

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 15 March 2018
SUBJECT:	Anti-Fraud Update Report 1st April 17 – 31 January 2018
LEAD OFFICER:	Simon Maddocks, Director of Governance
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The work of the Audit & 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 2017/18 is £423,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

<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 2017 – 31 January 2018
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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 2017 – 31 January 2018.

3. DETAIL

Performance 1 April 2017 to 31 January 2018

- 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 internal audit 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 against them and provides support to the fraud team at the London Borough of Lambeth. It also provides Financial Investigation services to the Merton/Kingston/Sutton Trading Standards partnership. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 It has been reported previously to this committee that the CAFT was selected as a pilot to take part and help develop the London Counter Fraud Hub (LCFH), alongside Ealing, Camden, and Islington councils. The ambition of the LCFH 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. The Proof of Concept (POC) stage of this project is due to be finalised shortly and the Council will need to make a decision regarding whether to commit to the 9 year contract term of this project.
- 3.3 Below are the 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	ANNUAL TARGET 17/18	17/18 YTD PERFORMANCE
Successful Outcomes	100	120	170
Identified Overpayments & Savings	£1,250,000	£1,250,000	£836,811

Table 2 - Breakdown of Outcomes from 1 April 2017 – 31st January 2018 compared to the same period in 2016/17

2016/17		2017/18		
Area	Value £	Area	Value £	
Housing 14 Recovered Properties 4 Right to Buy stopped 1 Removed from Housing list 1 Removed from Temporary Accommodation 2 Succession Stopped 14 Notices/Orders*	252,000 405,000 **18,000 18,000 36,000	Housing 15 Recovered Properties 1 Right to Buy stopped 33 Removed from housing list 1 Removed from TA 1 Succession stopped 2 Possession order 12 Legal notices served	270,000 103,900 **66,000 18,000 18,000	
Other 14 Formal Cautions 3 Staff Dismissed 4 Disciplinary Action 7 Council tax Discounts 16 Blue Badges Recovered 1 Insurance Claim Stopped 2 Adult Care Package Stopped 4 Safeguarding Referrals 1 No Recourse to Public Funds stopped 1 Insurance Claim Stopped 2 Recommendations for system Improvements 10 Other	260,189	Corporate 12 Formal Cautions 18 Dismissal/Resignation & Other Disciplinary Action 18 Council Tax Discounts 21 Blue Badge Abuse 1 Insurance Reviewed 1 Care Package Stopped 7 Direct Payment 6 Recommendations for Improvements 1 Safeguarding Referral 3 Landlord licence 5 Ctax reduction cancelled 1 NRPF deportation 11 Other	360,911	
Total	101	989,189	Total 170	836,811

*Includes: Notice Seeking Possession, Notice to Quit and Possession Orders

** Non-cashable saving, as cost to the council only arises when someone moves from the list to a tenancy. Value claimed reduced from £18k last year to £2k this year.

3.4 Case study

Blue Badge enforcement

There can be some advantages for investigators working in a building next to premises being refurbished as a Kent resident found out to their cost. In August, an eagle eyed investigator saw a van pull into one of the disabled bays at the top of Edridge Road and observed the driver display a Blue Badge on the vehicle, before changing into work clothes and entering the Impact House. The officer immediately went to the vehicle to photograph the badge and determined it was issued by Bromley Council to an elderly female. A call to parking services to ensure a PCN was issued was followed by a call to investigators at Bromley Council who provided the contact number for that permit.

The investigator called the permit holder who was at home and confirmed that her son had the permit. Later that day when the man returned to his vehicle he was confronted by an investigator who asked him for his details and demanded he hand over the permit, which he refused to do and drove off. Checks with DVLA revealed details of the owner of the vehicle who was invited to an interview under caution. At interview he made a full admission to misusing his mother's permit and apologised for his behaviour when confronted by the investigator. He later accepted a local authority caution and the permit holder was warned about their responsibility to ensure the permit was used solely for their benefit.

4. FINANCIAL INVESTIGATIONS

- The Council employs two Financial Investigators (FIs) who are accredited by the National Crime Agency, and work using the Proceeds of Crime Act 2002. The FIs conduct financial investigations, attend some arrests and searches, undertake cash seizures, attend Crown Court and the enforcement court and give evidence to represent the council. They currently have cases related to the following service areas:
 - Housing Benefit – (legacy cases)
 - Trading Standards - trademark and rogue trader cases;
 - Planning – enforcement case;
 - Licensing; and
 - Internal cases

- 4.1 At the time of writing the F.I's have 15 cases under investigation involving a total of 29 defendants. These investigations relate not only to Croydon cases, but include a case for another council.
- 4.2 F.I's are empowered to apply for restraint and production orders, which are a type of court order agreed by a judge, as well as being able to seize cash over the minimum value of £1,000. A restraint 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 £84,600 of cash detained as well as 8 restraint orders in place as follows:
- 25 Bank Accounts
 - 8 Properties
- 4.3 In December 2010 Croydon started the Local Authority Financial Investigators forum to provide support, training and a networking framework and this has grown to 52 members from a wide variety of English councils'

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 April 2017 to January 2018:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	46
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*	417

*The number of investigations that have been closed during the period April '17 to end of January '18.

6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the audit and anti-fraud service for 2017/18 is £423,000 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: 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 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: Gillian Bevan, Acting Head of HR, Resources)

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.

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

