

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 23 September 2015
AGENDA ITEM:	7
SUBJECT:	Anti-Fraud Update Report April - July 2015
LEAD OFFICER:	Richard Simpson, Assistant Chief Executive (Corporate Resources & Section 151 Officer)
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 2015/16 is £450,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

For general release

<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 2015 – 31 July 2015.
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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 2015 to 31 July 2015.

3. DETAIL

Performance 1 April 2015 to 31 July 2015

- 3.1 The CAFT comprises 11 staff (10.6 FTEs), including investigators an Intelligence Officer and a Fraud Manager, in addition the CAFT receives support from Mazars PSIA Ltd, the Council's external strategic partner. The CAFT investigates allegations of fraud which affect the Council's business and, since 31 March 2015, provides a service to the London Borough of Bexley to investigate allegations of fraud committed against it. Statistics related to Bexley work are not included in the figures below.
- 3.2 At the meeting of this Committee on 17 September 2014 (Min A34/14) it was reported that from the beginning of March 2015 the responsibility for the investigation of Housing Benefit and Council Tax Benefit fraud transferred to the Department for Work and Pensions (DWP). At that time some accredited investigators from the CAFT transferred to the DWP's Single Fraud Investigation Service. Members will, however note below in table 1 that there are still some benefit overpayments recorded. This is as a result of investigations that were undertaken prior to March 2015, but where sanctions and calculations of overpayments were completed post 31March 2015.
- 3.3 Since the transfer of benefit fraud work to the DWP there are currently no local performance indicators that relate to the Council's anti-fraud work. This is because housing benefit investigations have previously formed a large part of the Team's work and new areas of work are still evolving. In addition other Boroughs find themselves in similar positions and as a result benchmarking with them is not currently practical.
- 3.4 Performance indicators will be developed during the course of this year and these will be reported to this Committee.

Table 1 - Breakdown of Outcomes from 1 April 2015 – 31 July 2015

Area	£	Outcomes
Benefits		
Housing Benefit	205,495	
Council Tax Benefit	24,921	
Housing	135,000	8 Notices/Orders* 5 Recovered Properties 1 Removed from Temp Accommodation 1 Removed from Housing List
Other Non-Benefit	5,023	Council Tax SPD
Non Benefit		Council Tax Reduction Scheme Direct Payments
	£370,439	

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

4. PROTECTING THE PUBLIC PURSE

4.1 Prior to its closure at the end of March 2015 the Audit Commission (the Commission) used to release its annual publication 'Protecting the Public Purse' (PPP), this publication looked at the frauds encountered by councils alongside emerging fraud risks and included case studies which relate to particularly innovative practices.

4.2 This report was seen as a key publication in Local Authorities' fight against fraud. This year, since the demise of the Commission the London Borough Fraud Investigation Officers' Group (LBFIG) commissioned The European Institute for Combatting Corruption and Fraud (TEICCAF) to undertake a Protecting the London Public Purse by surveying London Boroughs.

4.3 The results of the Protecting the London Public Purse have now been released and have the following key messages reported:

- Across London the reported non-benefit frauds increased by 5.3% from the figure reported to the Commission last year to nearly 17,000 cases, while the value of cases increased by 129% to £50million.
- Right to Buy (RTB) fraud and No Recourse to Public Funds (NRPF) have emerged as major areas of fraud risk, with RTB discounts totalling £26million fraudulently applied for across London.

4.4 The CAFT would agree with the above findings that RTB and NRPF are high risk areas of fraud as demonstrated by its action to stop eight RTB applications during 2014/15. There is a clear process for the RTB team and Housing Standards Team to refer cases of suspected fraud for further investigation.

4.5 In addition, NRPF forms part of the CAFT's work plan this year and findings will be reported to this Committee in due course.

5. BLUE BADGE ABUSE

5.1. In addition to the areas noted above the CAFT is also undertaking further work in the area of Disabled Parking blue badge abuse. While this area of work does not constitute a significant financial loss it is an area which is of concern to the public.

5.2. As a result of a number of complaints from the public and the identification of blue badge 'hot spots' by parking services the CAFT will be working on undertaking some high profile and on-going exercises in this area. It is hoped that these high profile exercises will help prevent this type of abuse which can disadvantage disabled people using services within the Borough.

6. INSURANCE FRAUD

- 6.1 Following the 'in sourcing' of all claims handling by the Council in April 2015, the CAFT is now taking on referrals and investigations from the Council's insurance team in relation to potentially fraudulent claims made against the Council.
- 6.2 These arrangements, whilst in their early stages, seem to be working well and using to good effect the investigatory skills and local knowledge of the CAFT to provide a more effective screening and investigatory service at lower cost, compared to the external suppliers previously relied on.

7. FINANCIAL INVESTIGATIONS

- 7.1 The Council employs two Financial Investigators to undertake cash seizures and restrain assets. Alongside working for Croydon they are currently also undertaking work for Richmond, Kingston and Waltham Forest councils.
- 7.2 Currently the Financial Investigators have in the region of £26,000 cash detained and are awaiting a forfeiture order, if this is granted the Council will receive a share.
- 7.3 Two cases have had arrest warrants issued as the subjects failed to attend court hearings, if these subjects are traced and arrested they will have to serve a default prison sentence and still pay their confiscation orders.
- 7.4 In addition to the investigations the Financial Investigators are also responsible for organising the only Local Authority Financial Investigator Forum in the country.

8. LOCAL GOVERNMENT TRANSPARENCY CODE

- 8.1 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	1
Total number of employees undertaking investigations and prosecutions relating	8

to fraud	
Total number of full time equivalent employees undertaking investigations and prosecutions of fraud	8.6
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	10
Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	8.6
Total number of fraud cases investigated*	59

*The total number of investigations that have been closed during the period 1 April 2015 – 31 July 2015.

9. FINANCIAL AND RISK ASSESSMENTS

- 9.1 The budget provision for the audit and anti-fraud service for 2015/16 is £450,000 and the service will be delivered within budget.
- 9.2 There are no further risk assessment issues than those already detailed within the report.

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

10. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 10.1 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)

11. HUMAN RESOURCES IMPACT

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

(Approved by: Michael Pichamuthu HRBP, on behalf of Heather Daley, Director of HR)

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

12.1 There are no further considerations in these areas.

13. EQUALITIES IMPACT ASSESSMENT

13.1 An initial screening equalities impact assessment has been completed for the Anti-fraud and Corruption Policy. With the loss of benefit investigation work in March 2015 (see report to the September 2014 meeting of this Committee), a further screening will be carried out during 2015.

CONTACT OFFICER: Simon Maddocks (Head of Governance)

BACKGROUND DOUCMENTS: None