

REPORT TO:	GENERAL PURPOSES & AUDIT COMMITTEE 25 th June 2014
AGENDA ITEM:	11
SUBJECT:	Anti-Fraud Report 1 April 2013 – 31 March 2014
LEAD OFFICER:	Director of Finance and Assets
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 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 2013/14 was £692,000 and the service has been delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

For general release

<p>1. RECOMMENDATION</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 2013 – 31 March 2014;
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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 the team's targets and actual performance together with details on a selection of investigations and their outcome during the financial year 2013/14.

3. DETAIL

Performance 1 April 2013 to 31 March 2014

- 3.1 The CAFT receives allegations of fraud which relate to several areas of the Council's business. The work of the CAFT continues to see a growth in the area of non-benefit fraud cases. As can be seen in the types of outcomes shown in the table below, 69% of these outcomes relate to non benefit investigations; more than double the proportion seen last year.
- 3.2 However, it should also be noted that only 20% of the value of savings and overpayments relates to non-benefit fraud. This is because the value of many types of fraud is hard to quantify, especially areas involving staff investigations.
- 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

	ANNUAL TARGET	ANNUAL PERFORMANCE
Successful Outcomes	120	115
Identified Overpayments & Savings	£2,000,000	£2,182,831

Table 2 - Breakdown of Outcomes from 1 April 2013 – 31 March 2014

Area	£	Outcomes
Housing Benefit	1,210,911	27 Prosecutions
Council Tax Benefit	222,446	20 Administrative penalties
National Benefits (JSA & IS)	387,723	21 Cautions
Non Benefit	361,751	5 Council Tax
		2 Direct payments stopped
		2 Cautions
		*8 Disciplinary Action
Housing outcomes		19 Properties recovered 4 removed from Housing list 7 Right to buy applications stopped

*Includes Investigations resulting in disciplinary action or resignation during the disciplinary process.

- 3.4 In addition to the cases noted above at the 31st March 2014 the CAFT has thirteen cases in court, these are matters with dates for hearings, or

sentencing. In addition between the end of the year and the time of drafting this report a further two cases have been sentenced, these will be reported at the next Committee meeting. In addition fifteen cases are with the council's solicitors, the DWP or Police with a recommendation to prosecute.

- 3.5 During the course of the year one of the CAFT investigators with specialist training and experience, under authorisation from the Council Solicitor, has been undertaking advocacy on behalf of the Council (rather than instructing external lawyers) in respect of straightforward cases that will be heard in the Magistrates Court. This year 6 cases have been presented this way, all of which have resulted in guilty verdicts.

4. HOUSING FRAUD RISK

- 4.1 The CAFT is continuing to work with the Housing Standards Team and tenancy officers with regard to tackling tenancy fraud. This year nineteen people have been removed from council accommodation as a result of these investigations. This releases council properties for use by people waiting for suitable accommodation.
- 4.2 It is hoped that the recent introduction of powers for local authorities to require information for social housing fraud investigation purposes, in the Prevention of Social Housing Fraud Act 2013 will assist fraud investigators in their collection of evidence and in addition aid recovery of profits obtained through subletting and deter instances through strict penalties, including prison.

5. PRO-ACTIVE ANTI FRAUD WORK

- 5.1 During the course of the year there were a number of pro-active initiatives planned and undertaken, these included:

The National Fraud Initiative

- 5.2 In Croydon the CAFT has processed 1,905 matches and, in addition, has enquiries outstanding with other bodies in 644 cases. 1821 cases have been cleared, identifying 49 frauds and 35 errors. The total value of overpayments raised is £409,881 and comprises mainly overpayments relating to housing benefit fraud.
- 5.3 The National Fraud Initiative is currently run by the Audit Commission, however since the Audit Commission is being dissolved, the Cabinet Office will take over responsibility for future exercises. As noted above the majority of matches related to Housing Benefit investigations, in future years these will be dealt with by the DWP's Single Fraud Investigation Service, the other non-benefit matches, for example those involving staff,

housing, blue badges and concessionary travel will continue to be investigated by Council investigators.

The Croydon Fraud and Enforcement Forum

5.4. The Croydon Fraud and Enforcement Forum (the Forum) has been a feature of Croydon's counter fraud activities for the past 7 years. The Forum provides a platform for investigators and stakeholders to build and maintain networks which assist in the disruption of fraud and crime in the borough. The Forum meetings are planned with a view to keeping investigators and stakeholders up to date with best practices, investigation techniques and emerging fraud risks. The Forum continues to attract much interest. This is in no small part due to the range of speakers that have agreed to come and present. During the course of this year presentations have included useful and fascinating presentations from:

- The Federation of Copyright Theft – *The Role and Remit of FACT*
- The DWP's Abroad Fraud Team – *Fraud Abroad*
- Proceeds of Crime Receiverships – *Proceeds of Crime Team Mazars LLP*
- The Met Police's Counter Terrorism Focus Desk – *Operation Fairway, Terrorism risk briefing*
- The Charity Commission - *The Impact of Criminality in the Charity Sector and the need for Multi agency responses*
- The Government Agency Intelligence Network – *What it is and how it works*

Training

5.5. The team currently delivers training on Fraud, Risk and Conduct to Managers as part of the Council's Management Development Programme. This is intended for new and aspiring managers from across the organisation and is a vital means of maintaining the anti-fraud culture that Croydon is proud to boast. This has now been happening regularly for a few years and in 2013/14 8 half day workshops were delivered with positive feedback. In addition, a further 6 similar workshops were carried out by members of the team for any Council staff that were interested.

Fraud Defence

5.6. Since 2007 the Corporate Anti-Fraud Team has delivered a quarterly newsletter to managers for dissemination to their teams. We also send this newsletter to members of the Fraud and Enforcement Forum and other stakeholders to maintain relationships, intelligence networks and keep the risk of fraud on the radar, helping prevent and deter instances of fraud.

6. FINANCIAL AND RISK ASSESSMENTS

6.1 The budget provision for the audit and anti-fraud service for 2013/14 is £692,000 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: Head of Finance and Deputy S151 Officer)

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 7.1 The Council Solicitor comments that there are no additional legal implications arising from this report

(Approved by: Gabriel MacGregor, Head of Corporate Law, on behalf of the Council Solicitor & Monitoring Officer)

8. HUMAN RESOURCES IMPACT

- 8.1 Where the Corporate Anti Fraud Team carry out investigations into allegations against members of staff then this is done in conjunction with HR staff and in line with the Council's disciplinary procedure.

(Approved by: Hansa Bharadia, HR Business Partner)

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. In light of this review it is proposed that: additional data be collected to test whether the profile of fraud cases is significantly different to the profile of the biggest group of service users that may be impacted by anti-fraud activities: Housing and Council Tax Benefits claimants and that this exercise be carried out within the framework of a Partial Equalities Impact assessment as set out in the Croydon EIA Toolkit.

CONTACT OFFICER: Simon Maddocks (Head of Governance)

BACKGROUND DOCUMENTS: None