

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 11 July 2019
SUBJECT:	Anti-Fraud Update Report 1 April 2018 – 31 March 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:	
<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 was £263,000 and the service was 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 March 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 March 2019.

3. DETAIL

Performance 1 April 2018 to 31 March 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 invited 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 October 2019.
- 3.3 One of the main challenges for the team in 18/19 was in dealing with a significant increase in the misuse of disabled parking permits (Blue Badges). A great deal of investigator time was taken up in dealing with an influx of forged blue badges being used in the borough. These were of a high quality and even included a copy of the security hologram which appears on a genuine blue badge. The team worked with both the police and parking services to identify and deal urgently with these cases and will this year be prosecuting a number of offenders for using these false documents. We know from our investigation that many of the people using these forged documents had paid £250 for the document but neither CAFT nor the Police have yet been able to identify who is producing these forgeries. However, since targeting this fraud and dealing robustly with those caught using them, we are seeing a significant reduction in this offending across the borough.
- 3.4.1 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	18/19
Successful Outcomes	120	100	145
Identified Overpayments & Savings	£1,250,000	£1,250,000	£1,100,063

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

2017/18		2018/19	
Area	Value £	Area	Value £
Housing 19 Recovered Properties 4 Right to Buy stopped 49 Removed from housing list 1 Succession stopped 2 Possession orders 12 Legal notices served	342,000 415,600 *98,000 18,000	Housing 8 Recovered properties 2 Right to Buy stopped 21 Removed from housing list 2 Removed from TA 1 Succession stopped 7 Possession orders 2 Nomination rights 18 Legal notices	144,000 209,800 *42,000 36,000 18,000
Total Housing 65	873,600	61	449,800
Corporate 13 Formal Cautions 21 Dismissal/Resignation & Other Disciplinary Action 29 Council Tax Discounts 22 Blue Badge Abuse 1 Insurance Reviewed 1 Care Package Stopped 8 Direct Payment 9 Recommendations for Improvements 1 Safeguarding Referral 4 Landlord licence 5 Council Tax reduction cancelled 1 NRPF deportation 29 Other		Corporate 15 Formal Cautions 8 Dismissal/Resignation & Other Disciplinary Action 10 Council Tax reduction 12 Council Tax discounts 27 Blue Badge Abuse 1 Direct payment 4 Safeguarding referrals 1 SEN removed 1 Freedom pass 5 Other	
Total Corporate 144	423,544	84	650,263
Total 209	1,297,144	145	1,100,063

* 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 work using the Proceeds of Crime Act 2002. This includes investigating and developing cases to obtain confiscation orders plus cash seizure and cash forfeiture cases. Croydon's Financial Investigators undertake work for other councils, who do not have this capacity, on a fee basis. Last year they undertook work for the Merton/Richmond Regulatory services partnership.

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
 - Internal cases
 - Safeguarding cases
- 4.2 At the time of writing the Financial Investigators have 15 cases under investigation involving a total of 23 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 have to be approved by a Crown Court judge. A restraint order freezes property, including money and assets anywhere in the world. The aim of the order is to preserve a defendant's assets and make them available to satisfy a confiscation order. When there is a successful prosecution and if a confiscation order is granted then the restrained assets may be sold in order to pay the confiscation order. The Council receives a portion of the value of a confiscation order and any forfeited cash.
- 4.4 The Council's Financial Investigators currently have £110,000 of cash detained pending forfeiture plus the following items are restrained;
- 33 Bank Accounts
 - 3 Properties
 - 1 plot of land
- 4.5 During 18/19 one house, one flat and 14 accounts were released from restraint because these assets were needed to satisfy confiscation orders. In the year 18/19 £167,628.83 was granted to Croydon in compensation orders from POCA cases which the courts and the Home Office are now recovering before making payment to us.

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	9
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*	379

*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 was £263,000 and the service was 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. LEGAL CONSIDERATIONS

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that CAFT, in undertaking the functions detailed within the report is required to ensure that there is ongoing compliance with the Data Protection Act 2018, the General Data Protection Regulation and that any necessary Privacy Notices and Data Sharing Agreements are in place and are kept under review to ensure their appropriateness to the functions fulfilled.
- 7.2 There are no further additional legal implications arising from the recommendations within this report.

(Approved by Sandra Herbert Head of Litigation and Corporate Law on behalf of the Director of Law and Governance and Deputy 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. EQUALITIES IMPACT

9.1 An initial screening equalities impact assessment has been completed for the Anti-fraud and Corruption Policy. No further action was found to be necessary.

10. ENVIRONMENTAL IMPACT

10.1 There are no further considerations in this area.

11. CRIME AND DISORDER REDUCTION IMPACT

11.1 There are no further considerations in this area.

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APPENDICES: None