

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 13 January 2020
SUBJECT:	Anti-Fraud Update Report 1st April 2019 – 30 November 2019
LEAD OFFICER:	David Hogan, Head of Anti-Fraud
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The work of the 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 2019/20 is £276,000 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 2019 – 30 November 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 2019 – 30 November 2019.

3. DETAIL

Performance 1 April 2019 to 30 November 2019

- 3.1 The CAFT comprises 10 staff (9.2 FTEs), including tenancy and corporate investigators, an Intelligence Officer, financial investigators and an Investigation Manager. The CAFT investigates allegations of fraud or corruption 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 and the LB Bexley as well as LB Wandsworth. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 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

	YEAR END 18/19	ANNUAL TARGET 19/20	19/20 YTD PERFORMANCE
Successful Outcomes	167	130	129
Identified Overpayments & Savings	£1,099,263	£1,000,000	£947,547

Table 2 - Breakdown of Outcomes from 1 April 2019 – 30 November 2019 compared to the same period in 2018

2018		2019	
Area	Value £	Area	Value £
Housing - 35		Housing - 26	
7 Recovered Properties	126,000	5 Recovered Properties	162,000
4 Removed from housing list	**8,000	2 Removed from housing list	**4,000
2 Right to Buy stopped	£209,800	5 Right to Buy stopped	£550,000
2 Removed from TA	£36,000	4 Possession order	
3 Possession order		9 Legal notices issued*	
15 Legal notices issued*		1 Nomination Rights gained	32,400
1 Nomination Rights gained	£18,000		
1 – Other			

Other - 69 6 Formal Cautions 6 Dismissal/Resignation & Other Disciplinary Action 10 Council Tax Discounts 9 Council Tax reduction removed 3 Council tax liability order 13 Blue Badge Abuse 6 Recommendations for Improvements 6 Chargeback warnings 10 Other	£512,054	Other - 103 29 Formal Cautions 7 Dismissal/Resignation & other Disciplinary Action 4 Council Tax Discount 3 Council Tax Reduction Removed 1 Council tax liability order 43 Blue Badge abuse 16 Other	£199,147
Total	£909,854	Total	£947,547

*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 Government Counter Fraud profession

In October 2018 the government launched the Government Counter Fraud Profession (GCFP). In creating a counter fraud profession, the 26 recognised profession within the civil service, John Manzoni, CE of the Civil Service said 'I see the development of the Counter Fraud Profession as a massive step forward in how we deal with fraud and economic crime in the public sector. It will enable us to understand what expertise looks like, where it lies and help us get it to the right areas'. Fraud investigators working within the public sector already have to be accredited, but there are a number of different accreditation routes and GCFP seeks to consolidate professional standards across the profession by converting those with existing accreditation into the one standard. At the heart of this new standard is a commitment to training and development, along with a formal CPD scheme, something the existing accreditations lack.

The Cabinet Office have the lead role in this work through the Government Counter Fraud Profession Board. With 4,000 investigators currently converted to the GCFP standard across the government departments and agencies, Croydon Council were approached and asked to assist in the roll out of the new profession into local authorities. We formed a collective group of 15 local authorities representing 28 councils and will be submitting a collective application for 100 fraud investigators to convert their current accreditation into the new profession in December. The Croydon application, to be presented to the representatives of the board, will be the first local authority application and see local authority investigators, including all the investigators on CAFT, join colleagues in central government in a new, level, professional playing field.

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 and currently we are being commissioned by LB Newham to assist them in covering maternity absence within their team.

Their investigations relate to various departments within the Councils including:

- Environmental enforcement
- Trading Standards - trademark and rogue trader cases
- Planning – enforcement case;
- Licensing
- Internal cases
- Safeguarding cases
- Business rates evasion by fraud

- 4.2 At the time of writing the Financial Investigators have 15 cases under investigation involving a total of 23 defendants. These investigations relate to Croydon cases, with the exception of one case for Sutton 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.

The Council's Financial Investigators currently have £85,000 of cash detained pending forfeiture, plus the following items are restrained;

33 Bank Accounts

4 Properties

1 plot of land

1 vehicle

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 1 April to 30 November 2019:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	25
Total number of employees undertaking investigations and prosecutions relating to fraud	10
Total number of full-time equivalent employees undertaking investigations and prosecutions of fraud	9.2
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	9
Total number of full-time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	8.4
Total number of fraud cases investigated*	601

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

6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the audit and anti-fraud service for 2019/20 is £276,000 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 law, for and on behalf of Sean Murphy, Interim 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 staff or workers.

(Approved by: Gillian Bevan, Acting Head of HR – Resources and CE Office)

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.

11. DATA PROTECTION IMPLICATIONS

11.1. WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

No, this report is for information only.

11.2. HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

NO

No DPIA has been completed as no personal data is used in the report. Any cases studies used do not include personal identifiers such as name and address

(Approved by: Lisa Taylor, Director of Finance, Investment and Risk)

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