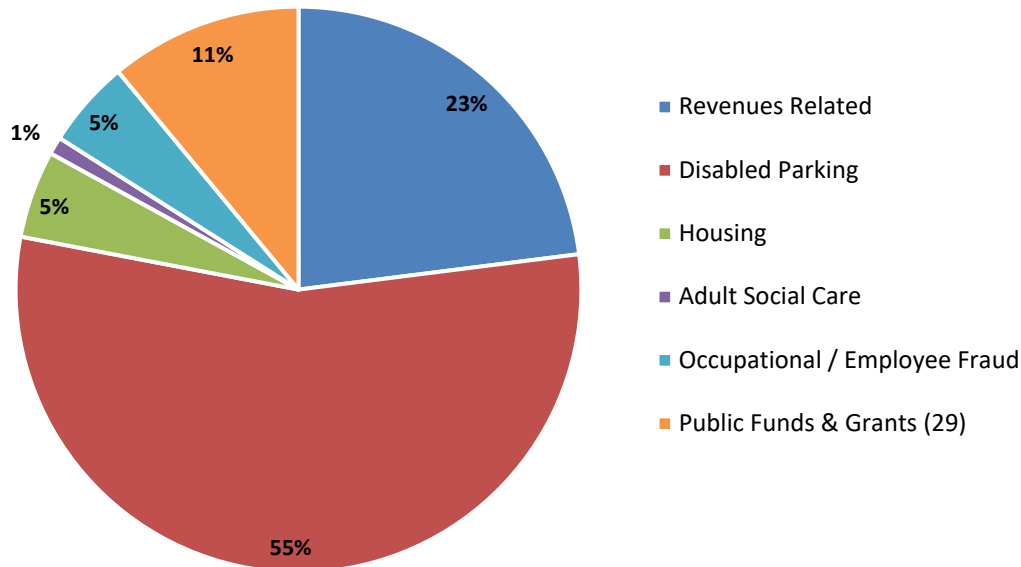
**Chart 1 above** shows that in the 2021/22 financial year there has been a significant reduction in the number of referrals received by the CIU compared with the 2 previous years and that there is a need in 2022/23 to invest in a new awareness campaign to include updating the current eLearning offer and targeting the Services and Departments where the risk of the most prolific frauds is highest e.g. Adult Social Care.

**Chart 2 below** represents the referrals received in the financial year 2021/22 broken down by referral source.



**Chart 3 below** represents the referrals received in the financial year 2021/22 broken down by allegation type

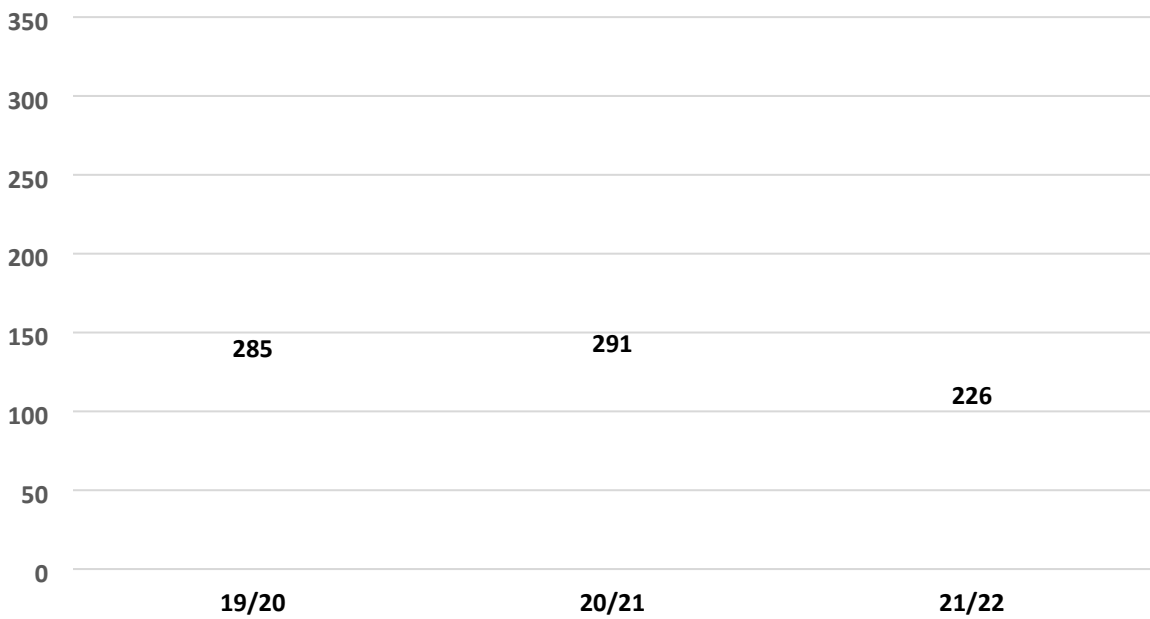
**Chart 3 - Referrals received by allegation type**



## 6.0 Investigation

**Chart 4 below** represents the number of investigations carried out by the CIU in the last 3 financial years.

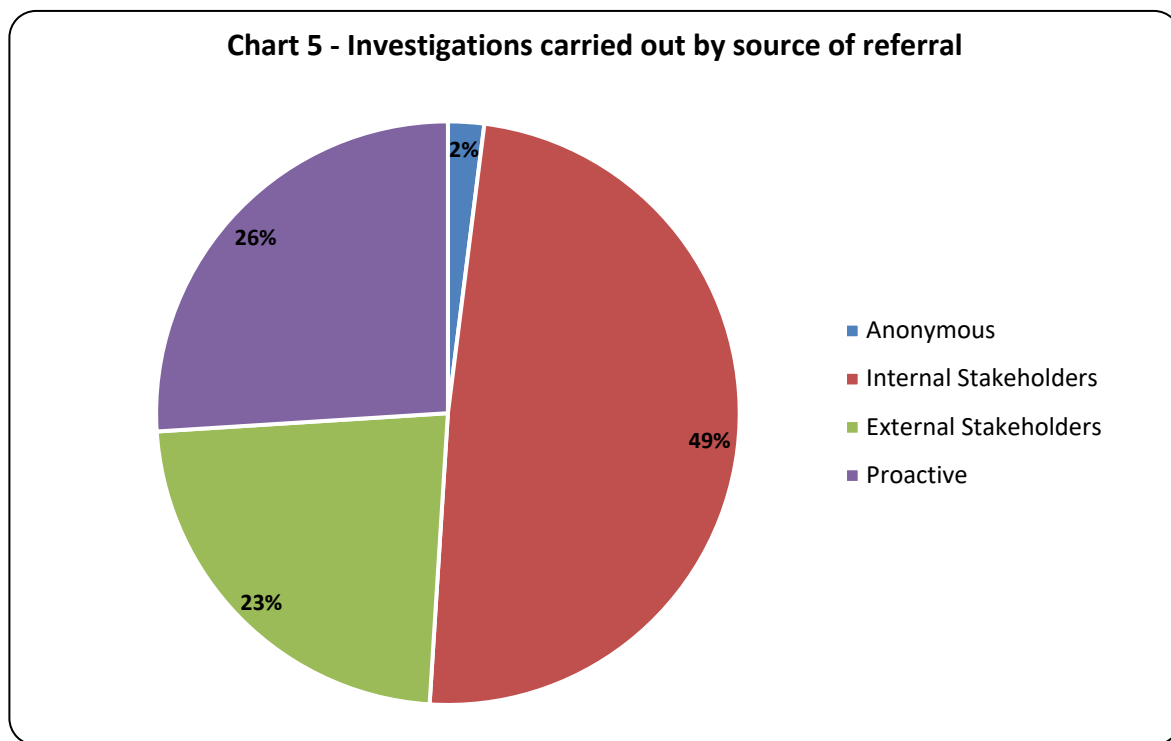
**Chart 4 - Investigations carried out - last 3 financial years**



**Chart 4 above** shows that in 2021/22 there has been a slight reduction in the number of investigations carried out by the CIU compared with the previous 2 years as two experienced

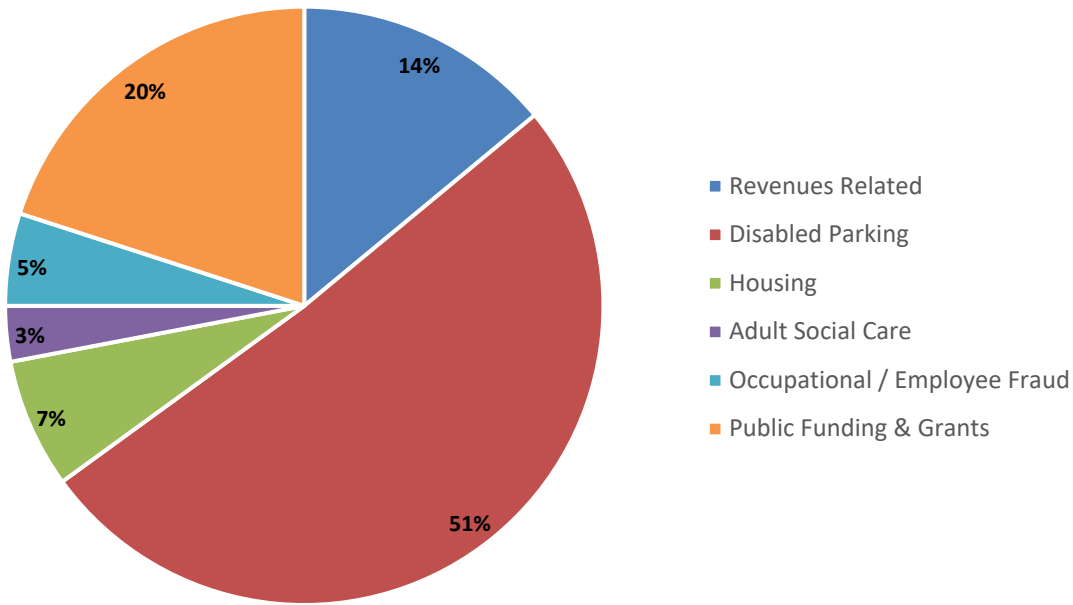
Investigators left the CIU to be replaced by 2 trainee Investigators. It is expected that in 2022/23 the number of investigations carried out will compare, if not exceed, previous levels.

