

| | |
|--|---|
| REPORT TO: | GENERAL PURPOSES AND AUDIT COMMITTEE 24 th June 2015 |
| AGENDA ITEM: | 11 |
| SUBJECT: | Anti-Fraud Report 1 April 2014 – 31 March 2015 |
| LEAD OFFICER: | Richard, Simpson, Assistant Chief Executive (Corporate Resources & S151 Officer) |
| CABINET MEMBER | Councillor Simon Hall Cabinet Member for Finance and Treasury |
| WARDS: | All |
| CORPORATE PRIORITY/POLICY CONTEXT: The work of the Audit & Anti-Fraud service helps the Council to improve its value for money by strengthening financial management and further embedding risk management. Improving value for money ensures that the Council delivers effective services contributing to the achievement of the Council vision and priorities. The detection of fraud and better anti-fraud awareness contribute to the perception of a law abiding Borough. | |
| FINANCIAL SUMMARY: The budget provision for the Anti-Fraud service for 2014/15 is £662,000 and the service is on target to be delivered within budget. | |
| FORWARD PLAN KEY DECISION REFERENCE NO: N/A | |

For general release

| |
|--|
| <p>1. RECOMMENDATIONS</p> <p>1.1 The Committee is asked to:</p> <ul style="list-style-type: none"> Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2014 – 31 March 2015 |
|--|

2. EXECUTIVE SUMMARY

- 2.1 This report details the performance of the Council's Corporate Anti-Fraud Team (CAFT) and includes details of the team's targets and actual performance together with an update on developments during the period 1 April 2014 to 31 March 2015.

3. DETAIL

Performance 1 April 2014 to 31 March 2015

- 3.1 The CAFT comprises 10 staff (9.6 FTEs), including an Intelligence Officer and a Fraud Manager, in addition the team receives support from Mazars PSIA Ltd, the Council's external strategic partner. The CAFT investigates allegations of fraud which affect the Council's business and in addition, since 31 March 2015, provides a service to the London Borough of Bexley to investigate allegations of fraud. Statistics related to this work for Bexley are not included in the figures below.
- 3.2 There are local performance indicators that relate to the Council's anti-fraud work. The two indicators shown in table 1 below reflect the focus of the team. Table 2 shows a breakdown of these figures.

Table 1 – Key performance indicators

| | ANNUAL TARGET | ACTUAL PERFORMANCE |
|-----------------------------------|---------------|--------------------|
| Successful Outcomes | 90 | 103 |
| Identified Overpayments & Savings | £2,000,000 | £2,094,740 |

Table 2 - Breakdown of Outcomes from 1 April 2014 – 31 March 2015

| Area | £ | Outcomes |
|------------------------------|-----------|--|
| Housing Benefit | 1,174,291 | 19 Prosecutions |
| Council Tax Benefit | 132,870 | 21 Cautions |
| National Benefits (JSA & IS) | 127,434 | 21 Administrative Penalties |
| Non Benefit | 660,145 | 4 Dismissals 6 Other |
| Housing outcomes | | 24 Housing related 8 Right to buy stopped |

3.3 As reported in previous Fraud Updates to this committee a member of the CAFT has been authorised by the Council Solicitor to represent the Council and undertake advocacy on it's behalf in the Magistrates Court in relation to some of the more straightforward prosecution cases. This saves the Council money that would otherwise be spent on external legal costs, which are seldom fully recovered in prosecution cases.

3.4 The number of prosecution matters undertaken by the authorised officer during the course of the year is shown below:

- 8 benefit fraud;
- 1 disabled parking badge abuse; and
- 75 education absence related

3.5 The savings to the Council as a result of this work being carried in this way is estimated to be £111,000. In addition to this saving, court costs have been awarded to the value of £11,450.

4. PRO ACTIVE ANTI-FRAUD PLAN

4.1 Members approved a pro-active anti-fraud plan for 2014/15 in March 2014. The proposed actions in the plan were addressed alongside the reactive work of the team and an overview of this work can be found at appendix 1.

5. LOCAL GOVERNMENT TRANSPARENCY CODE

5.1 Members will be aware of the Local Government Transparency Code which requires Councils to publish data about various areas of their activities. Included in the 2014 code is detail on Counter Fraud work, most of this information has always been reported to committee; however there are some new areas of information which now need to be published. To comply with this these are detailed below:

| | |
|--|-----|
| Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act | 8 |
| Total number of employees undertaking investigations and prosecutions relating to fraud | 10 |
| Total number of full time equivalent employees undertaking investigations and prosecutions of fraud | 8.6 |
| Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists | 9 |

| | |
|---|-----|
| Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists | 7.6 |
| Total number of fraud cases investigated* | 653 |

*The total number of investigations that have been closed during the period April '14 – March '15.

- 5.1 It should be noted that from the beginning of March 2015 the responsibility for the investigation of benefit fraud transferred to the Department for Work and Pensions and some accredited investigators from the CAFT have transferred to the DWP's Single Fraud Investigation Service. Details of this move were reported to the meeting of this Committee on 17 September 2014 (report reference A34/14).

