

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 10 October 2018
SUBJECT:	Anti-Fraud Update Report 1 April 18 – 31 August 2018
LEAD OFFICER:	Lisa Taylor, Director of Finance, Investment & Risk
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
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's 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 2018/19 is £263,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

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 2018 – 31 August 2018

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 2018 – 31 August 2018.

3. DETAIL

Performance 1 April 2018 to 31 August 2018

- 3.1 The CAFT comprises 10 staff (8.9 FTEs), including investigators an Intelligence Officer and an Investigation Manager. The CAFT investigates allegations of fraud which affect the Council's business. In addition the team provides a service to the London Borough of Lambeth, as well as providing Financial Investigation services to the Merton/Kingston/Sutton Trading Standards partnership. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 It has been reported previously to this committee that the CAFT was selected as a pilot to take part and help develop the London Counter Fraud Hub (LCFH), alongside Ealing, Camden and Islington councils. The ambition of the LCFH project is to see all of London matching datasets to identify discrepancy. Examples of these could be people registering housing need in more than one borough, claiming small business rate relief on more than one business or registering to vote in more than one borough. Data relating to council tax discounts, housing tenancy and business rates has now been submitted to the LCFH project and we are currently testing the output. Feedback will be given once the pilot phase draws to a close.
- 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 17/18	ANNUAL TARGET 18/19	YTD
Successful Outcomes	120	120	57
Identified Overpayments & Savings	£1,250,000	£1,250,000	£667,572

Table 2 - Breakdown of Outcomes from 1 April 2018 – 31 August 2018 compared to the same period in 2017

2017		2018	
Area	Value £	Area	Value £
Housing - 11 9 Recovered Properties 0 Removed from Housing list 1 Possession Orders 1 Legal notice issued*	162,000	Housing - 17 3 Recovered Properties 4 Removed from housing list 1 Right to Buy stopped 1 Removed from TA 2 Possession order 5 Legal notices issued* 1 - Other	54,000 **8,000 £104,900 £18,000
Other - 38 5 Formal Cautions 9 Dismissal/Resignation & Other Disciplinary Action 3 Council Tax Discounts 12 Blue Badge Abuse 1 Insurance Claim Stopped 1 Care Package Stopped 3 Recommendations for Improvements 4 Other	305,104	Other - 40 3 Formal Cautions 4 Dismissal/Resignation & Other Disciplinary Action 4 Council Tax Discounts 6 Council Tax reduction removed 3 Council tax liability order 3 Blue Badge Abuse 5 Recommendations for Improvements 5 Chargeback warnings 7 Other	£482,672
Total	467,104	Total	£667,572

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

** Non-cashable saving, as cost to the council only arises when someone moves from the list to a tenancy.

3.4 Blue Badge Case study

Parking concessions for disabled people enable many disabled people to live their lives with greater independence. To society the abuse of this concession causes immense irritation, but to a person with disability the impact can be significant. Blue badge abuse is one area the anti-fraud team continues to tackle, both proactively and reactively in response to reports from members of the public and their representatives.

On the 4th July 2018 a Purley resident admitted five counts of fraud after displaying a blue badge in his car when he parked illegally at two sites in the borough.

He was caught using a cancelled blue badge that belonged to another Croydon resident to park on Altyre Road, Croydon and High Street, Purley in 2016.

After officers issued penalty notices for the two incidents he tried to mislead them, claiming the blue badge belonged to him each time.

On another occasion he made a false representation regarding a penalty charge for his Mercedes parked on Meadow Stile, again claiming the blue badge he used belonged to him.

A trial date was set as he indicated he would be contesting the charges. He appeared for trial at Croydon Crown Court on Wednesday 4 July where he admitted five counts of breaching Section 2 of the Fraud Act 2006.

The next day he was sentenced to pay costs of £5,061, fined £1,500 for breaching a suspended sentence for other offences, told to complete 270 hours of unpaid work and obey a 3 month curfew order.

4. FINANCIAL INVESTIGATIONS

4.1 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 Waltham Forest and have recently been commissioned by Merton Trading Standards to provide additional support. Their investigations relate to various departments within the Councils including:

- Housing Benefit – legacy cases;
- Trading Standards - trademark and rogue trader cases;
- Planning – enforcement case;
- Licensing; and
- Internal cases

4.2 At the time of writing the Financial Investigators have 10 cases under investigation involving a total of 19 defendants. These investigations relate not only to Croydon cases, but also to a case for another council.

4.3 Financial Investigators are empowered to apply for restraint orders, which is a type of court order agreed by a 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 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 requirements 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 £110,000 of cash detained as well as 62 restraint orders in place as follows:

- 49 Bank Accounts
- 13 Properties

5. LOCAL GOVERNMENT TRANSPARENCY CODE

5.1 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 for the period from April 2018 to 31 August 2018:

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	8
Total number of full time equivalent employees undertaking investigations and prosecutions of fraud	6.9
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	7
Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	6.1
Total number of fraud cases investigated*	147

*The number of investigations that have been closed during the period April '18 to 31 August 18.

6. FINANCIAL AND RISK ASSESSMENTS

6.1 The budget provision for the anti-fraud service for 2018/19 is £263,000 and the service is on target to be delivered within budget.

6.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

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

(Approved by Sandra Herbert Head of Litigation and Corporate, for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer)

8. HUMAN RESOURCES IMPACT

- 8.1 There are no immediate human resource considerations arising from this report for LBC employees or staff.

(Approved by: Gillian Bevan, Head of HR, Resources)

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. No further action was found to be necessary.

CONTACT OFFICER: David Hogan (Head of Anti-Fraud)