**Chart 5 below** represents the investigations carried out by the CIU in the financial year 2021/22 broken down by referral source.



**Chart 6 below** represents investigations carried out by the CIU in the financial year 2021/22 broken down by allegation type

**Chart 6 - Investigations carried out by allegation type**



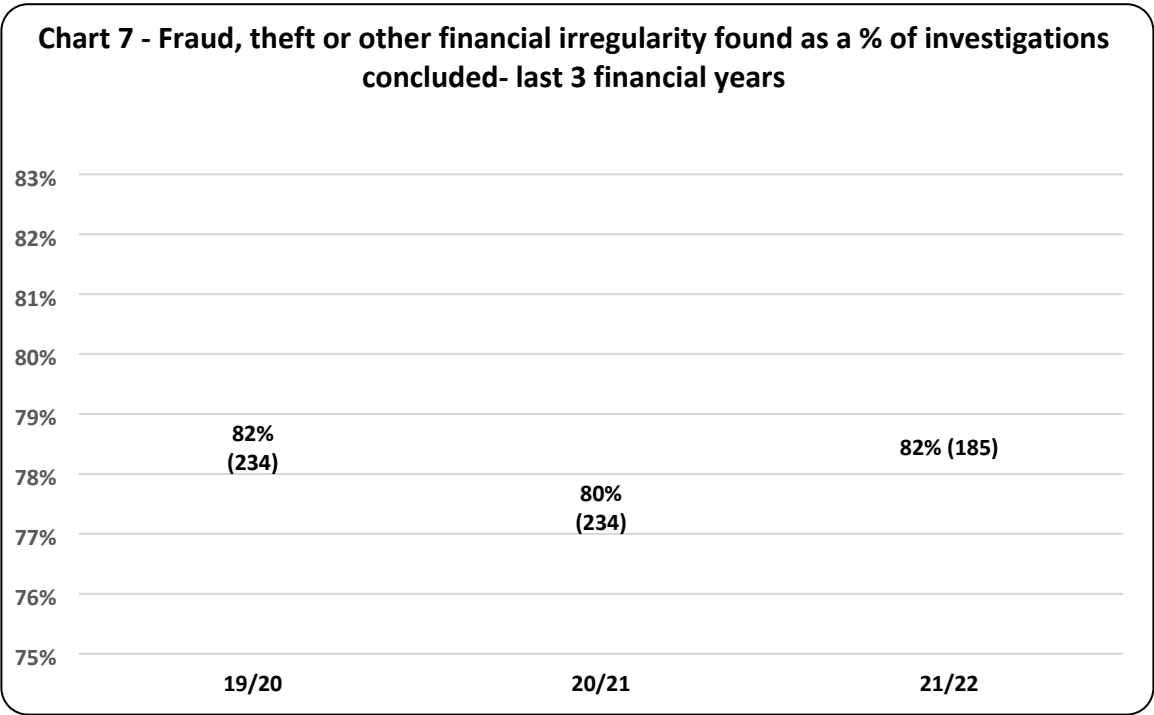
## 7.0 Investigation Outcomes

A concluded investigation will normally result in one of two outcomes – either evidence has **or** has not been found to support a finding of fraud, theft, corruption and /or other financial irregularity.

Where evidence has been found then, in accordance with the Committee approved Council's Sanctions policy, the appropriate sanction, if applicable, will normally be applied and attempts made to recover any financial loss.

**Chart 7 below** represents the investigations carried out by the CIU in the last 3 financial years where fraud, theft, corruption or other financial irregularity was found as a percentage of the investigations carried out.

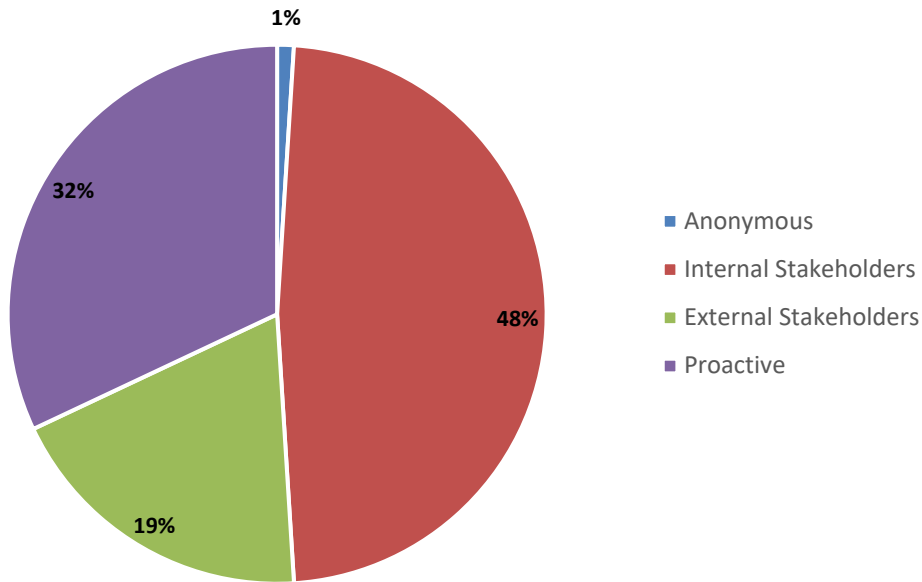




**Chart 7 above** demonstrates that whilst the number of investigations carried out in 2021/22 (Chart 4 refers) was lower than previous years, the % where fraud, theft or other financial irregularity was found remains comparable with previous years.

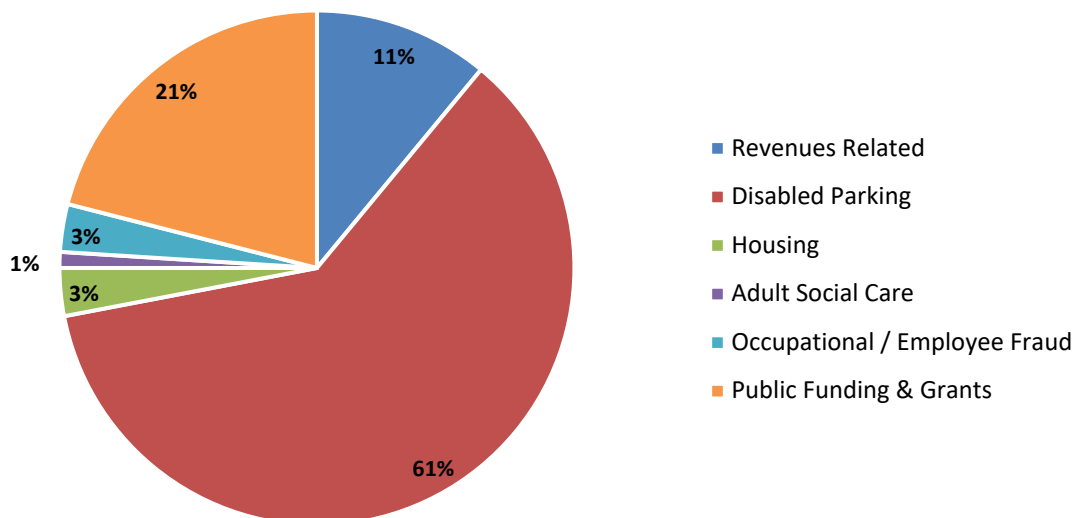
**Chart 8 below** represents the investigations where fraud, theft, corruption or other financial irregularity was found in the financial year 2021/22 broken down by referral source.

**Chart 8 - Fraud, theft or other financial irregularity found in 2021/22 broken down by source**



**Chart 9 below** represents investigations where fraud, theft, corruption or other financial irregularity was found in the financial year 2021/22 broken down by allegation type

**Chart 9 - Fraud, theft or other financial irregularity found in 2021/22 broken down by allegation type**



## 8.0 Sanctions

The Council has a range of sanctions that can be applied to those who commit offences of fraud corruption, theft or other financial irregularity. These include formal cautions, financial penalties or criminal proceedings in a Court and disciplinary action where a serving Council employee has committed the offence.

The Council will, in certain circumstances, take more than one form of action. For example, where a serving Council employee has committed offences of fraud, corruption, theft or other financial irregularity then disciplinary action, criminal prosecution and civil recovery action to recover any unpaid losses could be appropriate, however the sanction decision will consider every case on its own merits, taking into account factors, such as a person's physical and mental health, their age, financial circumstances and, in considering prosecution as a first option, whether it is in the public interest in addition to assessing the overall impact of the punishment to both the individual and the community.

