

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 28 January 2015
AGENDA ITEM:	11
SUBJECT:	Anti-Fraud Report 1 April 2014 – 30 November 2014
LEAD OFFICER:	Richard Simpson, 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 2014/15 is £662,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

For general release

1. RECOMMENDATIONS
<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 2014 – 30 November 2014;

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 targets and actual performance together with an update on developments during the period 1 October 2014 to 30 November 2014.

3. DETAIL

Performance 1 April 2014 to 30 November 2014

- 3.1 The CAFT is made up of 12 staff (11.1 FTEs), with additional support from Mazars PSIA Ltd, the Council's external strategic partner. The team receives allegations of fraud which relate to several areas of the Council's business.
- 3.2 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	YEAR TO DATE PERFORMANCE
Successful Outcomes	90	68
Identified Overpayments & Savings	£2,000,000	£1,638,342

Table 2 - Breakdown of Outcomes from 1 April 2014 – 30 November 2014

Area	£	Outcomes
Housing Benefit	985,607	11 Cautions
Council Tax Benefit	78,624	19 Administrative penalties
National Benefits (JSA & IS)	100,647	11 Prosecutions
Non Benefit	473,464**	1 Caution
		4 Disciplinary outcomes*
Housing outcomes		1 Prosecution (Housing waiting list)
		11 Properties recovered
		3 people removed from housing list
		7 Right to buy applications stopped

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

**The largest proportion of this figure by value relates to Right to buy discounts that have been prevented as a result of investigations. The largest proportion of this figure by volume comprises Council Tax Rebate and Council tax discount related fraud.

4. PROTECTING THE PUBLIC PURSE

- 4.1 The Audit Commission (the Commission) released its annual publication 'Protecting the Public Purse' (PPP) in October 2014, this will be the final one issued before the Commission closes at the end of March 2015. PPP looks at the frauds encountered by councils and reported to the Commission alongside emerging fraud risks and includes case studies which relate to particularly innovative practices.
- 4.2 The Commission makes recommendations which the CAFT will look to tackle. Some of these recommendations relate to specific areas of work, which will be considered as part of the CAFT's pro-active anti-fraud plan in 2015/16.
- 4.3 The PPP includes case studies that highlight good and innovative practices which the CAFT has regularly featured in over the past several years. This year the Commission highlighted the good work that the team's Financial Investigators do in recovering assets following convictions for fraud.

5. DCLG FUNDING

- 5.1. The Department for Communities & Local Government (DCLG) recently offered Local Authorities in England and Wales the opportunity to bid from a Counter Fraud Fund which offered Councils funding for projects that will boost capability and capacity in tackling non-benefit fraud and make financial savings from reducing the cost of fraud.
- 5.2. Applications for innovative and sustainable anti-fraud initiatives were submitted in September and Croydon Council was a part of two successful bids. One, in partnership with the London Borough of Bexley, will see the CAFT providing support and training to enable Bexley to develop its own internal capacity. The other, a project tackling health tourism and support provided by the Council to those with no-recourse to public funds, in conjunction with the local NHS and the Home Office.

6. AUDIT COMMISSION FRAUD BRIEFINGS

6.1. The Audit Commission has provided Fraud Briefings to all councils in England and Wales, these briefings use data provided as part of a National Fraud Survey to compare the counter fraud performance of similar boroughs. For Croydon this data is compared to the other 33 boroughs in London. The intention of this information is that it can be used by Councils to ensure that they are tackling fraud in an effective way and recording the results of their efforts. The Fraud Briefing covers the following areas:

Total detected cases and value 2013/14 (Excluding housing tenancy fraud)

Croydon detects less than the average number of cases of fraud per year, but was fifth out of 33 London Boroughs in the total value of fraud identified. This finding reflects the long standing approach of risk scoring referrals and deliberately targeting resources to larger and more serious cases of fraud.

Housing Benefit (HB) and Council Tax Benefit (CTB) 2013/14

The CAFT detected an average number of HB and CTB frauds when compared to the other London Boroughs, but the total value of these cases was more than £200,000 higher than the average London Borough.

Council tax discount fraud 2013/14

12 London Boroughs recorded no Council tax discount fraud during the year, the CAFT recorded three cases. The average number of cases detected across London was significantly higher. This reflects the fact that several years ago Croydon worked with the Audit Commission to develop approaches in this area. In the past CAFT has done some significant exercises in relation to discounts and achieved excellent results. Having broken the back of this problem the Revenues team now carries out data matching exercises to check discounts. In many boroughs this work is still undertaken by fraud teams.

Social Housing fraud (only councils with housing stock) 2013/14

Between CAFT and the Council's tenancy teams, Croydon recovers slightly fewer properties to the average of the 28 London Boroughs with housing stock. Since earlier this year, however, two Housing Tenancy Investigators have been working full time in this arena and it is expected that this will increase the number of properties recovered over the next few years.

Right to buy fraud (only councils with housing stock) 2013/14

CAFT investigated and successfully stopped more cases of right to buy fraud than most other councils (7th out of 28 councils). The Council recognises this as a high risk area and therefore careful enquiries are made into applications received from tenants who wish to purchase their Council property.

Disabled parking (Blue Badge) fraud 2013/14

The Council was one of ten boroughs who reported less than ten incidents of Blue Badge Fraud in 2013/14. Most occasions of irregularity with regard to disabled parking in the Borough are dealt with by enforcement officers, however, the CAFT are examining this area with parking and increasing the amount of resource dedicated to this area.

7. LOCAL GOVERNMENT TRANSPARENCY CODE

- 7.1. 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:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	3
Total number of employees undertaking investigations and prosecutions relating to fraud	12
Total number of full time equivalent employees undertaking investigations and prosecutions of fraud	11.1
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	11
Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	10.1
Total number of fraud cases investigated*	323

*The total number of investigations that have been closed during the period April 2014 – November 2014.

- 7.2. It should be noted that from March 2015 the responsibility for the investigation of benefit fraud will be transferring to the Department for Works and Pensions and some accredited investigators from the CAFT will be transferring to the DWP's Single Fraud Investigation Service. Details of this move were reported to the meeting of this Committee on 17 September 2014 (report reference A34/14).

8. FINANCIAL AND RISK ASSESSMENTS

- 8.1. The budget provision for the audit and anti-fraud service for 2014/15 is £662,000 and the service has been delivered within budget.
- 8.2. There are no further risk assessment issues than those already detailed within the report.

(Approved by: Dianne Ellender, Head of Finance and Deputy S151 Officer)

9. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 9.1 The Solicitor to the Council advises 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 and Monitoring Officer)

10. HUMAN RESOURCES IMPACT

- 10.1 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)

11. CUSTOMER FOCUS, EQUALITIES, ENVIRONMENTAL, CRIME AND DISORDER REDUCTION & HUMAN RIGHTS IMPACTS

- 11.1 There are no further considerations in these areas.

12. EQUALITIES IMPACT ASSESSMENT

- 12.1 An initial screening equalities impact assessment was been completed for the Anti-fraud and Corruption Policy. In light of this review additional data is 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. This exercise is being carried out within the framework of a Partial Equalities Impact assessment as set out in the Croydon EIA Toolkit. With the loss of benefit investigation work later this year (see report to the September 2014 meeting of this Committee), this approach is to be reviewed before the end of the financial year.

CONTACT OFFICER: Simon Maddocks (Head of Governance)