

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 4 March 2021
SUBJECT:	Anti-Fraud Update Report 1st April 2020 – 31 January 2021
LEAD OFFICER:	David Hogan, Head of Anti-Fraud
CABINET MEMBER	Councillor Callton Young Cabinet Member for Resources and Financial Governance
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 2020/21 is £328,107 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 2020 – 31 January 2021

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 2020 – 31 January 2021.

3. DETAIL

Performance 1 April 2020 to 31 January 2021

- 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 generates an income by providing a service to the London Borough of Lambeth, as well as providing Financial Investigation services to LB Bexley, LB Wandsworth, LB Newham and Adur/Worthing councils. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 The team continues to be impacted by the national lockdowns and the need to balance the work they do with the need to keep people safe and this has impacted two of the key components of their work, visiting residents and business and face to face interviewing. This is causing a backlog of investigations casework as it has impacted on the team's ability to conclude investigations. When faced with a similar backlog in the mid- point of last year we prioritised backlogged work and were able to clear this within a couple of months and we will take the same approach this time. This does however reflect in performance figures below which are understandably below target.
- 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

	YEAR END 19/20	ANNUAL TARGET 20/21	20/21 YTD PERFORMANCE
Successful Outcomes	181	130	103
Identified Overpayments & Savings	£1,414,384	£1,000,000	£916,989

Table 2 - Breakdown of Outcomes from 1 April 2020 – 31st January 2021 compared to the same period in 2019/20

2019/20		2020/21	
Area	Value £	Area	Value £
Housing - 34		Housing - 26	

7 Recovered Properties 2 Removed from housing list 6 Right to Buy stopped 1 Nomination Rights 6 Possession order 11 Legal notices issued* 1 tenancy warning letter	£226,800 **£4,000 £658,000 £32,400	5 Recovered Properties 7 Removed from housing list 2 Right to Buy stopped 2 Nomination Rights 1 Temp Accommodation 7 Legal notices issued* 1 Wilful damage 1 Tenancy Warning letter	£162,000 **£14,000 £224,600 £64,800 £32,400
Other - 125 30 Formal Cautions 7 Dismissal/Resignation & Other Disciplinary Action 7 Council Tax Discounts 6 Council Tax reduction removed 50 Blue Badge Abuse 1 NRPF 1 Liability Order 23 Other	£238,901	Other – 77 2 Audit Recommendations 11 Formal Cautions 1 Grant Rejected 6 Dismissal/Resignation & other Disciplinary Action 10 Council Tax Discount 12 Council Tax Reduction Removed 20 Blue Badge abuse 1 NRPF 8 Covid Business grants 6 Other	£419,189
Total	£1,160,101	Total	£916,989

*Includes: Notice Seeking Possession and Notice to Quit

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

3.4 National Fraud Initiative 20/21

The National Fraud Initiative (NFI) is a bi-annual exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

The NFI is a statutory data matching exercise that has operated since 1996, initially the responsibility of the Audit Commission but since 2014 it has been the responsibility of the Cabinet Office using its statutory powers under the Local Audit and Accountability Act 2014.

Where a match is found, it indicates that there may be an inconsistency or circumstance that requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. The NFI is wide ranging in terms of the areas it examines and in total we have received a total of 7457 matches we will need to review. These matches are prioritised in a red, amber, green rating and we are currently working through the red matches. Some examples of the areas matched and the numbers identified for investigation are in the table below:

Match Description	Number
LA pension to DWP deceased	77
Housing Tenancy to Housing tenancy between boroughs with the same personal phone number	43
Blue Badge permit to Blue Badge permit between boroughs with the same personal phone number	33
Blue Badge issued by Croydon to DWP deceased	410
CTRS to CTRS between boroughs	44
Croydon Housing Tenants to other boroughs waiting list	31
CTRS to DWP deceased	68

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. This year they currently are undertaking work for LB Bexley, LB Newham, LB Wandsworth and Adur and Worthing Councils.

Their investigations relate to a broad section of service areas 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 The Financial Investigators, as is the case with many other teams across the council, are experiencing significant delays in legal proceedings due to Covid. This is resulting in constant adjournments as the courts appear to try to deal with their own backlogs.

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 below are some additional areas which we are required to make public. The figures detailed below for the period from 1 April to 31 January 2021:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	6
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*	273

*The number of investigations that have been closed during the period April 20 to 31 January 2021.

6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the anti-fraud service for 2020/21 is £328,107 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: Geetha Blood, Interim Head of Finance, Resources & Place)

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 the 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)