### **8.1 Prosecution**

The Council will normally only consider instituting criminal proceedings when the loss or potential loss to the Council exceeds £5,000 **and** both the "Evidential Test" and Public Interest tests are satisfied, however there are exceptional circumstances where the Council may decide to institute criminal proceedings even where the loss of potential loss to the Council is below £5000, for example, where a formal caution or financial penalty has been offered and refused; there are known previous convictions for fraud related offences against the Council; the offence has been deliberate, planned, committed over a long period of time or involved more than one person.

Additionally, the Council will only institute criminal proceedings for the offence of wrongful use of a Disabled Persons Blue Badge where the offence has not been admitted at an interview under caution **or** the mitigation offered has not been accepted by the Council **and** the "Evidential Test" and Public Interest tests are satisfied.

### **8.2 Other sanctions**

#### **8.2.1 Financial Penalty**

This can be offered in certain circumstances, including but not limited to, the loss to the Council being less than £5,000. The Council can use this as an alternative to prosecution.

Where a financial penalty is not accepted or the person fails to respond to invitations to be offered such a sanction, then the Council will consider instituting criminal proceedings

Once a financial penalty has been accepted then the Council will not institute criminal proceedings for that offence, however, should the person commit other subsequent similar offences against the City of Bradford Metropolitan District Council then a prosecution may be considered as the first option.

#### **8.2.2 Formal Caution**

This is an administrative sanction offered in certain circumstances, including but not limited to, the loss to the Council being less than £5,000. The Council can use this as an alternative to prosecution.

Once a formal caution has been accepted then the Council will not institute criminal proceedings for that offence, however, should the person commit other subsequent similar

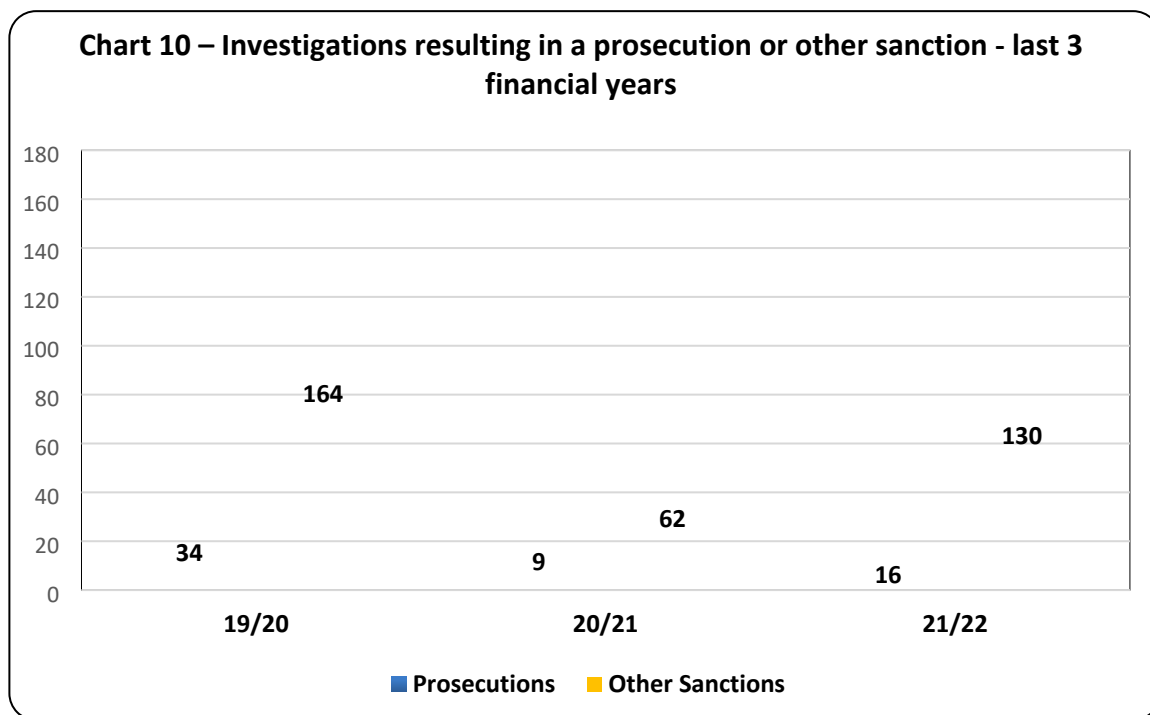
offences against the City of Bradford Metropolitan District Council then a prosecution may be considered as the first option for that subsequent offence.

Where a formal caution is not accepted or the person fails to respond to invitations to be offered such a sanction then the City of Bradford Metropolitan District Council will consider instituting criminal proceedings.

### 8.2.3 Warnings

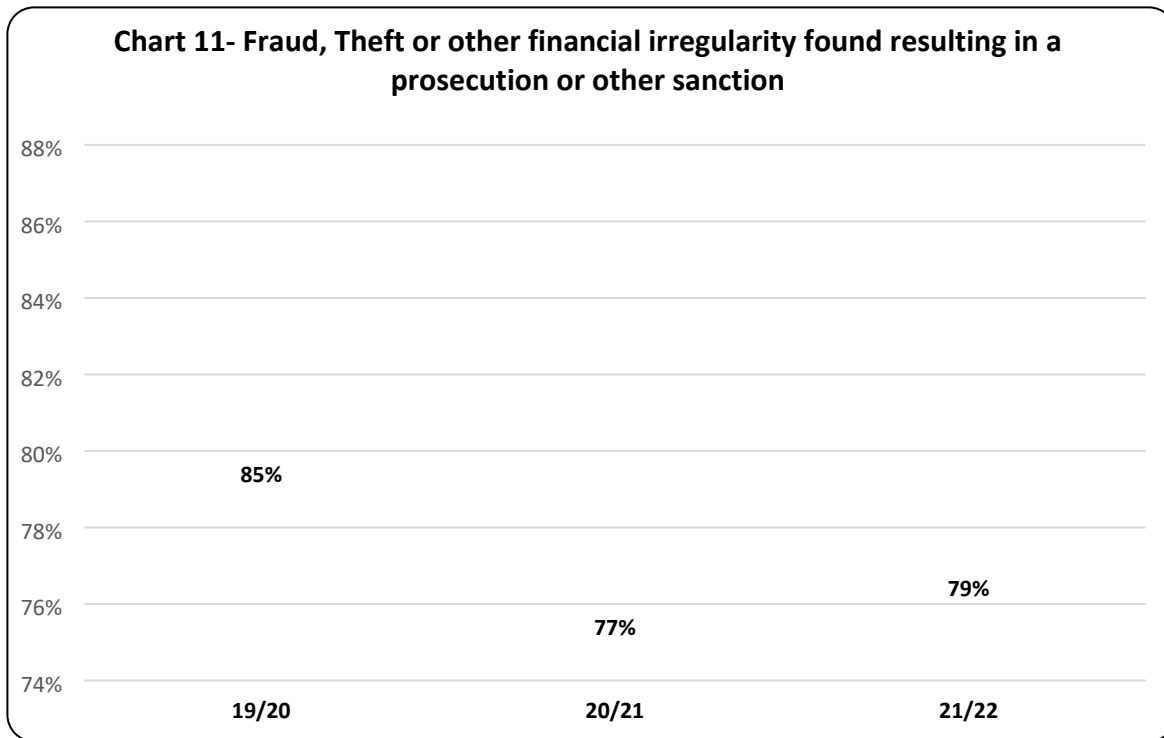
For Disabled Parking (Blue Badge) offences only, the Council may in certain circumstances issue a warning.

**Chart 10 below** represents the number of **all** investigations which resulted in a prosecution or other sanction in the last 3 financial years.

