

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 9 December 2015
AGENDA ITEM:	9
SUBJECT:	Anti-Fraud Update Report April 2015 to September 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: 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.	
FINANCIAL SUMMARY: 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.	
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 – 30 September 2015;

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 30 September 2015.

3. DETAIL

Performance 1 April 2015 to 30 September 2015

- 3.1 The CAFT comprises 11 staff (10.6 Full Time Employees), 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 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 (Minute 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 31 March 2015.
- 3.3 At the last meeting of this Committee on 23rd September 2015, Members asked that a letter be sent to the DWP to ask that performance information be made available to give assurance that Housing Benefit fraud is still being investigated adequately since the change of responsibility. A response has been received which confirms that it is the DWPs intention to supply some information, starting in 2016/17 once the transfer of benefit fraud investigation from local authorities to the DWP is completed. Such information will only be what can be produced by their existing systems and there is currently an exercise to see how this can be compiled.
- 3.4 The performance of CAFT during the first six months of this year can be seen below in table 1.

Table 1 - Breakdown of Outcomes from 1 April 2015 – 30 September 2015

Area	£	Other Outcomes
Benefits		
Housing Benefit	313,858	
Council Tax Benefit	29,487	
Other Benefit	17,571	
8 cases		
Housing		
9 Recovered Properties	162,000	16 Notices/Orders*
3 Right to Buy stopped	282,000	
1 Removed from Temp Accommodation	18,000	
3 Removed from Housing list	54,000	
Other Non Benefit		
2 No Recourse to Public Funds (£475,566 for future years)	21,552	
Non Benefit	5,118	6 Formal Cautions 5 Disciplinary Action 2 Council tax discounts removed 4 Recommendations for improvements
	903,586	59

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

4. NO RECOURSE TO PUBLIC FUNDS (NRPF)

4.1 As mentioned in the last report to this Committee, NRPF has been identified, during a London wide survey, as an area of high fraud risk. The CAFT has been undertaking pro-active work in this area and as a result the Council has stopped providing subsistence in two cases. In the first case the amount incorrectly paid could have amounted to £34,013 over a number of years.

4.2 In the second case, due to the nature of the claim and the length of time the claim could have run for, the Council estimates that £441,553 could have been paid out.

5. FINANCIAL INVESTIGATIONS

5.1. The Council employs two Financial Investigators to undertake cash seizures and other financial investigations. In addition to the work undertaken for Croydon, the Council's Financial Investigators are also undertaking work for neighbouring boroughs including, Sutton, Merton, Richmond, Kingston and Waltham Forest. Their investigations relate to various services within the Councils including:

- Housing Benefit;
- Trading Standards;
- Direct Payments; and
- Planning

5.2. At the time of writing the Financial Investigators have 30 cases under investigation. These investigations relate not only to Croydon cases, but also to cases for the other London Boroughs.

5.3. Financial Investigators are empowered to apply for restraint orders, which is a type of court order made by a Crown Court judge. The 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 prosecuting authority is required to convince the Judge that on the balance of probabilities, there is reasonable cause to believe the defendant has benefited from "criminal conduct". 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 needs 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 more than 50 restraint orders in place covering the following assets:

- 44 Bank Accounts
- 10 Properties
- 2 Cars

6. LOCAL GOVERNMENT TRANSPARENCY CODE

6.1. 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 2015 Code are publication requirements regarding the Council's 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	14
Total number of employees undertaking investigations and prosecutions relating to fraud	8
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*	119

*The total number of investigations that have been closed during the period 1 April 2015 – 30 September 2015.

7. FINANCIAL AND RISK ASSESSMENTS

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

(Approved by: Lisa Taylor, Head of Finance & Deputy Section 151 Officer)

8. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 8.1 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)

9. HUMAN RESOURCES IMPACT

- 9.1 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)

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

10.1 There are no further considerations in these areas.

11. EQUALITIES IMPACT ASSESSMENT

11.1 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.

CONTACT OFFICER: Simon Maddocks (Head of Governance)