

# **Report to the Audit and Governance Committee**



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 19 September  
2024**

**Portfolio: Leader of the Council**

**Subject: Corporate Fraud Team Annual Summary 2023/24**

**Responsible Officer: Sarah Marsh (01992 564446).**

**Democratic Services:**

---

## **Recommendations/Decisions Required:**

**(1) That the Corporate Fraud Team Annual Summary for 2023/24 be noted.**

## **Executive Summary:**

This report summarises the key achievements of the Corporate Fraud Team for the year 2023/24

## **Reasons for Proposed Decision:**

To note the Corporate Fraud Team Annual Summary for 2023/24

## **Other Options for Action:**

No other options

## **Introduction**

The Corporate Fraud Team (CFT) sits alongside the Internal Audit team and therefore both together support and contributes to the achievement of the Council's 2023-27 strategic objectives.

The purpose of the Corporate Fraud Team is to:

- Ensure that the Council has sufficient and appropriate resources on an ongoing basis to protect the delivery of its statutory duties and discretionary services from fraud, abuse, and corruption.
- Contribute to the commitment of keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Authority's tax base.
- Ensure as the Council continues with its culture of innovation it is not

compromised by fraud as per the Council's 2023-2027 corporate plan.

- Provide independent and professional investigations into all aspects of fraud affecting the Council, preventing fraud and abuse, and taking fair and consistent action against those committing offences.
- Support the Council's anti-fraud culture and framework.
- Deliver a corporate anti-fraud service that is innovative, professional, and compliant with the relevant legislation.

This subsequently underpins the objectives of the Council's 2023-27 corporate plan, particularly those focusing on a Stronger Council as shown below:

We will provide the highest standards of financial competence, management, and governance.

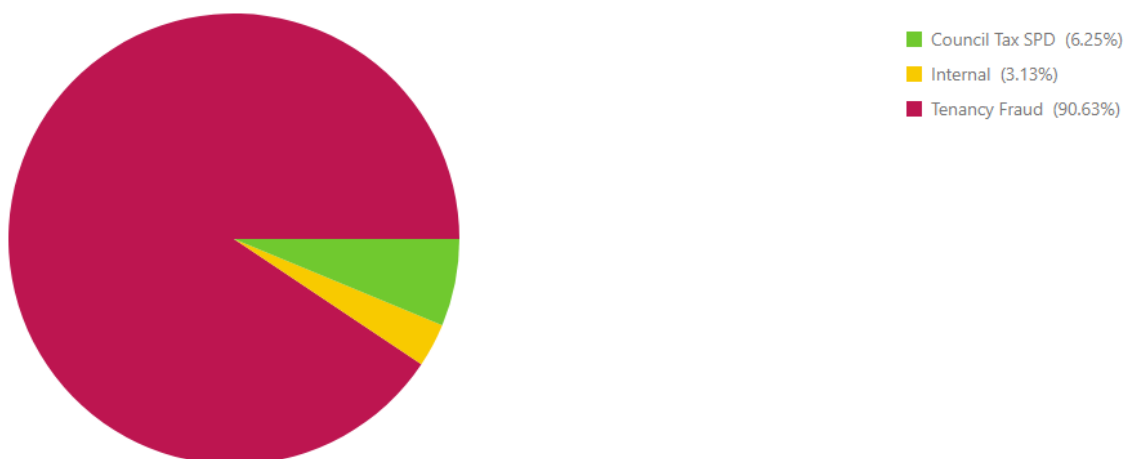
- Ensuring value for money in the use of resources and delivery of services
- Maintaining low Council Tax, embracing commercial opportunities, and achieving long-term financial sustainability
- Optimising decision making and risk management through strong governance and best practice
- Being accountable through transparent finance, governance and decision making

### **General overview of 2023/24 activity**

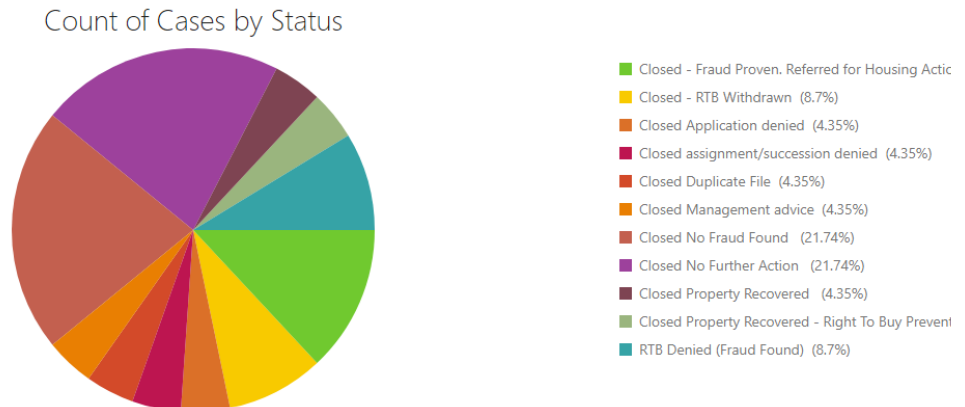
During the period 1 April 2023 to 31 March 2024, 32 new investigations were opened with 23 being closed. Below is a summary of the types of fraud the newly opened investigations focused on as well as the outcomes of the cases that were closed.