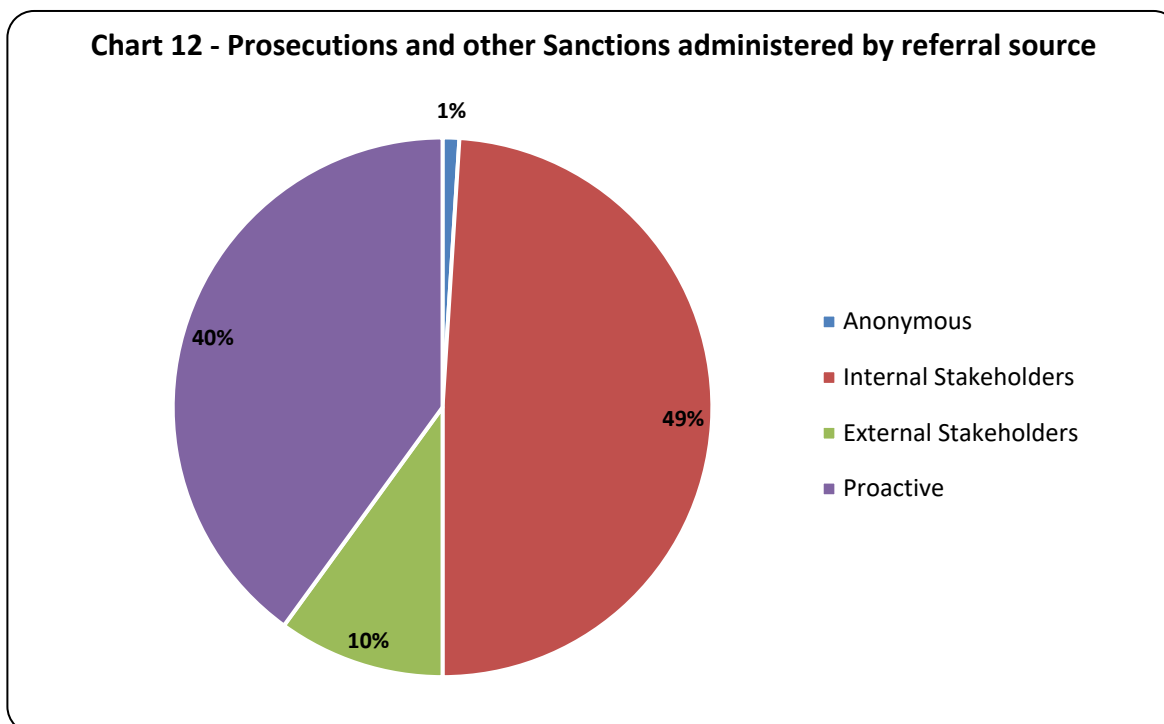


**Chart 10 above** shows the impact of the global pandemic on prosecutions and sanctions in 2020/21 and the return to the pre-pandemic numbers of prosecutions and sanctions being administered in 2021/22 now full investigation activity has resumed and the Courts have availability to hear all cases.

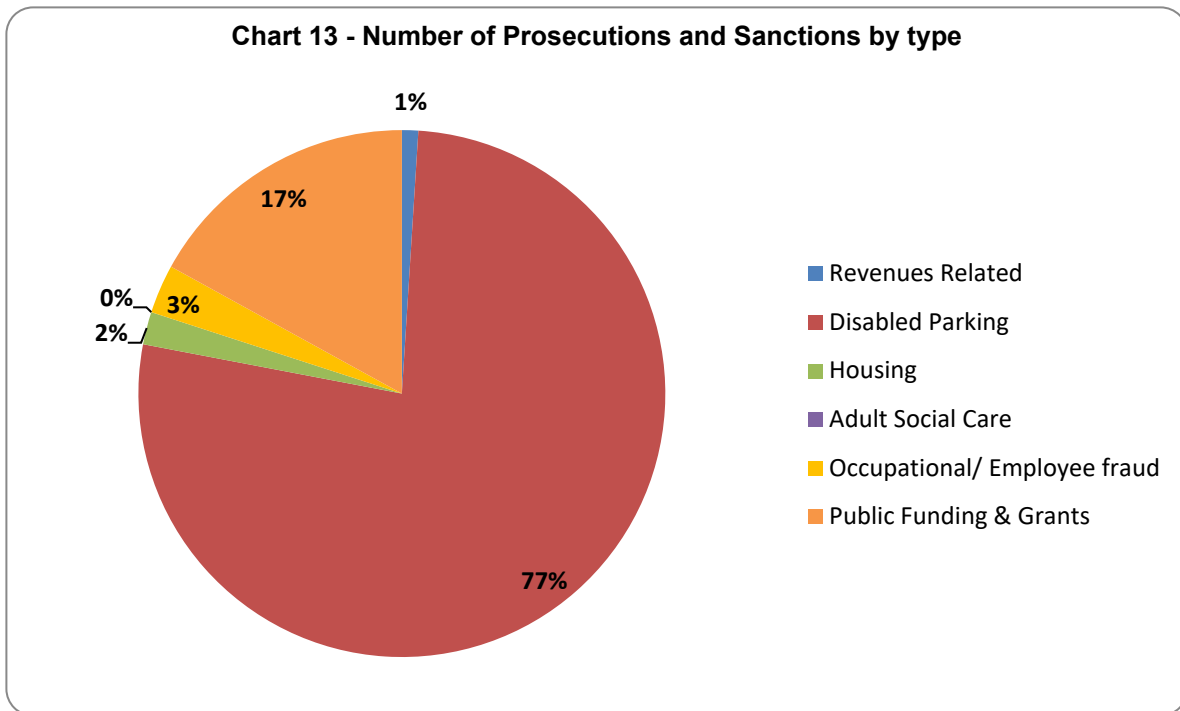
**Chart 11 below** represents the number of prosecutions and sanctions administered in the last 3 financial years as a percentage of the total investigations carried out where fraud, theft, corruption or other financial irregularity was found.



**Chart 12 below** represents prosecutions and other sanctions administered in the financial year 2021/22 broken down by referral source.



**Chart 13 below** represents the prosecutions and other sanctions administered in the financial year 2021/22 broken down by allegation type



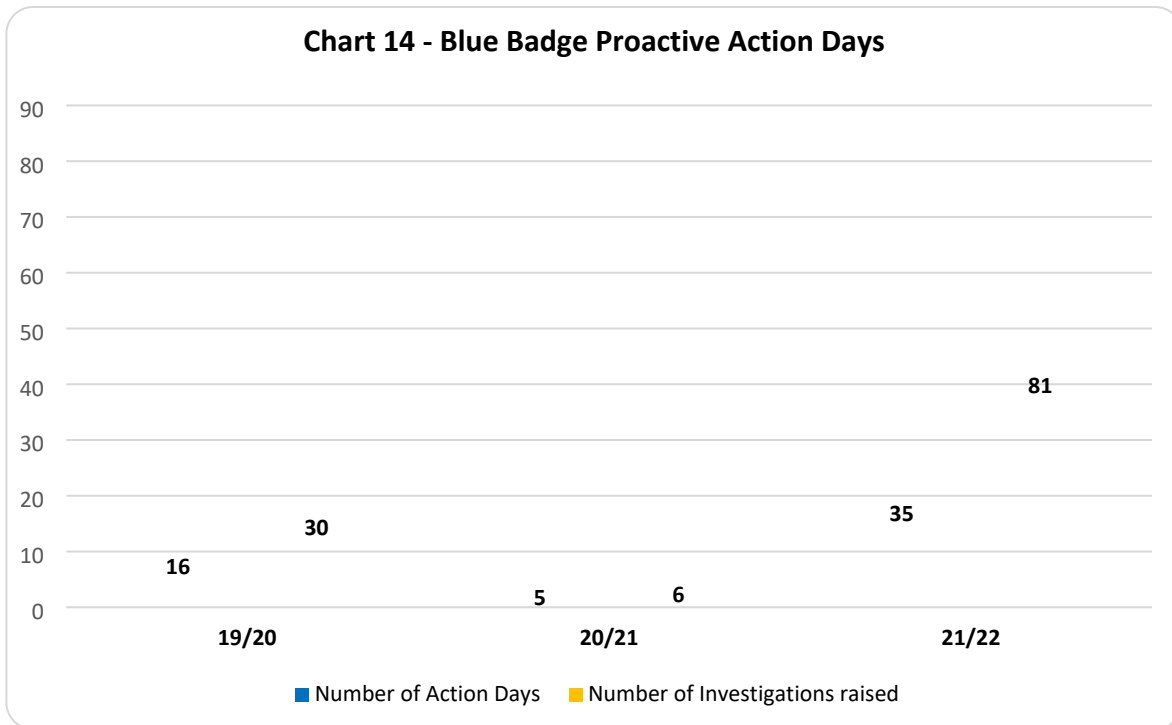
## 9.0 Working in Partnership

### 9.1 Internal Partners

#### 9.1.1 Neighbourhood and Customer Services

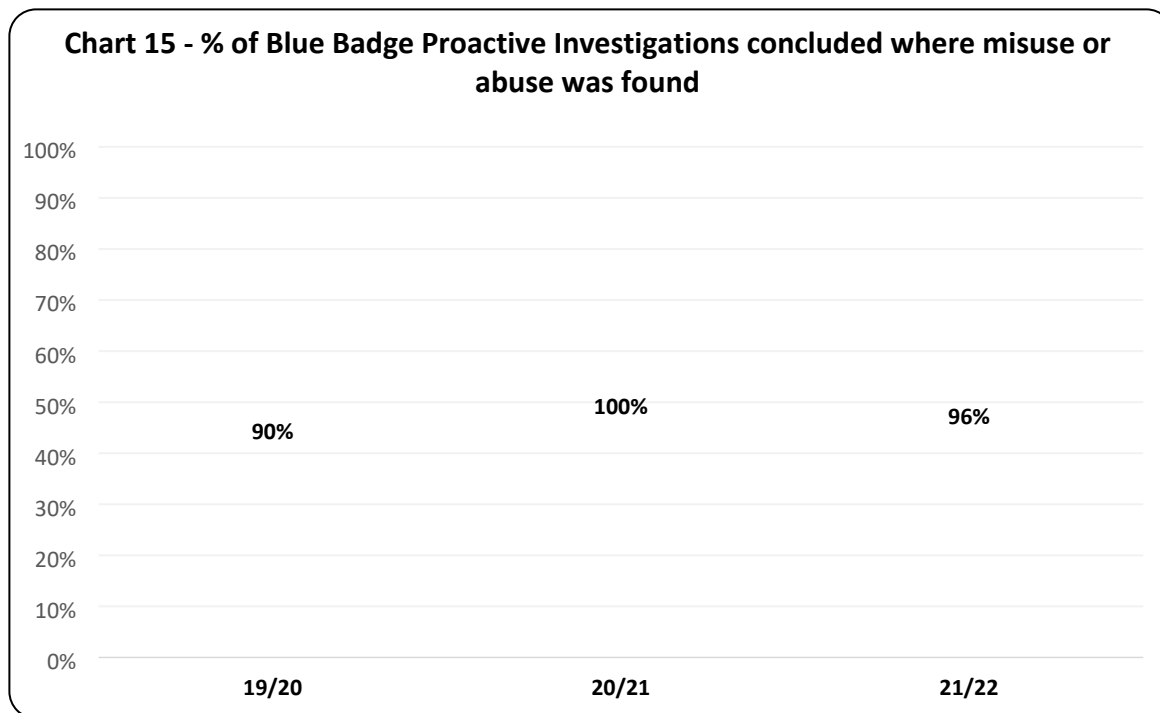
In addition to carrying out reactive investigations in response to referrals received the CIU also carry out investigations proactively, for example, the CIU work with Parking Services Officers on Disabled Persons Blue Badge “action days”. These action days are to ensure that badges are being used correctly and are a tool to obtain intelligence on persistent misuse, for responding to citizen complaints of misuse and targeting of hotspots where misuse/abuse is known to take place.

