

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 10 June 2021
SUBJECT:	Anti-Fraud Update Report 1st April 2020 – 31 March 2021
LEAD OFFICER:	David Hogan, Head of Anti-Fraud
CABINET MEMBER	Councillor Callton Young Cabinet Member for Resources and Financial Governance
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<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>	
FINANCIAL SUMMARY:	
<p>The budget provision for the Anti-Fraud service for 2020/21 was £328,107 and the service was delivered within budget.</p>	
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 2020 – 31 March 2021
--

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 2020 – 31 March 2021.

3. DETAIL

Performance 1 April 2020 to 31 March 2021

- 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 generates an income by providing a service to the London Borough of Lambeth, as well as providing Financial Investigation services to LB Bexley, LB Wandsworth, LB Newham and Adur/Worthing councils. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 The work of the team was impacted by the national lockdowns and the need to balance the work they do with the need to keep people safe and this impacted two of the key components of their work, visiting residents and businesses and face to face interviewing. This caused a backlog of investigations casework and along with the closure and restrictions in place in some courts, has impacted on the team's ability to conclude some investigations. When faced with a similar backlog in the mid- point of last year we prioritised backlogged work and were able to clear this within a couple of months and we will take the same approach this time. This does however reflect in the performance figures below which are slightly below target for a team that has consistently over achieved.
- 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

	YEAR END 19/20	ANNUAL TARGET 20/21	20/21 YTD PERFORMANCE
Successful Outcomes	181	130	127
Identified Overpayments & Savings	£1,414,384	£1,000,000	£985,107

Table 2 - Breakdown of Outcomes from 1 April 2020 – 31st March 2021 compared to the same period in 2019/20

2019/20		2020/21	
Area	Value £	Area	Value £

Housing - 34 10 Recovered Properties 4 Removed from housing list 7 Right to Buy stopped 1 Nomination Rights 5 Possession order 1 Suspended Possession Order 12 Legal notices issued* 1 tenancy warning letter	£324,000 **£8,000 £762,900 £32,400	Housing - 30 5 Recovered Properties 7 Removed from housing list 2 Right to Buy stopped 2 Nomination Rights 1 Temp Accommodation 10 Legal notices issued* 1 Wilful damage 1 Tenancy Warning letter 1 Possession Order	£162,000 **£14,000 £224,600 £64,800 £32,400
Other - 140 32 Formal Cautions 7 Dismissal/Resignation & Other Disciplinary Action 11 Council Tax Discounts 9 Council Tax reduction removed 55 Blue Badge Abuse 2 NRPF 1 Liability Order 23 Other	£287,084	Other – 97 2 Audit Recommendations 12 Formal Cautions 8 Dismissal/Resignation & other Disciplinary Action 16 Council Tax Discount 14 Council Tax Reduction 24 Blue Badge abuse 1 NRPF 10 Covid Business grants 1 Direct Payment 1 Landlord licence 8 Other	£487,307
Total	£1,414,384	Total	£985,107

*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 Case Study – Blue Badge

In August 2019 the team were alerted to a Blue Badge being misused in Fell Road. We telephoned the badge holder who confirmed they were at home and not using their permit and the vehicle was issued with a PCN. We

identified the owner as a resident of a neighbouring borough and the disabled permit was issued by LB Greenwich to one of their residents. The vehicle owner was invited to attend an interview under caution on 3 occasions and failed to attend so legal proceedings were commenced and a court date set for March 2020.

The vehicle owner pleaded not guilty and indicated he would produce the badge holder, their elderly grandfather, to give evidence to say he was with the vehicle at the time. A trial date was set for 15 April 2020 but due to Covid the trial was delayed until 21 April 2021. At trial the vehicle owner was convicted of blue badge misuse in Croydon on 07.08.2019. The court fined them £336.00, awarded us costs of £2,000.00 and ordered them to pay a victim surcharge of £34.00. The court ordered this to be paid at £1,000.00 within 14 days and then monthly instalments of £120.00. The badge holder in this case did not appear at the trial as a witness for the defendant.

3.5 NFI 2020/21 – progress update

At the March meeting of the Committee, the team confirmed receipt of the data matches resulting from the National Fraud Initiative, the government’s statutory bi-annual fraud and error data matching exercise. As reported for Croydon this has produced 7,494 matches and those these will mainly be highlighting a discrepancy or error, they all need to be reviewed to eliminate fraud and correct any data errors that may have caused the match. The table below is an update to show the council’s progress to date on this exercise.

Matches processed	908
Matches cleared	570
Matches identified for further investigation	338
Financial adjustments identified resulting in closure or reduction of council service provision	£64,672

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.

Alongside their work for Croydon Council, Croydon’s Financial Investigators undertake work for other councils, who do not have this capacity, on a fee basis. Currently they are undertaking work for LB Bexley, LB Newham, LB Wandsworth and Adur and Worthing Councils. They are also undertaking work with the DWP Organised fraud team and the police on a large scale organised benefit fraud.

Their investigations relate to a broad section of service areas 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 The Financial Investigators, as is the case with many other teams across the council, are experiencing significant delays in legal proceedings due to Covid. This has resulted in constant adjournments as the courts juggle with their own backlogs but has impacted on both case closure and case progression for the Financial Investigators.

5. LOCAL GOVERNMENT TRANSPARENCY CODE

5.1 Members will be aware of the Local Government Transparency Code 2015 which requires Councils to publish data about various areas of their activities. Included in the 2020/21 code is detail on Counter Fraud work, most of this information has always been reported to committee; however below are some additional areas which we are required to make public. The figures detailed below for the period from 1 April to 31 March 2021:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	11
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*	601

*The number of investigations that have been closed during the period April 20 to 31 January 2021.

6. FINANCIAL AND RISK ASSESSMENTS

6.1 The budget provision for the anti-fraud service for 2020/21 is £328,107 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: Geetha Blood, Interim Head of Finance, Resources & Place)

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 the 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: Chris Buss, Director of Finance, Investment and Risk)

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