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| REPORT TO: | GENERAL PURPOSES AND AUDIT COMMITTEE 18 July 2018 |
| SUBJECT: | Anti-Fraud Annual Report: 1 April 2017 – 31 March 2018 |
| LEAD OFFICER: | Simon Maddocks, Director of Governance |
| CABINET MEMBER | Councillor Simon Hall Cabinet Member for Finance and Treasury |
| 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 2017/18 is £423,000 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 2017 – 31 March 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 2017 – 31 March 2018.

3. DETAIL

Performance 1 April 2017 to 31 March 2018

- 3.1 The CAFT comprised 12 staff (11.4 FTEs), including investigators an Intelligence Officer and a Head of Service, in addition the team received support from Mazars PSIA Ltd, the Council's external strategic internal audit partner. The CAFT investigates allegations of fraud or corruption which affect the Council's business. In addition, during this period the team provided a service to the London Borough of Bexley to investigate allegations of fraud against them and provides support to the fraud team at the London Borough of Lambeth. It has also provided Financial Investigation services to the LB Waltham Forest as well as 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 discrepancies. 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. The pilot LA's have completed initial testing and are awaiting the final phase of testing, which will be User Acceptance testing. If this is satisfactory the pilot will be signed off and project will move to 'go live' stage

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 16/17 | ANNUAL TARGET 17/18 | 17/18 YTD PERFORMANCE |
|--|------------------------|------------------------|--------------------------|
| Successful Outcomes | 100 | 120 | 217 |
| Identified Overpayments & Savings | £1,250,000 | £1,250,000 | £1,297,144 |

Table 2 - Breakdown of Outcomes from 1 April 2017 – 31 March 2018 compared to the same period in 2016/17

| 2016/17 | | 2017/18 | |
|--|--|---|--|
| Area | Value £ | Area | Value £ |
| Housing 16 Recovered Properties 4 Right to Buy stopped 1 Removed from Temp Accommodation **4 Removed from Housing list 3 Succession Stopped 13 Notices/Orders* | 288,000 405,000 18,000 72,000 36,000 | Housing 19 Recovered Properties 4 Right to Buy stopped 49 Removed from housing list 1 Succession stopped | 342,000 415,600 98,000 18,000 |
| Other 20 Formal Cautions 9 Dismissal/Resignation & Other Disciplinary Action 6 Council Tax Discounts 29 Blue Badge Abuse 1 Insurance Claim Stopped 2 Care Package Stopped 8 Safeguarding Referrals 2 Recommendations for Improvements 1 NRPF stopped 17 Other | 545,348 | Other 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 4 Landlord licence 1 NRPF deportation 35 Other | 423,544 |
| Total | 1,382,348 | Total | 1,297,144 |

*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. Value reduced from £18,000 per case to £2,000 per case in 2017/18

4. FINANCIAL INVESTIGATIONS

- The Council employs two Financial Investigators (FIs) who are accredited by the National Crime Agency, and work using the Proceeds of Crime Act 2002. The FIs conduct financial investigations, attend some arrests and searches, undertake cash seizures, attend Crown Court and the enforcement court and give evidence to represent the council. They currently have cases related to the following service areas:
 - Housing Benefit – (legacy cases)
 - Trading Standards - trademark and rogue trader cases;
 - Planning – enforcement case;
 - Licensing; and
 - Internal cases
- 4.1 At the time of writing the F.I's have 15 cases under investigation involving a total of 29 defendants. These investigations relate not only to Croydon cases, but include a case for another council.
- 4.2 F.I's are empowered to apply for restraint and production orders, which are a type of court order agreed by a judge, as well as being able to seize cash over the minimum value of £1,000. A restraint 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 £84,600 of cash detained as well as 8 restraint orders in place as follows:
 - 25 Bank Accounts
 - 8 Properties
- 4.3 In December 2010 Croydon started the Local Authority Financial Investigators forum to provide support, training and a networking framework and this has grown to 52 members from a wide variety of English councils'

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 17 to March 2018:

| | |
|---|------|
| Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act | 65 |
| Total number of employees undertaking investigations and prosecutions relating to fraud | 12.0 |
| Total number of full time equivalent employees undertaking investigations and prosecutions of fraud | 11.4 |
| Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists | 11.0 |
| Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists | 10.6 |
| Total number of fraud cases investigated* | 740 |

*The number of investigations that have been closed during the period April '17 to 31 March 18.

6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the audit and anti-fraud service for 2017/18 is £423,000 and the service has been 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, Monitoring Officer and Council Solicitor.)

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

