

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE
AGENDA ITEM:	9
SUBJECT:	Anti-Fraud Report 1 April 2016 – 31 January 2017
LEAD OFFICER:	Simon Maddocks, Director Governance
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 2016/17 is £490,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

1. RECOMMENDATIONS
<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 2016 – 31 January 2017; • Approve the pro-active anti-fraud plan of work 2017/18; and • Approve the London Borough of Croydon Anti-Fraud and Corruption Strategy

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 performance together with an update on developments during the period 1 April 2016 – 31 January 2017.

3. DETAIL

Performance 1 April 2016 to 31 January 2017

- 3.1 The CAFT comprises 12 staff (12.4 FTEs), including investigators an Intelligence Officer and an Investigation Manager, in addition we receive support from Mazars PSIA Ltd, the Council's external strategic partner. The CAFT investigates allegations of fraud which affect the Council's business. In addition the team provides a service to the London Borough of Bexley to investigate allegations of fraud made against them and support to the fraud team at the London Borough of Lambeth. It also provides Financial Investigation services to the South West London Trading Standards Partnership (SWLTSP). Statistics related to Bexley, Lambeth and SWLTSP work are not included in the figures below.
- 3.2 As part of the normal assurance process of the council and to ensure that the CAFT continues to operate effectively, a review has been carried out of the work of the team by Mazars. To ensure independence, the review was carried out by one of their experience fraud managers who has not previously had any involvement with Croydon. In addition, the resultant report was first issued to the Director of Finance, Investment and Risk, who is not part of CAFT's line management. The report is very positive in relation to the work of the team and is attached at appendix 3. Included within this is an action plan to address the four minor improvement recommendations that were made.
- 3.3 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	YEAR TO DATE PERFORMANCE
Successful Outcomes	100	101
Identified Overpayments & Savings	£1,250,000	£989,189

Table 2 - Breakdown of Outcomes from 1 April 2016 – 31 January 2017

Area	Value £
Housing 14 Recovered Properties 4 Right to Buy stopped 1 Removed from Housing list 1 Removed from Temporary Accommodation 2 Succession Stopped 14 Notices/Orders*	252,000 405,000 **18,000 18,000 36,000
Other 14 Formal Cautions 3 Staff Dismissed 4 Disciplinary Action 7 Council tax Discounts 16 Blue Badges Recovered 1 Insurance Claim Stopped 2 Adult Care Package Stopped 4 Safeguarding Referrals 1 No Recourse to Public Funds stopped 1 Insurance Claim Stopped 2 Recommendations for system Improvements 10 Other	260,189
Total 101	989,189

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

** Non-cashable saving, as cost to the council only arises when someone moves from the list to a tenancy.

4. FINANCIAL INVESTIGATIONS

4.1 The Council employs two Financial Investigators to undertake cash seizures and other financial investigations, 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 10 cases under investigation involving a total of 19 defendants. These investigations relate not only to Croydon cases, but also to cases for other councils.
- 4.3 Financial Investigators are empowered to apply for restraint orders, which is a type of 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 £110,000 In cash detained as well as more than 74 restraint orders in place as follows:
- 58 Bank Accounts
 - 13 Properties
 - 2 Cars
 - 1 watch

5. PRO-ACTIVE ANTI FRAUD PLAN

- 5.1. Although reactive work forms the largest part of the team's work, activities are considered for inclusion in a pro-active anti-fraud plan. These are based on previous successes, current fraud trends and local priorities. The plan links closely to the key strands within the Anti-fraud and Corruption Strategy which are detailed below. The proposed pro-active plan for 2017/18 is attached as appendix 1.
- 5.2. During the course of the year we will undertake other pro-active exercises in response to risks that present themselves during the year.

6. ANTI-FRAUD AND CORRUPTION STRATEGY

- 6.1 The Anti-Fraud and Corruption Strategy (appendix 2) is based on five key strands as per the CIPFA Code of Practice on "managing the risk of fraud and corruption", these are:
- acknowledge the responsibility of the governing body for countering fraud and corruption
 - identify the fraud and corruption risks
 - develop an appropriate counter fraud and corruption strategy
 - provide resources to implement the strategy
 - take action in response to fraud and corruption

- 6.2 The Anti-Fraud Strategy sets out the Council’s policy and strategy in relation to fraud and corruption and is brought to the General Purposes and Audit Committee annually for approval.
- 6.3 This year we have reviewed the policy and made no changes since all areas are current and reflect the Council’s strong stance against fraud.
- 6.4 A full copy of the strategy is attached at Appendix 2. Members’ endorsement of this strategy helps communicate a message of support for the anti-fraud activities undertaken by Council and helps show the community that fraud within the Borough is taken seriously and tackled. In addition it shows Council staff, contractors and stakeholders that Members are keen to reduce fraud against the Council to a minimum.

7. LOCAL GOVERNMENT TRANSPARENCY CODE

- 7.1 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 which now need to be made public. These are detailed below:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	21
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*	215

*The number of investigations that have been closed during the period April ‘16 to January ‘17.

8. FINANCIAL AND RISK ASSESSMENTS

- 8.1 The budget provision for the audit and anti-fraud service for 2016/17 is £490,000 and the service has been delivered within budget.
- 8.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Zolfiqar Darr, Head of Finance, Resources)

9. COMMENTS OF THE SOLICITOR TO THE COUNCIL

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

(Approved by: Jacqueline Harris-Baker, Acting Director of Law and Monitoring Officer)

10. HUMAN RESOURCES IMPACT

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

(Approved by: Jason Singh, Head of HR)

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

11.1 There are no further considerations in these areas.

12. EQUALITIES IMPACT ASSESSMENT

12.1 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:	David Hogan (Investigations Manager)
BACKGROUND DOCUMENTS:	None
APPENDICES:	Appendix 1 – Pro-Active Anti-Fraud Plan 2017/18 Appendix 2 – London Borough of Croydon Anti-Fraud & Corruption Strategy Appendix 3 – Counter Fraud Service Review