**Chart 14 below** represents the number of action days and investigations into misuse and abuse that were commenced in the last 3 financial years.



**Chart 14 above** shows that in 2020/21 parking charges had been suspended for the majority of that financial year and in 2021/22 the number of action days and investigations commenced was able to return to pre-pandemic levels. Going forward the CIU will need to find the balance between ensuring this high volume but low value fraud is kept to a minimum whilst still ensuring that sufficient capacity is available to tackle high value frauds.

**Chart 15 below** represents the investigations concluded where misuse or abuse was found following a proactive Disabled Persons (Blue Badge) “action day” in the last 3 years.



### **9.1.2 The Council’s Legal Services team –**

A key partner in the Council’s counter fraud approach providing specialist advice, support and services to the CIU, ensuring compliance with all relevant legislation pertaining to the prevention, detection and investigation of fraud, corruption and theft (for example the Police and Criminal Evidence Act 1984, Criminal Procedures and Investigations Act 1996, Regulation of Investigatory Powers Act 2000, Data Protection Act 2018 the General Data Protection Regulations, Proceeds of Crime Act 2002 and Fraud Act 2006.

In addition to the above the Council has a general power, under section 222 of the Local Government Act 1972, to bring legal proceedings before the Court where the “Local Authority considers it expedient for the promotion or protection of the interests of the inhabitants of their area”.

The Council’s Legal Services team will ensure that prosecution proceedings will only be issued after having due regard to the CPS Code of Practice and the Council’s Sanctions policy. As such prosecution proceedings will only be issued where there is sufficient and admissible evidence to provide a realistic prospect of conviction and where the prosecution is in the public interest.

The Code of Practice requires the decision to prosecute to be kept under continuous review, so that any new facts or circumstances, in support of or undermining the Council’s case, are taken into account in the Council’s decision to continue or terminate the proceedings.

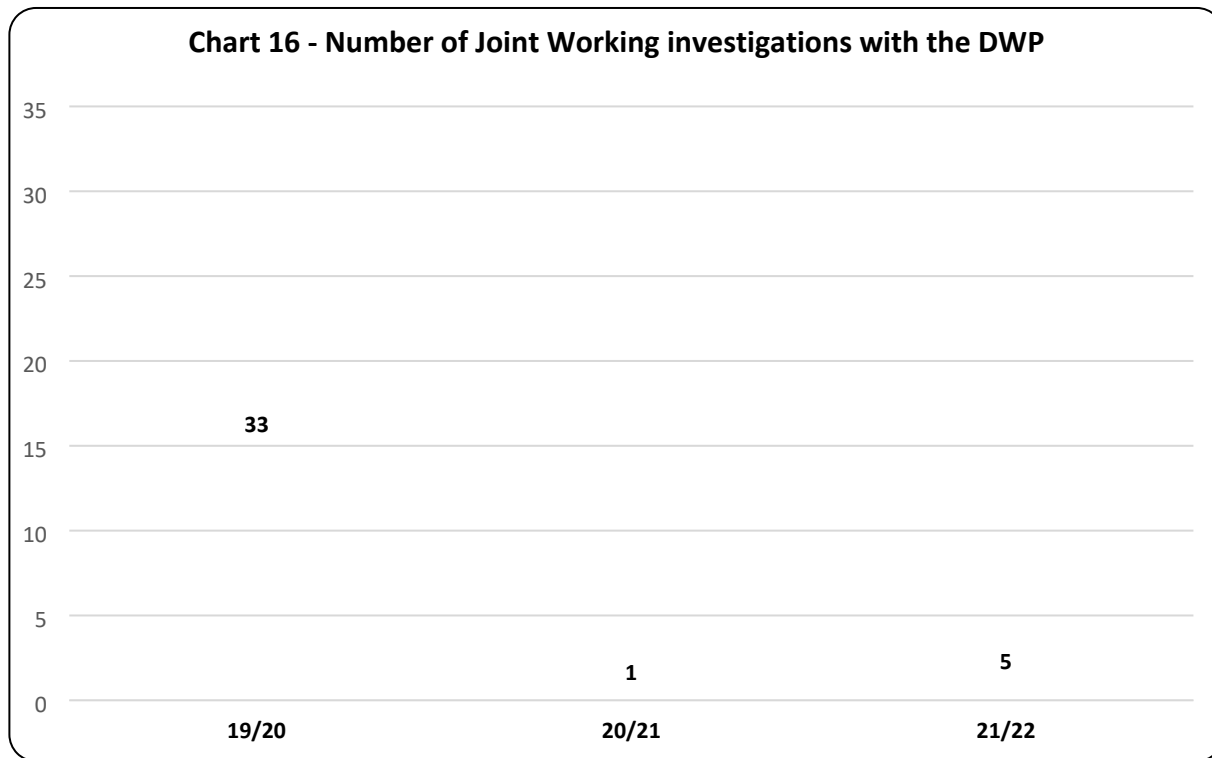


## 9.2 External partners

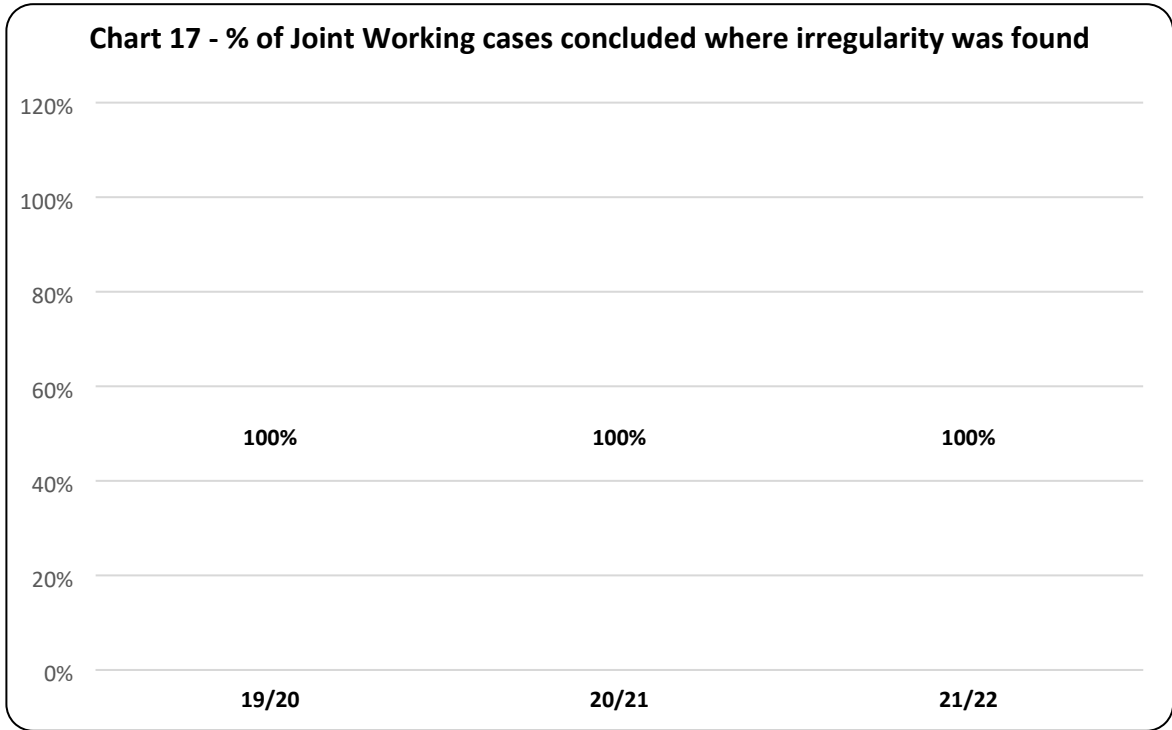
### 9.2.1 The Department for Work and Pensions (Counter Fraud, Compliance & Debt Service)

The CIU work with the DWP to jointly combat fraud in Housing Benefit and Bradford Council's Council Tax Reduction scheme (CTR).