### **Investigations opened 2023/24 by category:**

Count of Cases by Category



## **Investigations closed 2022/23 by category:**



### **Success rates:**

23 investigations were closed during 2023/24. Of these, 12 were closed as a form of fraud being detected and/or proven with the most success coming in the area of Social Housing Fraud (including Right to Buy (RTB) Applications). As a percentage of case closures, these fraud proven cases account for 52% of them.

## **Notable examples of types of fraud investigated during 2023/24**

### **Right to Buy**

During the period, the usual policy of vetting 100% of Right to Buy applications continued. These applications are made to the Home Ownership Team from tenants wishing to purchase their property under the Right to Buy Scheme. As part of this ongoing commitment to positively vet these applications, all of the applicants were interviewed by officers of the Corporate Fraud Team either using video calls or in person by visiting their homes.

As a result of this involvement, a total of 25 Right to Buy applications have been received by the Council with 11 of these applications being stopped and/or withdrawn. A number of these applications have been identified as having issues which would impact on the property purchase going ahead being tenancy related issues (suspected subletting, not utilising it as their main or principal home etc.) or significant concerns over the origin of the funding giving rise to suspicions of money laundering.

One application was stopped as the applicants did not provide adequate explanations and/or proof of where the money was coming from to fill a shortfall between their mortgage offer and the purchase price.

Another RTB application was denied as a result of investigations that showed that the applicant was trying to purchase the property using a different name. Although it was established that the name the applicant was trying to use was a previously renounced name, the application was denied until such time the tenancy was put into their current legal name along with their supporting financial documents etc.

As a result of these applications being stopped or withdrawn, approximately £1 million of potential Right to Buy discount has been saved by the Council (based on the revised maximum discount amount of £96,010 per RTB).

As purchases did not go ahead on the 11 EFDC properties, these properties continue to remain as valuable public assets allowing the Council to potentially utilise them at a later date to house applicants from the waiting list. Furthermore, keeping them within the housing stock means that these properties continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £0.5 million to the Council.

### **Breaches of Tenancy / Misuse of a Council Tenancy**

An investigation was undertaken into allegations that a tenant was not living at their property in Council supported accommodation. Enquiries undertaken discovered that the tenant was living with their partner who was also resident in supported accommodation (albeit in a different part of the district). Through working with colleagues in the Tenancy & Estates Team, the tenant relinquished the tenancy on the property and a valuable supported accommodation property could then be reassigned to somebody else.

### **Fraudulent Housing Applications**

Two investigations were undertaken into suspected fraud being committed within housing applications. The first concerned an individual who registered with the Council as homeless and declared that they had no interests in any properties. As a result, they were placed in temporary accommodation by the Rehousing Team. It was subsequently discovered that the applicant owned a three-bedroom house within in the district which they failed to declare. Following a formal interview with CFT officers, proceedings were begun to remove the person from their temporary accommodation.

The second investigation also concerned a person failing to declare ownership of property; however, this person was now a tenant who had been granted a tenancy in 2019. It was found that the tenant had first applied to the Council for housing back in 2013 and had never mentioned that that co-owned another property. This has currently been referred to the Tenancy & Estates Team to explore options for further action.

### **Illegal Houses of Multiple Occupancy (HMO) Investigations**

In the past six months, the CFT has assisted Environmental Health Officer colleagues in their investigations into a large, limited company that had failed to register several properties within the district as Houses of Multiple Occupation. A CFT officer along with a senior Environmental Health Officer (EHO) undertook formal interviews with the owners of the company which have now been issued fines totalling around £100K.

### **Suspected Cyber “Phishing” Attempts**

The CFT have been actively involved in supporting colleagues in ICT and Finance with the investigation into two suspected “phishing” attempts made on the Council. One of the attempts, if it had been successful, would have resulted in a significant financial loss to the Council. As a result of these investigations, a number of processes have been reviewed and improved as well as all staff being reminded to be extra vigilant for this increasing type of problem.

### **Forensic Audit**

The CFT have been involved and assisted in a paid for forensic audit supplied by our

Internal Audit team to a Parish Council within the district. This included giving the Parish Council advice on when to contact Police when fraud is suspected.

### **Internal investigations**

During this period, the CFT have undertaken a number of internal investigations including an investigation connected to the previously mentioned “phishing” attempts. Currently, the team is undertaking an internal investigation relating to suspected procurement anomalies which is ongoing at the time of writing.

### **Other work of the Corporate Fraud Team**

In addition, to the above:

- The CFT have made themselves available to ICT in order to carry out retrieval action for any equipment that has not been returned by outgoing employees, contractors etc. During the period, three interventions have been undertaken on behalf of ICT resulting in the successful return of valuable IT assets.
- The team is continuing to provide training and advice to departments within EFDC and external organisations. During the year, CFT officers have provided external training and advice to staff of other councils as well as local parish councils and organisations.

### **Resource Implications**

None, Within the existing budgets

### **Legal and Governance Implications:**

None

### **Safer, Cleaner and Greener Implications:**

None

### **Consultation Undertaken:**

Corporate Governance Group

### **Background Papers:**

Corporate Fraud Strategy

### **Risk Management:**

The occurrence of fraud may expose the Council to financial loss and the substantive risks associated with an inadequate control framework. The Corporate Fraud Team assists the Council in managing the risk of fraud both internally and externally.

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.