6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the audit and anti-fraud service for 2014/15 is £662,000 and the service will be delivered within budget.
- 6.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Dianne Pelling, Head of Finance and S151 Officer)

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 7.1 The Solicitor to the Council advises that there are no additional legal implications arising from this report

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

8. HUMAN RESOURCES IMPACT

Where the Corporate Anti-Fraud Team carry out internal investigations into allegations against members of staff this is currently done in conjunction with HR staff and their relevant policies & procedures; it is envisaged that this will continue to be the case.

(Approved by: Michael Pichamuthu, HRBP on behalf of Heather Daley, Director of HR)

8. CUSTOMER FOCUS, EQUALITIES, ENVIRONMENTAL, CRIME AND DISORDER REDUCTION & HUMAN RIGHTS IMPACTS

- 8.1. There are no further considerations in these areas.

9. EQUALITIES IMPACT ASSESSMENT

9.1. An initial screening equalities impact assessment has been completed for the Anti-fraud and Corruption Policy. With the loss of benefit investigation work in March 2015 (see report to the September 2014 meeting of this Committee), a further screening will be carried out during 2015.

CONTACT OFFICER: Simon Maddocks (Head of Governance)

| Activity | Target Outcomes | Current Position |
|--|--|---|
| <p>Commit resource to tackling tenancy fraud in all its forms</p> | <p>Recover council properties that have been illegally sublet;</p> <p>Undertake criminal prosecutions where appropriate in accordance with the Fraud Act 2006 and the Prevention of Social Housing Fraud Act 2013;</p> <p>Raise awareness of the problem of social housing fraud and the damage that it does; and</p> <p>Disseminate good practices and skills among the Corporate Anti-Fraud Team and the Housing Standards Team.</p> | <p>Two officers are now employed fulltime to examine the area of tenancy fraud. The CAFT has been responsible for the recovery of 19 properties.</p> <p>We have raised the awareness of social housing fraud at the fraud and enforcement forum through speakers on the subject and built links with the Housing Standards Team, including stationing officers on the housing team for a day a week. In addition we continue to publicise the problem of Housing Fraud through the CAFT newsletter, Fraud Defence</p> |
| <p>Commit resource to undertake an internal data match with regard to Council Tax exemptions and discounts and to work with internal audit in their annual review of Council Tax in order to ensure that fraud risks are</p> | <p>Identify for recovery fraudulently claimed Council Tax exemptions and discounts, and to consider criminal action in appropriate cases.</p> | <p>We matched properties on the electoral register with properties on the council tax system and found some anomalies. Following checks we have identified 45 properties for further investigation.</p> |

| Activity | Target Outcomes | Current Position |
|--|--|---|
| mitigated. | | |
| Undertake a drive against those misusing disabled parking concessions 'Blue Badges'. | Cars identified as fraudulently displaying blue badges will be towed away, allowing genuine blue badge holders to park. | <p>We set out with the intention of taking a tough stance against blue badge misuse, deciding to target blatant misuse. We undertook an exercise outside Croydon College which resulted in two vehicles displaying blue badges being towed. In addition we issued penalty charge notices to three other vehicles misusing blue badges.</p> <p>Of these one case is being prosecuted and one is being formally cautioned for offences against the road traffic act.</p> <p>We are in conversation with Parking Services about running these types of operation during the course of 2015/16.</p> |
| Continue to write the Fraud Defence newsletter and send it Council wide and to various other stakeholders. | <p>Maintain and enhance the Counter Fraud Culture of the Council; and</p> <p>Raise the profile of the Council's Corporate Anti-Fraud Team.</p> | We have continued to deliver the Fraud Defence Newsletter and although we have not sought formal feedback we have received positive comments regarding the content and style of the Newsletter |

| Activity | Target Outcomes | Current Position |
|---|--|---|
| Maintain the Conduct and Fraud Awareness module of the Council's management development programme | To help prevent fraud through raising the profile of counter fraud controls and helping managers increase their awareness of fraud risk and disseminate these messages to their teams. | The Council's management develop programme is currently on hold. However all anecdotal feedback from previous years has been positive. |
| National Fraud Initiative | To identify fraud, error and overpayments. We will report to the Committee on the outcome of cases, including the number and value of cases we have looked at. | We received a total of 3,939 recommended matches from the Cabinet Office in February 2015 of these matches 2,178 relate to Housing Benefit fraud and will be examined by the Single Fraud Investigation Service at the DWP. Of the 1,716 that remain we have passed these out to various departments, including Insurance, Creditors, Direct Payments and Pensions in order for them to undertake initial checks which will allow the CAFT to examine the cases where fraud or irregularity is suspected. We will continue to report during the year. |
| Croydon fraud and Enforcement Forum | In order to monitor the usefulness of the Fraud and Enforcement forum to partners we will monitor the levels of attendance at meetings. | The Croydon Fraud and Enforcement Forum continues to provide a useful network opportunity for investigators working for the council and partners within the borough and neighbouring authorities and housing associations. Informal feedback has been that the forum is very useful and this has been borne out by our regular attendance of between thirty and forty delegates at meetings |

| Activity | Target Outcomes | Current Position |
|--|--|---|
| Continue to organise the Local Authority Financial Investigators Forum | In order to monitor the usefulness of the Local Authority Financial Investigators Forum we will request feedback from its members. | The Local Authority Financial Investigators Forum remains the only Forum for Local Authority Financial Investigators, sharing good practice, innovative ideas and legislative updates within the Financial Investigation community. It has received extremely favourable comments from attendees. |