

REPORT TO:	AUDIT & GOVERNANCE COMMITTEE 20 April 2023
SUBJECT:	Anti-Fraud Update Report 1 April 2022 – 31 March 2023
LEAD OFFICER:	Malcolm Davies, Head of Anti-Fraud, Risk & Insurance
CABINET MEMBER	Councillor Jason Cummings Cabinet Member for Finance
WARDS:	All
<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. The detection of fraud and better anti-fraud awareness contribute to the perception of a law-abiding Borough.</p>	
<p>FINANCIAL SUMMARY:</p> <p>The net budget for the antifraud service as a whole for 2022-23 is £0.342m including £0.189m HRA contribution and the service is currently delivering within budget.</p>	

1. RECOMMENDATIONS

1.1 The Committee is asked to:

- Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2022 – 31 March 2023

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 1 April 2022 – 31 March 2023

3. DETAIL

Performance 1 April 2022 to 31 March 2023

- 3.1 The CAFT comprises 5 investigators covering tenancy, corporate and financial investigations. Since January 2022 the Croydon team have been supported by interim management support from the London Borough of Lambeth antifraud service. These arrangements will be formalised by way of a S101 agreement establishing a shared service to the mutual benefit of both boroughs with effect from 1 January 2023. The anti-fraud service investigates allegations of fraud or corruption which affect the Council's business. In addition, the team generates an income by providing 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 returned to the full range of duties and ways of working including visiting residents and businesses and face to face interviewing within the civic centre.
- 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 notional value. Table 2 shows a breakdown of all cases investigated/closed by the team irrespective of outcome.

Table 1 – Key performance indicators

	21/22 PERFORMANCE	ANNUAL TARGET 21/22	22/23 PERFORMANCE
Successful Outcomes	119	100	51
Identified Overpayments & Savings	£1,055,620	£850,000	£694,155

Table 2 - Breakdown of Total Cases actioned 2022/23 compared to 2021/22

2021/22	2022/23
Blue badge 19 Corp. Other 4 Council tax rebate 21 Covid19 additional restriction grant 8 Covid19 discretionary grant 4 Covid19 small business grant 15	Blue Badge 22 Council Tax Reduction 2 COVID Small business grant 1 Financial Investigations 10 Housing Application 10 Housing Illegal Sub-let 11

Direct payments 1 Financial investigation other 37 Financial investigation - trading standards 3 Housing application 17 Housing illegal sub-let 18 Housing non-occupation 10 Housing other housing fraud 4 Housing right to buy 6 Housing succession 5 National fraud initiative 2018/19 2 No recourse to public funds 4 Planning 1 Safeguarding 5 Single person discount fraud 4 Staff - internal misconduct 7 Total 200	Housing Non-Occupation 6 Housing Other Housing Fraud 1 Housing Right to buy 6 Housing Succession 8 National Fraud Initiative 3 Pensions 1 Planning 1 Single Person Discount 2 Staff - Internal misconduct 9 Total 93
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3.4 Case Study:

Housing Successions Vetting.

The shared service with Lambeth has already seen a number of changes to the way the Corporate Anti-Fraud team operates; the review of all tenancy succession applications is an example of the positive development of the service.

Applications for succession of a tenancy may be received after a tenant has passed away. The basic conditions for the succession of a tenancy to be granted are that the successor has been resident at the tenanted address, with the tenant, for at least 12 months prior to the date on which the tenant passed away. Historically, CAFT has reviewed applications referred by colleagues in Housing where there were suspicions of fraud, but from October 2022, all applications for succession have been referred to CAFT for review. The table below shows the increase in the volume of succession applications that have been referred to CAFT for review:

Dates	Number of cases set up	Under investigation	Recommendation to serve notices ongoing	Closed Unsuccessful	Closed with Recovery
2021-22	9	0	2	4	3
2022-23	57	16	14	24	3

Of the cases referred in 2022-23, a vast majority were passed to CAFT during the period from October 2022. In terms of successful outcomes, although these are currently low, there are still a lot of investigations ongoing and a similar number where recommendations have been made. It is more than likely that a significant number of those with recommendations will result in properties not being allocated due to issues identified during the investigations. We should be in a position to provide more meaningful data later in the year when more investigations have been resolved.

The value of the exercise will be seen by those families currently on the waiting list who will be allocated a home, rather than this being succeeded by family members who have submitted fraudulent applications in the knowledge that they have no entitlement to succeed.

4. INVESTIGATIONS

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

- Environmental enforcement
- Housing
- Parking
- Trading Standards - trademark and rogue trader cases
- Planning – enforcement cases
- Licensing
- Internal cases
- Safeguarding cases
- Revenues & Benefits
- Financial investigations

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 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 are for the last full year from 1 April to 31 March 2023:

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 for the antifraud service is £0.342m for 2022-23 including £0.189m HRA contribution and the service is currently delivering within budget.
- 6.2 There are no further financial implications than those already detailed within the report.
- 6.3 Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. 12/04/23

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer that the Corporate Director of Resources and Chief Finance Officer has a statutory responsibility under Regulation 4 of the Accounts and Audit Regulations 2015 to determine the Council's financial control systems, and those systems must include measures "to enable the prevention and the detection of inaccuracies and fraud". In addition, under Section 151 of the Local Government Act 1972 the Council must make arrangements for the proper administration of the its financial affairs.
- 7.2 The Council also has a duty under the Crime and Disorder Act 1998 section 17 to exercise its functions with due regard to the need to do all that it reasonably can to prevent crime and disorder in its area.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Deputy Monitoring Officer)

8. HUMAN RESOURCES IMPACT

- 8.1 Other than the cases identified in this report which have been managed through the appropriate policies and procedures there are no other immediate human resource considerations arising from this report for LBC employees or staff.

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

(Approved by: Gillian Bevan, Head of HR – Resources and Assistant Chief Executives Office on behalf of Dean Shoesmith, Chief People Officer)

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 There are no equality implications in this report. An EQIA has been carried out on the Anti Fraud policy and will be revised in due course

Approved : Denise McCausland Equalities Programme Manager.

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: Jane West, Corporate Director of Resources & S.151)

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