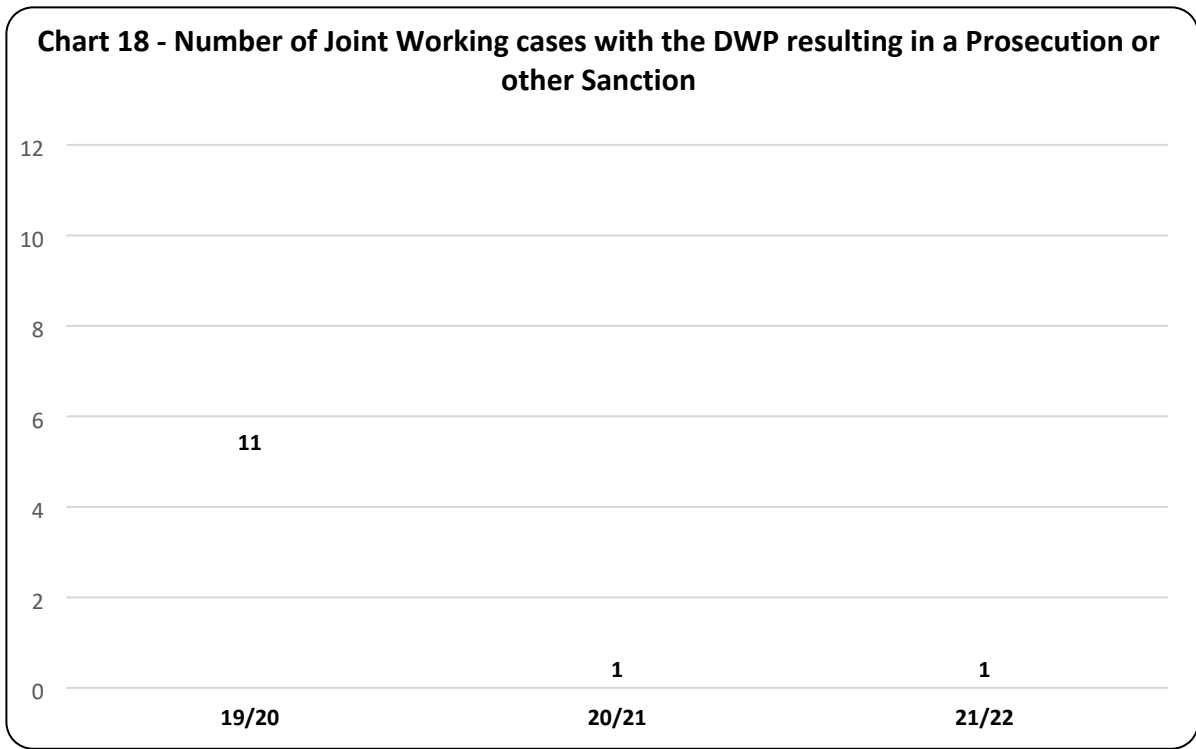
**Chart 16 below** represents the number of joint investigations carried out in the last 3 financial years.



**Chart 17 below** represents the number of investigations carried out jointly with the DWP in the last 3 financial years where fraud, theft, corruption or other financial irregularity was found as a percentage of the investigations carried out.



**Chart 18 below** represents the number of prosecutions and sanctions from joint investigations with the DWP in the last 3 financial years

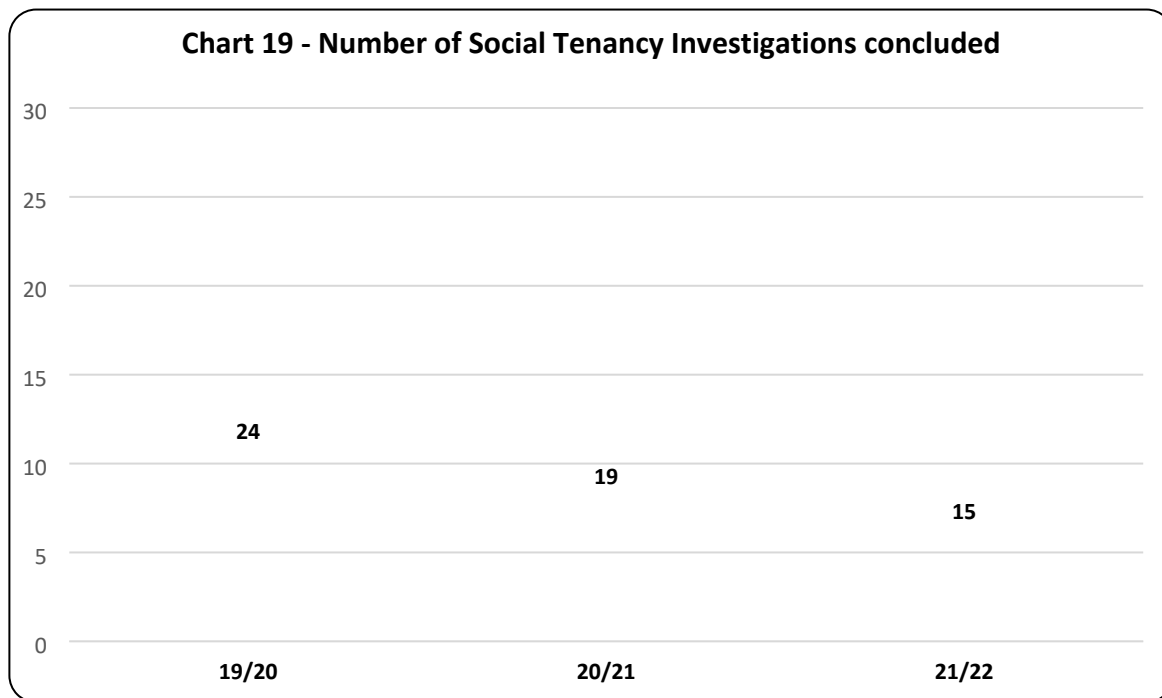


**Charts 16 – 18 above** shows that the number of investigations carried out jointly with the DWP in the last 2 years has reduced significantly and this is due to the availability of DWP Investigators who were redeployed within DWP during the global pandemic, only recently returning in 2022/23. The value of carrying out joint work is demonstrated in Chart 17 and it is expected that in 2022/23 the number of investigations carried out jointly will increase.

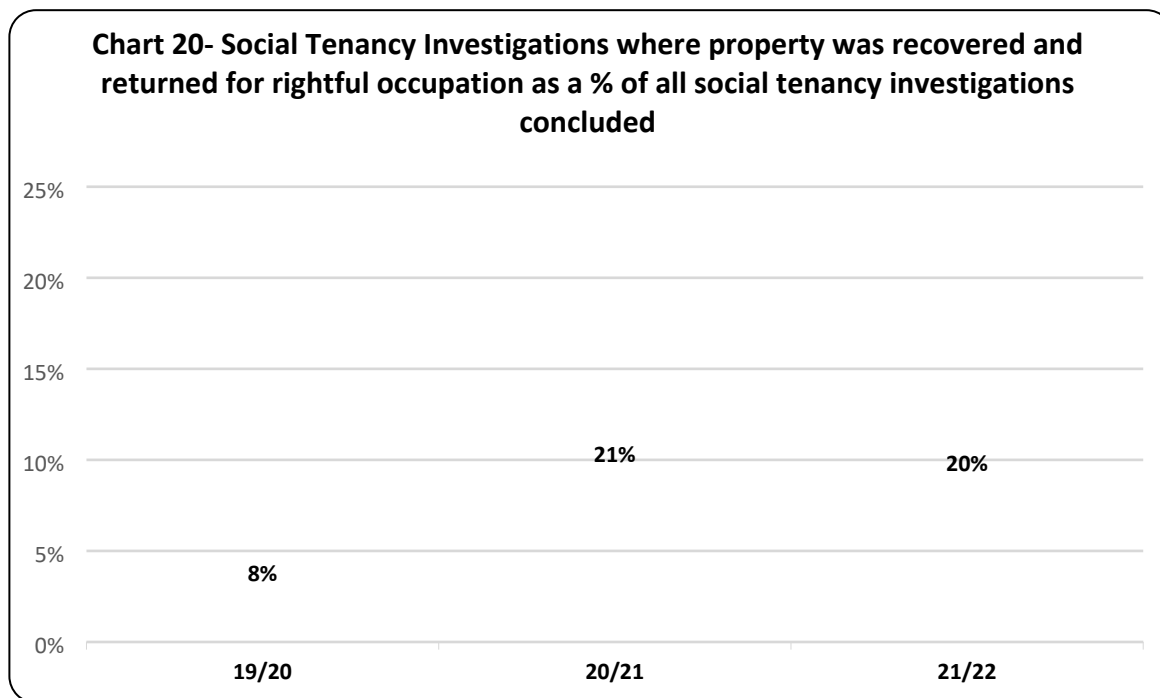
### 9.2.2 Registered Social Landlords

To protect valuable housing stock, the CIU has developed professional relationships with a number of Bradford’s registered social landlords where the CIU provide specialist investigative resource in relation to allegations of tenancy fraud including subletting, succession or any other forms of tenancy breaches.

**Chart 19 below** represents the number of tenancy related frauds which were investigated over the last 3 financial years.



**Chart 20 below** represents the number of tenancy related investigations over the last 3 financial years where the property was recovered and returned for rightful occupation as a % of all tenancy related investigations concluded.



