

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 4 April 2019
SUBJECT:	Anti-Fraud Update Report 1 April 18 – 31 January 2019
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: 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.	
FINANCIAL SUMMARY: 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.	
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 January 2019

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 January 2019.

3. DETAIL

Performance 1 April 2018 to 31 January 2019

- 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 claiming single person discount on their council tax when they are not entitled. Following a 2 year period of testing and development the project has been signed off by its Oversight Board and local authorities across London have been encouraged to join up, via subscription and Croydon Council will be subscribing and will continue to support the Hub with a planned go live date of 1st April 2019.
- 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	100	137
Identified Overpayments & Savings	£1,250,000	£1,250,000	£983,434

Table 2 - Breakdown of Outcomes from 1 April 2018 – 31 January 2019 compared to the same period in 2017/18

2017/18		2018/19	
Area	Value £	Area	Value £
Housing		Housing	
15 Recovered Properties	270,000	7 Recovered properties	126,000
1 Right to Buy stopped	103,900	2 RTB stopped	209,800
33 Removed from housing list	**66,000	4 Removed from housing list	8,000
1 Removed from TA	18,000	1 Succession stopped	18,000
1 Succession stopped	18,000	4 Possession order	36,000
2 Possession order		2 Nomination rights	
12 Legal notices served			
Total	360,911		397,800

Corporate 12 Formal Cautions 18 Dismissal/Resignation & Other Disciplinary Action 18 Council Tax Discounts 21 Blue Badge Abuse 1 Insurance Reviewed 1 Care Package Stopped 7 Direct Payment 6 Recommendations for Improvements 1 Safeguarding Referral 3 Landlord licence 5 Ctax reduction cancelled 1 NRPF deportation 11 Other		Corporate 11 Formal Cautions 6 Dismissal/Resignation & Other Disciplinary Action 9 Council tax reduction 8 Council tax discounts 19 Blue Badge Abuse 1 Direct payment 4 Safeguarding referrals 1 SEN removed 1 Freedom pass 22 Other	
Total	475,900	Total	585,634

*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.

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 have also undertaken work for Waltham Forest and are currently engaged by Merton/Richmond Regulatory services partnership to provide additional support. Their investigations relate to various departments within the Councils including:

- Environmental enforcement – 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

4.4 Case Study – Nomination Rights

The council's Anti-Fraud team from time to time get requests from Registered Social Landlords for assistance when they experience fraud from their tenants. Many are small and do not have any anti-fraud resource of their own and the cost of buying in specialist services can be prohibitive and difficult to manage. We have encouraged our local RSL's to speak with us and if we believe we can make a difference we will undertake an investigation for them for no upfront cost, but the guarantee of a nomination right if we succeed in getting the property back.

The nomination right must be for the actual property, or one of a comparable size and location to the one we recover. Last year we undertook two such investigations and gained two nomination rights for our housing allocations team.

In one case, which we took on for Radcliffe Housing Society, they had concerns that their tenant had vacated the property, their family home and left their 25 year old son in occupation to maintain the tenancy. The investigator located the tenants who had relocated to Lincolnshire and proved that the son had remained at the property in the Croydon area. We supported Radcliffe in gaining a court order for possession and family home became available for our housing staff to offer from our waiting list.

In a second case, we were contacted by Orbit Housing Association over their concerns they had a tenant subletting and agreed to undertake an investigation for them. The Investigator found the tenant, a single mother, had relocated to Ongar in Essex to live with her partner. She had sublet her accommodation for profit and maintained her benefits at the Croydon address. Working with investigators from the DWP, who continue to investigate her for suspected benefit fraud, we supported Orbit HA in gaining possession of their property in exchange for the right to house one of our families in that recovered property.

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 January 2019:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	2
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*	331

*The number of investigations that have been closed during the period April '18 to 31 January 19.

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)