

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 29 th June 2016
AGENDA ITEM:	10
SUBJECT:	Anti-Fraud Report 1 April 2015 – 31 March 2016
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:	
<p>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.</p>	
FINANCIAL SUMMARY:	
<p>The budget provision for the Anti-Fraud service for 2015/16 was £450,000 and the service has been delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

For general release

<p>1. RECOMMENDATION</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 2015 – 31 March 2016

2. EXECUTIVE SUMMARY

2.1 This report details the performance of the Council's Corporate Anti-Fraud Team (CAFT) during the period 1 April 2015 to 31 March 2016.

3. DETAIL

Performance 1 April 2015 to 31 March 2016

3.1 The CAFT comprises 12 staff (11.4 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, provides a full fraud service to the London Borough of Bexley as well as support to the fraud team at the London Borough of Lambeth. It also provides Financial Investigation services to the South West London Fraud Partnership (SWLFP). Statistics related to Bexley, Lambeth and SWLFP work are not included in the figures below.

Table 1 - Breakdown of Outcomes from 1 April 2015 – 31 March 2016

Area	2015/16 Identified Value £		2014/15 Identified Value £
Benefits Housing Benefit Council Tax Benefit Other Benefit 8 cases	306,238 30,769 <u>17,571</u> 354,578		1,434,595
Housing 16 Recovered Properties 7 Right to Buy stopped 3 Removed from Temp Accommodation 8 Removed from Housing list	288,000 715,100 54,000 <u>144,000</u> 1,201,100	26 Notices/Orders*	630,145
Other Non Benefit 3 No Recourse to Public Funds (£475,566 for future years) Non Benefit	24,052 <u>60,510</u> 84,562	9 Formal Cautions 6 Disciplinary Action 6 Council Tax Discounts 8 Blue Badges Recovered 6 Recommendations for Improvements	30,000
Prosecutions		2 Blue Badge Abuse 14 Housing Benefit 1 Housing	
Total	1,640,240		2,094,740

*Includes: Notice Seeking Possession, Notice to Quit and Possession Orders

3.2 At the meeting of this committee on 17 September 2014 (report reference A34/14) we reported 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 transferred to the DWP's Single Fraud Investigation Service. However members will note in the table above that we have still recorded some benefit overpayments, this is as a result of investigations that were undertaken prior to March 2015 and overpayment details that have been calculated post 31 March 2015.

- 3.3 Since the transfer of benefit fraud work to the DWP it was agreed that there would be no local performance indicators relating to the Council's anti-fraud work. This was because housing benefit investigations had previously formed a large part of the Team's work and new areas of work were evolving. In addition other Boroughs found themselves in similar positions and as a result benchmarking with them has not been practical. With a year of experience and evidence it is now appropriate to identify team targets for the coming year which exclude benefit fraud work. These are set out below. Performance against these targets will be reported at future meetings of this committee.

Table 2 – Key performance indicators for 2016/17

	ANNUAL TARGET
Successful Outcomes	100
Identified Overpayments & Savings	£1,250,000

4. FINANCIAL INVESTIGATIONS

- 4.1 The Council employs two Financial Investigators to undertake cash seizures and other financial investigations using powers under Proceeds of Crime legislation. In addition to the work undertaken for Croydon, the Council's Financial Investigators are also undertaking work for neighbouring boroughs including, Sutton, Merton, Richmond, Kingston and Waltham Forest. Their investigations relate to various departments within the Councils including:
- Housing Benefit;
 - Trading Standards;
 - Direct Payments;
 - Planning;
 - Licensing; and
 - Internal cases
- 4.2 At the time of writing the Financial Investigators have 19 cases under investigation. These investigations relate not only to Croydon cases, but also to the cases for other councils.
- 4.3 Financial Investigators are empowered to apply for restraint orders, a court order agreed by a judge. The order has the effect of freezing property, including money and assets anywhere in the world that may be liable to confiscation following the trial. The aim of the order is to strike a balance between keeping the defendant's assets available to satisfy any confiscation order which may be made in the event of conviction and meeting the defendant's reasonable requirements in the meantime. In these cases if there is a successful prosecution then a portion of these restrained assets will be returned to the Council. The Council's Financial Investigators currently have more than 50 restraint orders in place as follows:
- 44 Bank Accounts
 - 10 Properties
 - 2 Cars

- 4.4 The Financial Investigators have detained cash in 2 cases. The cash is held until the court agrees to have it forfeited and removed from the defendant, usually after the trial.

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	5
Total number of employees undertaking investigations and prosecutions relating to fraud	12
Total number of full time equivalent employees undertaking investigations and prosecutions of fraud	11.4
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	11
Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	10.6
Total number of fraud cases investigated*	472

*The total number of investigations that have been closed during the period April '15 – March '16.

6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the audit and anti-fraud service for 2015/16 was £450,000 and the service has been delivered within budget.
- 6.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Lisa Taylor, Assistant Director of Finance and Deputy 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 the recommendations in this report

(Approved for and on behalf of Gabriel MacGregor, Head of Corporate Law, Acting Council Solicitor & Acting Monitoring Officer)

8. HUMAN RESOURCES IMPACT

- 8.1 There are no immediate human resource considerations arising from this report for LBC staff or workers.

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

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

- 9.1 There are no further considerations in these areas.

10. EQUALITIES IMPACT ASSESSMENT

- 10.1 An initial screening equalities impact assessment has been completed for the Anti-fraud and Corruption Policy. No further action was found to be necessary.

CONTACT OFFICER: Simon Maddocks (Head of Governance)

BACKGROUND DOCUMENTS: None