## 10.0 Serious and / or organised crime

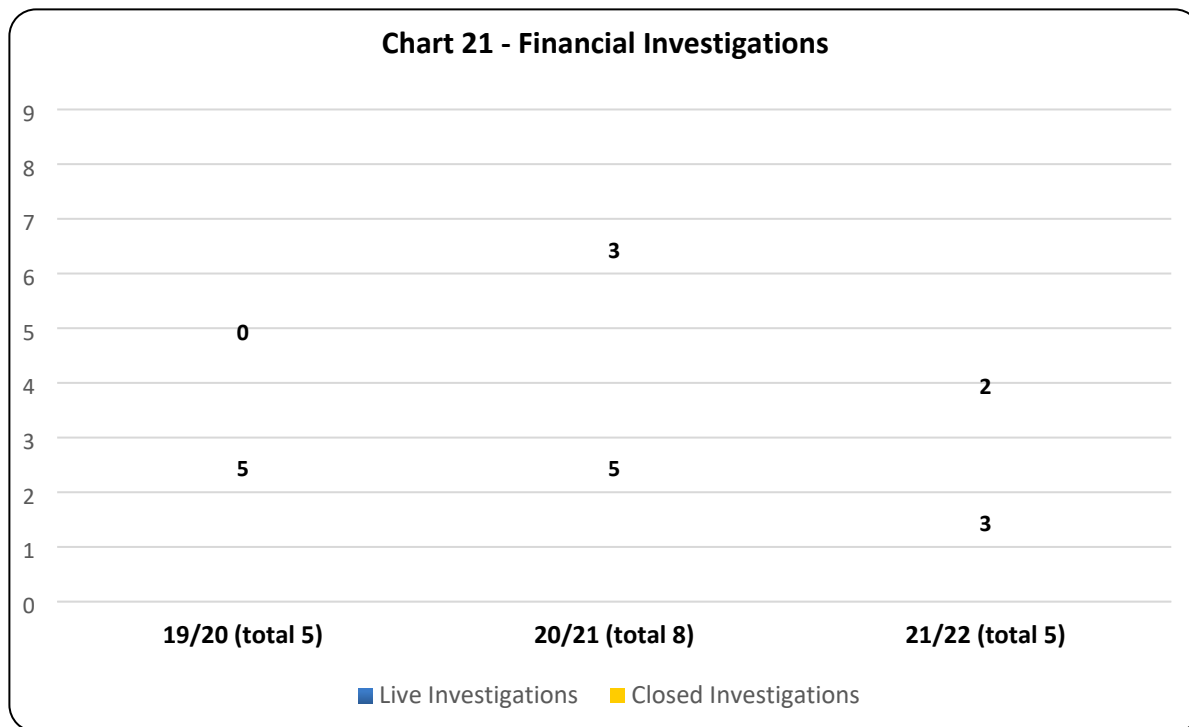
Organised crime often involves complicated and large-scale fraudulent activities which cross more than one boundary. These activities demand considerable resources to investigate and require organisations to co-operate in order to successfully bring criminals to justice.

Financial Investigation is an important tool in the fight against serious and organised crime and it can provide valuable new avenues for investigations by forensically analysing the finances that relate to criminal activity.

The Proceeds of Crime Act (POCA) 2002 is the primary legislation used in financial investigation and was created with the aim of removing assets from criminals, recovering the proceeds of crime and deterring and disrupting criminality. It confers a range of investigative powers as well as powers to restrain and confiscate criminal assets, via criminal confiscation, civil recovery, cash forfeiture and criminal taxation.

Where an investigation into fraud, corruption, theft or other financial irregularity is considered to be likely to result in a conviction, the CIU will refer all suitable cases to West Yorkshire Joint Services for financial investigation (normally, but not limited to, those cases where the estimated loss is £5,000 or more) with a view to recovering monies, or property, obtained as a result of criminal activity or criminal lifestyle.

**Chart 21 below** represents the number of investigations where a financial investigation was commenced; the number of financial investigations still open (“live”) and the number closed in the last 3 years.



## 11.0 Data sharing

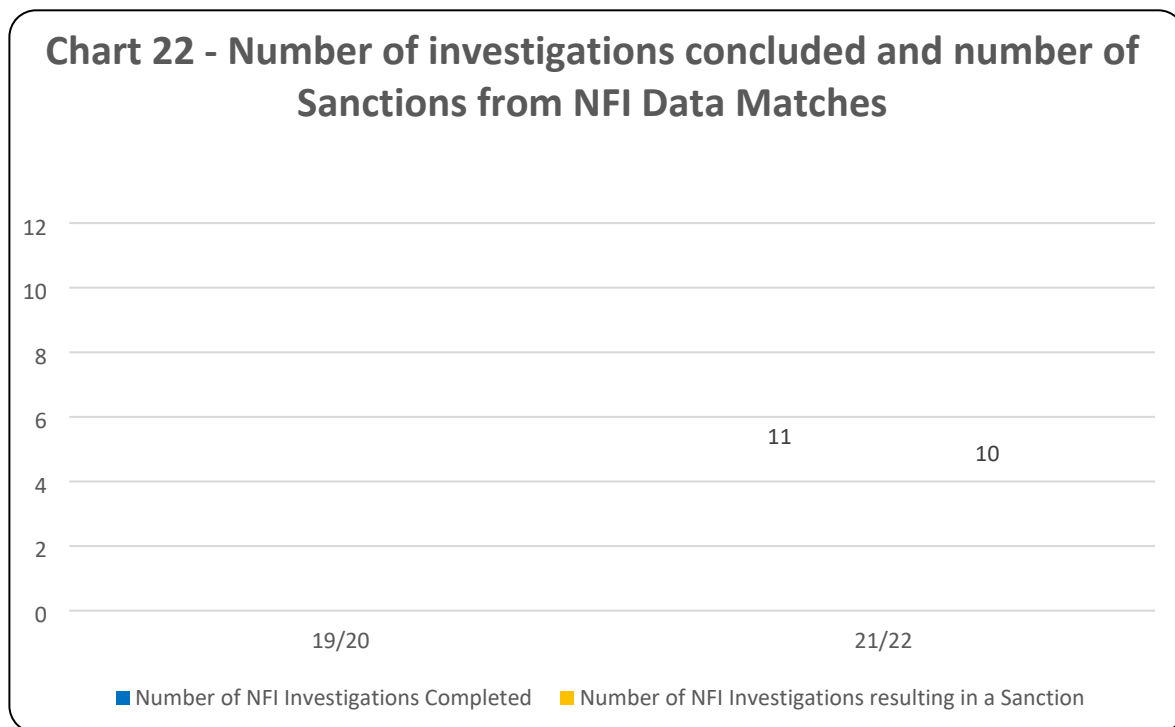
### 11.1 National Fraud Initiative (NFI)

The National Fraud Initiative is a bi-annual mandatory exercise for certain public sector bodies, including Local Authorities, conducted by the Cabinet Office. It matches electronic data within and between over 1200 public and private sector bodies to prevent and detect fraud.

The Council is required to submit to the Cabinet Office the following datasets biannually and will then receive the resulting data matches identifying inconsistencies that may require further investigation, however not all discrepancies identified through the NFI require a fraud investigation with some discrepancies only requiring update of Council systems; -

- Trade Creditors data
- Personal budgets and social care payments
- Pensions
- Payroll
- Licences
- Housing
- Electoral Register
- Council Tax
- Transport passes and permits
- Private supported home care residents
- Council Tax Reduction Scheme
- Company Check

**Chart 22 below** represents the number of NFI data match investigations completed and the number of sanctions over the last 2 data matching exercises.



**Chart 22 above** demonstrates a significant increase in the number of data match investigations and resultant sanctions compared with the previous bi-annual data match. This was solely as a direct result of a new data match for COVID related grant payments.

