

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 3 March 2022
SUBJECT:	Anti-Fraud Update Report 1st April 2021 – 31 December 2021
LEAD OFFICER:	Malcolm Davies, Head of Anti-Fraud, Risk & Insurance
CABINET MEMBER	Councillor Callton Young Cabinet Member for Resources and Financial Governance
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
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.	
FINANCIAL SUMMARY:	
The budget provision for the Anti-Fraud service for 2020/21 was £328,107 and the service was delivered within budget.	
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 2021 – 31 December 2021 and the corresponding period 1 April 2020 – 31 December 2020
--

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 2021 – 31 December 2021 and a comparison with the same period in 2020.

3. DETAIL

Performance 1 April 2021 to 31 December 2021

- 3.1 The CAFT comprises 8 staff (8.43 FTEs), including two tenancy and two corporate investigators, an Intelligence Officer, two financial investigators and a team leader position. The CAFT investigates allegations of fraud or corruption which affect the Council's business. In addition, the team generates an income by providing a services to other London Boroughs. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 The team has begun to return to the full range of duties and many of the ways of working it deployed before last year's lockdowns, including visiting residents and businesses and face to face interviewing within the civic centre. There is still a backlog of investigations casework and we do still experience delays in progressing cases through the courts, who are still experiencing their own delays. This continues to have an impact on the team's ability to conclude some investigations.
- Performance targets for the team have been reduced slightly from the previous year to reflect a reduced workforce and to ensure they remain SMART.
- 3.3 There are local performance indicators that relate to the Council's anti-fraud work. The two indicators shown in table 1 below detailing the number of successful outcomes and their value. Table 2 shows a breakdown of *all* cases investigated/closed by the team irrespective of outcome.

Table 1 – Key performance indicators

	20/21 to Q3 PERFORMANCE	ANNUAL TARGET 21/22	21/22 to Q3 PERFORMANCE
Successful Outcomes	86	100	104
Identified Overpayments & Savings	£769,728	£850,000	£790,868

Table 2 - Breakdown of Total Cases actioned from 1 April 2021– 31st December 2021 compared to the same period in 2020/21

2020/21	2021/22
Blue badge 29	Blue badge 17
Corp - mandate fraud 4	Corp. Other 4
Council tax rebate 6	Council tax rebate 20

Covid19 discretionary grant 1 Covid19 small business grant 6 Financial investigation other 29 Financial investigation - trading standards 18 Housing application 10 Housing illegal sub-let 1 Housing non-occupation 7 Housing other housing fraud 8 Housing right to buy 3 Housing succession 1 National fraud initiative 2018/19 9 No recourse to public funds 1 Schools 2 Single person discount fraud 3 Staff - internal misconduct 7	Covid19 additional restriction grant 8 Covid19 discretionary grant 4 Covid19 small business grant 14 Direct payments 1 Financial investigation other 21 Financial investigation - trading standards 3 Housing application 15 Housing illegal sub-let 16 Housing non-occupation 7 Housing other housing fraud 3 Housing right to buy 5 Housing succession 4 National fraud initiative 2018/19 2 No recourse to public funds 4 Safeguarding 3 Single person discount fraud 4 Staff - internal misconduct 6
Total 145	Total 161

3.4 Case Study:

‘Deprivation of Assets’ by family in respect of care costs case study.

Deprivation of assets occurs where a person tries deliberately to avoid or reduce their liability to pay for care and support costs by depriving themselves of either capital or income. This can involve giving away assets to others or selling them at an under value. A deprivation can occur either before or after Croydon Council begins to provide a service.

BS was an 84 years old resident at a Croydon nursing home since July 2020, having transferred there from another Croydon care facility. She was initially funded by the NHS under a Continuing Health Care package, with Croydon Council Adult Social Care stepping in subsequently once eviction for non-payment of care fees was threatened.

After referral to the Croydon Anti-Fraud Team it was established that BS had owned a property and that it was sold by her family in 2019 but that this had never disclosed in any financial assessment to the Council (or NHS). The property, a four bedroom Semi in Croydon was jointly owned by BS and her daughter but after the sale BS’s 50% share of the property was kept by the family and not declared to Croydon Council.

Investigations by the Anti-Fraud Team revealed that BS did not know what had happened to her money and wanted us to find out so she could use it to stay at the

care home. It soon became apparent that the money from the sale of the property had been divided up by the daughter and given to BS's children and grandchildren. Based on the information obtained, BS's capital from the property sale was £150,000 and as such she should have been self-funding.

The family were approached following an eviction notice being served by Care Home for non-payment and initially paid the outstanding fees. This again stopped and a further eviction notice was served with the family refusing to pay. Croydon Council then stepped in to pay for the care in the interim but sadly BS died earlier this month. BS never found out what really happened to her money but the outstanding nursing fees from the care home (£8k) and historical fees from the previous care facility (c. £70k) are being recovered from the family via the civil recovery route following the outcome of the anti-fraud investigation.

4. INVESTIGATIONS

4.1 Fraud investigations relate to a broad section of service areas within the Councils including:

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

4.2 Investigators, including the financial investigators, 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, to some extent, impacted on both case closure and case progression for the team.

4.3 Due to some recent staff turnover/gaps in the team, some interim anti-fraud management support has been brought in from Lambeth LB's anti-fraud team to support the Croydon team. This arrangement is working particularly well and builds on previous joint work with Lambeth and will be kept under review.

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	2
Total number of employees undertaking investigations and prosecutions relating to fraud	9
Total number of full-time equivalent employees undertaking investigations and prosecutions of fraud	8.4
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	8
Total number of full-time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	7.4

6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The net budget provision for the anti-fraud service for 2021/22 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: Nish Popat, Interim Head of Finance, Resources)

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Legal Services and Deputy Monitoring Officer that the Corporate Director of Resources and Chief Finance Officer has a statutory responsibility under the Local Government Act 1972 section 151 to make arrangements for the proper administration of the Council's financial affairs. This includes the prevention, detection and investigation of fraud and corruption and where appropriate, the prosecution of offenders.
- 7.2 The Council also has a duty under the Crime and Disorder Act 1998 section 17 to do all it can to prevent crime and disorder.
- 7.3 The Anti-Fraud and Corruption Strategy is part of a framework of policies designed to support the Council with complying with these responsibilities to minimise losses due to fraud and corruption. The Strategy cross-references other Council policies and strategies including the Members' Code of Conduct; Officers' Code of Conduct; Whistle-blowing Policy; Financial Regulations, Contract and Tender Regulations and the Nolan Principles of Public Life which also support the Council with its responsibilities to prevent, detect and investigate fraud and corruption.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the 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 employees or staff or workers.

Any impacts arising will be managed under the Council's HR policies and procedures.

(Approved by: Gillian Bevan, Acting Head of HR – Resources and Assistant Chief Executives 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: Richard Ennis, Interim Corporate Director of Resources & S.151)

CONTACT OFFICER: Malcolm Davies (Head of Anti-Fraud, Risk & Insurance)