

<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> <b>17 March 2020</b>
<b>SUBJECT:</b>	<b>Anti-Fraud Update Report 1<sup>st</sup> April 2019 – 31 January 2020</b>
<b>LEAD OFFICER:</b>	<b>David Hogan, Head of Anti-Fraud</b>
<b>CABINET MEMBER</b>	<b>Councillor Simon Hall</b> <b>Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>The work of the 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's 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 2019/20 is £276,000 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

<p><b>1. RECOMMENDATIONS</b></p> <p>1.1 The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2019 – 31 January 2020</li> </ul>
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## 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 2019 – 31 January 2020.

## 3. DETAIL

### Performance 1 April 2019 to 31 January 2020

- 3.1 The CAFT comprises 10 staff (9.2 FTEs), including tenancy and corporate investigators, an Intelligence Officer, financial investigators and an Investigation Manager. The CAFT investigates allegations of fraud or corruption which affect the Council's business. In addition the team provides a service to the London Borough of Lambeth, as well as providing Financial Investigation services to the Merton/Kingston/Sutton Trading Standards partnership and the LB Bexley as well as LB Wandsworth. Statistics related to the other councils that CAFT supports 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

	YEAR END 18/19	ANNUAL TARGET 19/20	19/20 YTD PERFORMANCE
<b>Successful Outcomes</b>	167	130	158
<b>Identified Overpayments &amp; Savings</b>	£1,099,263	£1,000,000	£1,160,101

Table 2 - Breakdown of Outcomes from 1 April 2019 – 31 January 2020 compared to the same period in 2018/19

2018/19		2019/20	
Area	Value £	Area	Value £
<b>Housing - 55</b>		<b>Housing - 33</b>	
7 Recovered Properties	126,000	7 Recovered Properties	£226,800
21 Removed from housing list	**42,000	2 Removed from housing list	**£4,000
2 Right to Buy stopped	£209,800	6 Right to Buy stopped	£658,000
2 Removed from TA	£36,000	5 Possession order	
4 Possession order		11 Legal notices issued*	
16 Legal notices issued*		1 Nomination Rights gained	£32,400
2 Nomination Rights gained	£36,000	1 Other	
1 – Other			

<b>Other - 86</b> 11 Formal Cautions 6 Dismissal/Resignation & Other Disciplinary Action 11 Council Tax Discounts 10 Council Tax reduction removed 3 Council tax liability order 19 Blue Badge Abuse 6 Recommendations for Improvements 7 Chargeback warnings 13 Other	£535,242	<b>Other - 125</b> 30 Formal Cautions 7 Dismissal/Resignation & other Disciplinary Action 7 Council Tax Discount 6 Council Tax Reduction Removed 1 Council tax liability order 50 Blue Badge abuse 24 Other	£238,901
<b>Total</b>	£985,042	<b>Total</b>	£1,160,101

\*Includes: Notice Seeking Possession and Notice to Quit

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

### 3.4 National Fraud Initiative (NFI)

The National Fraud Initiative (NFI) is an exercise conducted under the auspices of the Cabinet Office that matches electronic data within and between public sector bodies to prevent and detect fraud.

Public sector bodies are required to submit data to National Fraud Initiative on a regular basis and in the case of local authorities there is a minimum biennial requirement to provide datasets. The current exercise is NFI 18/19 and work will begin in October 2020 to prepare the datasets for the NFI 20/21 exercise.

NFI 18/19 is a work in progress exercise but we have currently identified £167,112 in overpayments that relate directly to fraud and error. The two big areas for us have been:

- report 173 that matches our spend on residential care with the DWP national list of deaths – in 28 cases the report evidenced that the service user had passed away and we were either not informed at all or were given the wrong date of death resulting in recoverable funds of £93,511
- report 172.1 matches Blue Badge disabled parking permits with the DWP National list of deaths. In this report NFI found 545 matches, 295 of which we were unaware of and therefore presented a future fraud risk. These have not all been cancelled to mitigate that risk.

## 4. FINANCIAL INVESTIGATIONS

- 4.1 The Council employs two Financial Investigators to undertake work using the Proceeds of Crime Act 2002. This includes investigating and developing cases to obtain confiscation orders plus cash seizure and cash forfeiture cases.

Croydon's Financial Investigators undertake work for other councils, who do not have this capacity, on a fee basis. Last year they undertook work for the Merton/Richmond Regulatory services partnership and currently we are being commissioned by LB Bexley to assist them in covering maternity absence within their team.

Their investigations relate to various departments within the Councils including:

- Environmental enforcement
- Trading Standards - trademark and rogue trader cases
- Planning – enforcement case;
- Licensing
- Internal cases
- Safeguarding cases
- Business rates evasion by fraud

4.2 At the time of writing the Financial Investigators have 15 cases under investigation involving a total of 23 defendants. 6 of these cases are still awaiting conviction on the criminal offences before POCA proceedings can start. These investigations mainly relate to Croydon cases, but include cases for Merton, Wandsworth and Bexley Sutton councils.

4.3 Financial Investigators are empowered to apply for restraint orders which have to be approved by a Crown Court judge. A restraint order freezes property, including money and assets anywhere in the world. The aim of the order is to preserve a defendant's assets and make them available to satisfy a confiscation order. When there is a successful prosecution and if a confiscation order is granted then the restrained assets may be sold in order to pay the confiscation order.

The Council receives a portion of the value of a confiscation order and any forfeited cash.

The Council's Financial Investigators currently have £85,000 of cash detained pending forfeiture, plus the following items are restrained;

33 Bank Accounts  
4 Properties  
1 plot of land  
1 vehicle

## **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 for the period from 1 April to 31 January 2020:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	28
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	9.2
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	8.4
Total number of fraud cases investigated*	652

\*The number of investigations that have been closed during the period April '19 to January 20.

## **6. FINANCIAL AND RISK ASSESSMENTS**

- 6.1 The budget provision for the audit and anti-fraud service for 2019/20 is £276,000 and the service is on target to be delivered within budget.
- 6.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

## **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 Sandra Herbert, Head of Litigation and Corporate law, for and on behalf of Sean Murphy, Interim Director of Law and Governance and Deputy 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: Gillian Bevan, Acting Head of HR – Resources and CE Office)

**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.

**11. DATA PROTECTION IMPLICATIONS**

**11.1. WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

No, this report is for information only.

**11.2. HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

No DPIA has been completed as no personal data is used in the report. Any cases studies used do not include personal identifiers such as name and address

(Approved by: Lisa Taylor, Director of Finance, Investment and Risk)

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