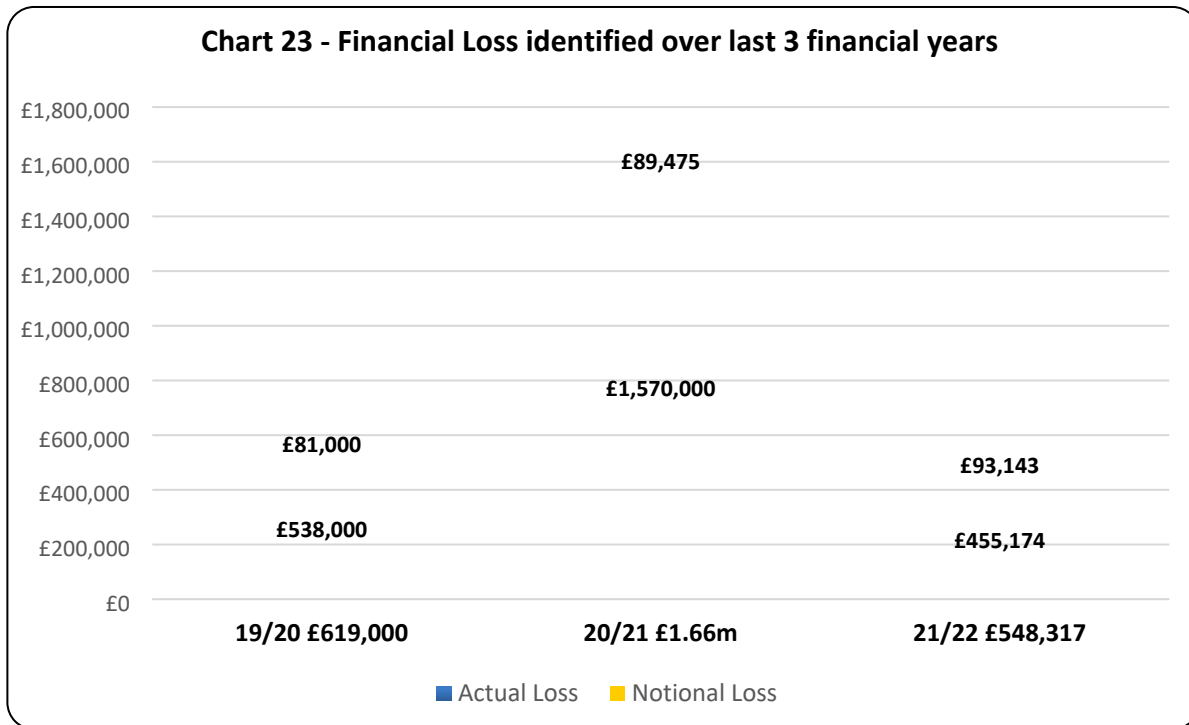
## 12.0 Financial Loss and Recovery

The Council is committed to minimising the loss to both the public purse and/or the Council ensuring that effective action is taken to detect or prevent instances of fraud, theft, corruption or other financial irregularity and where there is a financial loss then the Council will make vigorous attempts to recover the resultant loss, including taking action in the Civil Courts if necessary, in addition to any sanction that may be imposed in respect of that offence.

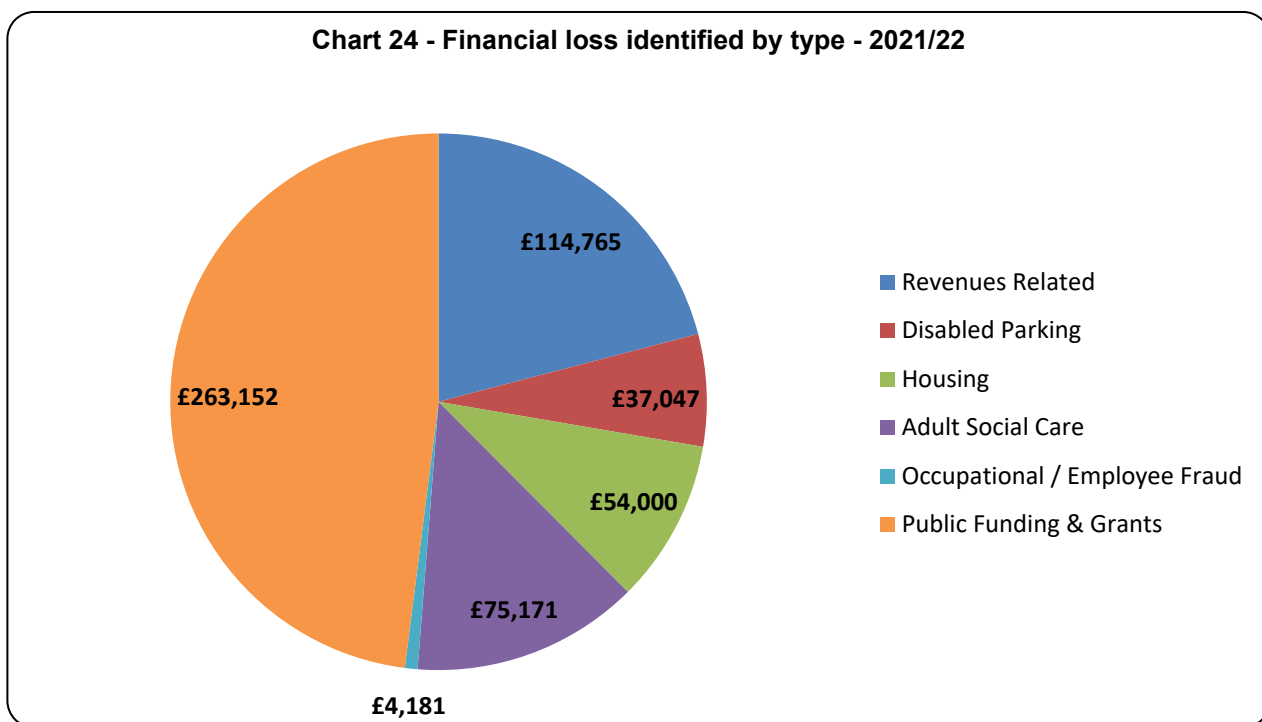
Financial loss sustained by the Council as a result of fraud, theft, corruption or other financial irregularity are classified as either a recoverable loss or a notional loss. A notional loss\* will normally be applied to loss arising from recovering properties subject to tenancy fraud and preventing the misuse and abuse of Disabled Persons Parking (Blue Badge).

\* £18,000 per annum per property relating to Social Housing Tenancy Fraud and £699 relating to Disabled Persons Parking Misuse – in accordance with CIPFA guidance

**Chart 23 below** represents the financial loss identified in the last 3 financial years broken down by actual and notional.



**Chart 24 below** represents the financial loss identified in the financial year ending 31<sup>st</sup> March 2022 by fraud type

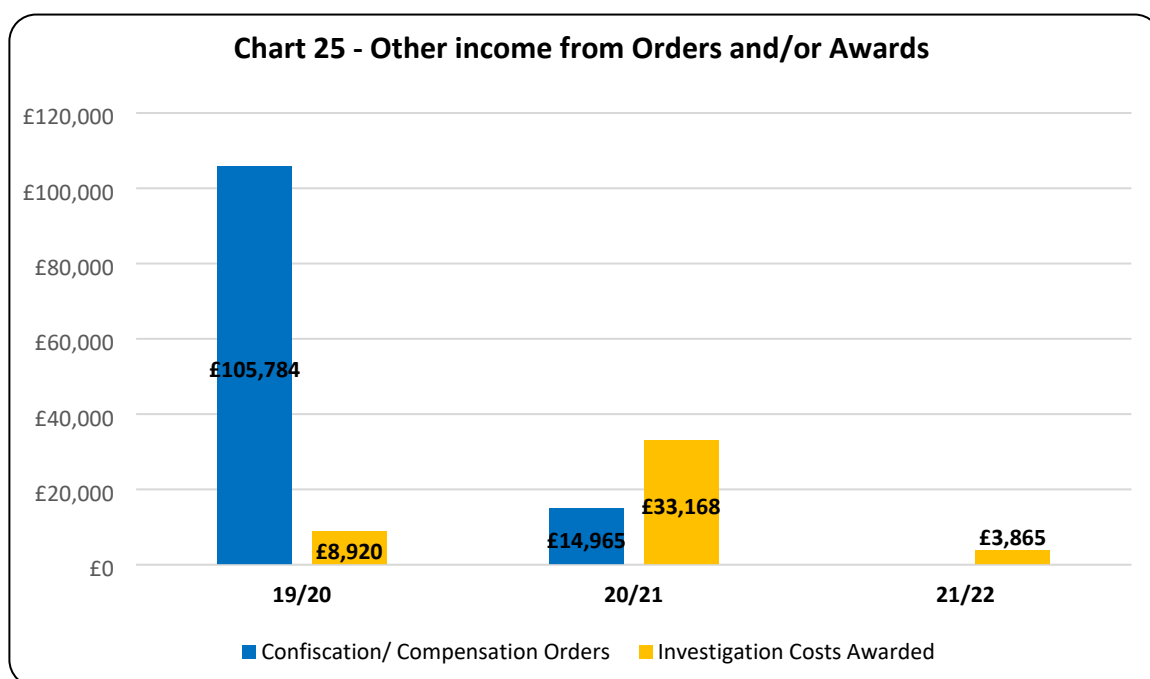


**Chart 23 and 24** above demonstrates the impact COVID grant funding has had on the Council's identified financial loss over the last two years.

### 12.1 Other income

In addition to the financial loss outlined above the Council can also receive regular income from confiscation and compensation orders as well as investigation and/or legal costs awarded to the Council by the Courts in prosecution cases.

**Chart 25 below** represents the income received broken down by confiscation, compensation and costs over the last 3 years.



**Chart 25 above** demonstrates the fluctuating nature of this income stream, in that confiscation and/or compensation can often be received in part and/or years after a financial investigation has closed and any court order has been awarded. Currently the oldest investigations involving confiscation and compensation orders were opened in 2013 and are still live.

### 13.0 Fraud awareness

The CIU is responsible for leading on any preventative work including fraud awareness training for all Council employees, a mandatory e-learning delivered as part of the induction for new employees and bi-annually for existing employees. Additionally, the Council's internal and external website pages provide additional information on how to report suspicions of fraud.

**860** Council employees completed the annual learning in the financial year ending 31<sup>st</sup> March 2022.



## 14.0 Surveillance

The CIU is able to make use of directed surveillance i.e. covert surveillance carried out in any place excluding residential premises and private vehicles. This is used only in appropriate investigations where the CIU is investigating criminal offences which would attract a maximum custodial sentence of 6 months or more and usually only when all other lines of enquiry are exhausted. The Regulation of Investigatory Powers Act 2000 (RIPA) governs this activity and all applications for directed surveillance are overseen by the Council's City Solicitor and can only be granted by a Justice of the Peace (JP). There were no applications for surveillance during the financial year 2021/22.