

LONDON BOROUGH OF CROYDON

REPORT:	AUDIT & GOVERNANCE COMMITTEE	
DATE OF DECISION	11 April 2024	
REPORT TITLE:	Anti-Fraud Update Report 1 April 2023 – 31 March 2024	
CORPORATE DIRECTOR / DIRECTOR:	Jane West Corporate Director Resources	
LEAD OFFICER:	Malcolm Davies, Head of Anti Fraud, Risk & Insurance, Email: malcolm.davies@croydon.gov.uk	
LEAD MEMBER:	Councillor Jason Cummings, Cabinet Member for Finance	
KEY DECISION?	NO	
CONTAINS EXEMPT INFORMATION?	NO	Public
WARDS AFFECTED:	All	

1 SUMMARY OF REPORT

- 1.1 As part of the Audit & Governance Committee's role of overseeing anti-fraud and corruption approaches Members are asked to note the activities of the Counter Fraud Shared Service for the year 2023/24.

2 RECOMMENDATIONS

For the reasons set out in the report and its appendices the Audit & Governance Committee are recommended:

- 2.1 To note the anti-fraud activity of the Counter Fraud Shared Service for the period 1 April 2023 to 31 March 2024.

3 REASONS FOR RECOMMENDATIONS

- 3.1 This report and appendix details the performance of the Counter Fraud Shared Service (CFSS) together with an update on developments 1 April 2023 – 31 March 2024.

4 BACKGROUND AND DETAILS

- 4.1 The CFSS comprises 5 investigators covering tenancy, corporate and financial investigations and is part of the larger shared counter fraud service led by Lambeth. The team are also supported by a 'client side' Intelligence Officer. The anti-fraud service investigates allegations of fraud or corruption which affect the Council's activities. In addition, the team generates an income by providing services to other London Boroughs.
- 4.2 CFSS has gradually adopted processes carried out by Lambeth, such as the review of all housing successions, assignments and Right to Buy applications. As a result a number of Right to Buy and housing applications have been denied on the grounds of non eligibility as detailed in Appendix 1.
- 4.3 A number of other proactive preventative counter fraud measures are being explored or have been implemented including the routine vetting of all staff both permanent and interim for any fraud concerns before they are employed by the council.
- 4.4 In addition to some of the workstreams identified above the council, is now also proactively exploiting the opportunities afforded by the Cabinet Office such as the 'National Fraud Initiative' (NFI) for the prevention of fraud and error. This activity falls into 2 main workstreams, the NFI national exercise and secondly 'fraud hub'.
- 4.5 The NFI national exercise takes place every two years, whereby participating bodies (including all Local Authorities) submit data to the NFI secure website. The NFI system matches data within and between bodies to identify potential anomalies, referred to as 'matches'. Matches are made available to participating bodies for them to review, investigate and record outcomes from those investigations.
- 4.6 In total 120 reports are made available to Croydon Council which include matches in the areas of Housing Benefits, Housing Tenancies, Housing Waiting Lists, Right to Buy, Pensions, Payroll and Council Tax Reduction Scheme. Working through the matches from the latest national exercise has to date identified over £485k of cashable savings 'outcomes' together with over £1.3M of Cabinet Office estimated savings.
- 4.7 Good examples of the distinction between the two can be seen in reports dealing with areas such as Council Tax Reduction Scheme (identifying where there is no eligibility) which can result in Council Tax being charged back, a cashable saving 'outcome'. Compared to this are reports dealing with areas such as housing tenancy which can result in the property being recovered, without a *direct* financial recovery, but which gives us a very significant Cabinet Office 'estimated saving', for example with recovered tenancies currently valued at £78K each.
- 4.8 The second workstream and a more recent development is Croydon joining the NFI 'Fraud Hub'. This enables the type of data matching outlined above to be conducted by Croydon 'on demand' rather than waiting for an 'every other year' national exercise

and therefore becomes more proactive by preventing fraud, rather than identifying and reacting to fraud that may have already taken place.

- 4.9** Fraud Hub initial efforts are concentrating on routine mortality screening using the General Registrars Office '*Disclosure of Death Registration Information*' (DDR1) report available via Fraud Hub. This report is refreshed fortnightly and can then be matched against relevant council systems to identify instances where individuals have died but, for whatever reason, the information has not been passed onto the relevant council service(s).
- 4.10** A starting point for mortality screening has been the Council's pensions service and initial results have been successful in picking up instances where individuals have died but the pensions service had not been informed. Receipt of a fortnightly report via fraud hub will enable the pension service to act promptly in suspending pensions where appropriate and prevent overpayment of pensions which can be difficult to recover.
- 4.11** Future Fraud Hub developments include routine mortality screening against Blue Badge holders, which is now also live and housing tenancies now in development.
- 4.12** Details of trends in investigations and performance to date are set out in Appendix 1.
- 4.13** In line with the Council's commitment to openness and transparency, this report will appear in Part A of the agenda unless, in accordance with the Access to Information Procedure Rules in the Council's Constitution there is specific justification for any individual item being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).
- 4.14** It should be noted that some of the grounds for exemption from public access are absolute. However, for others such as that in para.3, 'Information relating to the financial or business affairs of any particular person (including the authority holding that information)', deciding in which part of the agenda they will appear, is subject to the further test of whether, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1** N/A

6 CONSULTATION

- 6.1** N/A

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 Getting our finances right and making the council financially sustainable.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 Finance have been consulted and can confirm there are no additional financial considerations arising from this report.

8.1.2 Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. 25/03/2024

8.1.3 Revenue and Capital consequences of report recommendation

N/A

8.2 LEGAL IMPLICATIONS

8.2.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance & Monitoring Officer that the the Corporate Director of Resources 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. These include the prevention, detection and investigation of fraud and corruption and where appropriate, the prosecution of offenders.

8.2.2 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.

8.2.3 The anti-fraud activity of the CFSS is in line with the Council's Anti-Fraud and Corruption Strategy, which is part of the Council's framework of policies designed to support the Council with complying with its responsibilities to minimise losses due to fraud and corruption.

8.2.4 Comments approved by the Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law & Monitoring Officer 25/03/2024

8.3 HUMAN RESOURCES IMPLICATIONS

8.3.1 As referenced in the Council's standard terms and conditions (T&Cs) of employment, all employees are required to familiarise themselves with and abide by the Code of Conduct for Council staff which sets out expected standards of behaviour. The Code of Conduct includes reference to the mechanisms through

which staff can raise actual or suspected fraud. The standard T&Cs includes a clause on benefit fraud and debt, outlining that it is a disciplinary offence to be in receipt of Council and/or state benefits to which the employee is not entitled.

8.3.2 There are no other Human Resources implications arising from this report, however, should any matters arise these will be managed through the Council's HR policies and procedures.

8.3.3 Approved by: Dean Shoesmith Chief People Officer 12/3/2024

8.4 EQUALITIES IMPLICATIONS

8.4.1 The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in Section 149 of the Equality Act 2010. The Council must, in the performance of its functions, have due regard to its duty to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.4.2 To ensure the Council complies with this, the counter fraud service may wish to periodically review data relating to fraud investigations to ensure all policies are being applied as equitably and fairly as the nature of the service allows, and to identify any potential trends if relevant. Officers will also want to ensure they are treating all individuals they interact with in the course of this work in line with the principles set out above.

8.4.3 Approved by Helen Reeves, Head of Strategy and Policy, 13/03/24

9. APPENDICES

9.1 Counter Fraud Shared Service Performance 1 April 2023 to 31 March 2024

10. BACKGROUND DOCUMENTS

10.1 None

11. URGENCY

11.1 N/A