

<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> <b>29 JUNE 2017</b>
<b>AGENDA ITEM:</b>	<b>7</b>
<b>SUBJECT:</b>	<b>Anti-Fraud Annual Report 1 April 2016 – 31 March 2017</b>
<b>LEAD OFFICER:</b>	<b>Simon Maddocks, Director Governance</b>
<b>CABINET MEMBER</b>	<b>Councillor Simon Hall</b> <b>Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>The work of the Audit &amp; 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>	
<b>FINANCIAL SUMMARY:</b>	
<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>	
<b>FORWARD PLAN KEY DECISION REFERENCE NO: N/A</b>	

For general release

<b>1. RECOMMENDATIONS</b>
1.1 The Committee is asked to note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2016 – 31 March 2017;

## **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 March 2017.

### 3. DETAIL

#### Performance 1 April 2016 to 31 March 2017

- 3.1 The CAFT comprises 12 staff (11.4 FTEs), including investigators an Intelligence Officer and an Investigation 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. 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 We have reported previously to this committee that the team were selected as a pilot local authority to take part and help develop the London Counter Fraud Hub (LCFH), alongside Ealing, Camden and Islington councils. The initial phase of this project will match the data from the pilot authorities in the areas of council tax, business rates and social housing, looking to identify individuals and addresses that have a common interest. The ambition of the project is to see all of London matching datasets to identify discrepancy. Examples of these could be people registering housing need in more than one borough, claiming small business rate relief on more than one business or registering to vote in more than one borough. Data has now been submitted to the project and we will feedback again once the pilot phase draws to a close in September 2017.
- 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 16/17	YEAR TO DATE PERFORMANCE
Successful Outcomes	100	136
Identified Overpayments & Savings	£1,250,000	£1,382,348

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

Area	Value £
<b>Housing</b> 16 Recovered Properties 4 Right to Buy stopped 4 Removed from Housing list 1 Removed from Temporary Accommodation 3 Succession Stopped	288,000 405,000 72,000 18,000 54,000
<b>Other</b> 20 Formal Cautions 3 Staff Dismissed 3 Other Disciplinary Action 6 Council tax Discounts 29 Blue Badges Recovered 1 Insurance Claim Stopped 1 Adult Care Package Stopped 8 Safeguarding Referrals 1 No Recourse to Public Funds stopped 36 Other	£545,348
<b>Total 136</b>	<b>£1,382,348</b>

#### **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 Waltham Forest. Their investigations relate to various departments within the Councils including:
- Housing Benefit;
  - Trading Standards;
  - 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 a case for another council.
- 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 cash detained as well as more than 64 restraint orders in place as follows:

- 49 Bank Accounts
- 13 Properties
- 2 Cars

## 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 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	80
Total number of employees undertaking investigations and prosecutions relating to fraud	12.0
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	11.0
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*	273

\*The number of investigations that have been closed during the period April '16 to March '17.

## 6. FINANCIAL AND RISK ASSESSMENTS

6.1 The budget provision for the audit and anti-fraud service for 2016/17 is £490,000 and the service has been delivered within budget.

6.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Luke Chiverton, Interim Head of Finance - Place & Resources)

## **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 for and on behalf Jacqueline Harris- Baker, Director of Law and 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: Jason Singh, Head of HR Employee Relations on behalf of the 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.

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**CONTACT OFFICER:** David Hogan (Head of Anti-Fraud)

**BACKGROUND DOCUMENTS:** None