

<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> <b>16 September 2021</b>
<b>SUBJECT:</b>	<b>Anti-Fraud Update Report 1<sup>st</sup> April 2021 – 31 July 2021</b>
<b>LEAD OFFICER:</b>	<b>David Hogan, Head of Anti-Fraud</b>
<b>CABINET MEMBER</b>	<b>Councillor Callton Young</b> <b>Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<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>	
<b>FINANCIAL SUMMARY:</b>	
<p>The budget provision for the Anti-Fraud service for 2020/21 was £328,107 and the service was delivered within budget.</p>	
<b>FORWARD PLAN KEY DECISION REFERENCE NO: N/A</b>	

For general release

<b>1. RECOMMENDATIONS</b>
1.1 The Committee is asked to note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2021 – 31 July 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 2021 – 31 July 2021.

## 3. DETAIL

### Performance 1 April 2021 to 31 July 2021

- 3.1 The CAFT comprises 9 staff (8.43 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 and LB Wandsworth councils. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 The team has begun to return to the full range of duties and many of the ways of working it deployed before last years lockdowns, including visiting residents and businesses and face to face interviewing within the civic centre. There is still a backlog of investigations casework and we do still experience delays in progressing cases through the courts, who are still experiencing their own delays. This continues to have an impact on the team's ability to conclude some investigations. Performance targets for the team have been reduced slightly from the previous year to reflect a reduced workforce and to ensure they remain SMART.
- 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

	<b>YEAR END 20/21</b>	<b>ANNUAL TARGET 21/22</b>	<b>21/22 YTD PERFORMANCE</b>
<b>Successful Outcomes</b>	127	100	37
<b>Identified Overpayments &amp; Savings</b>	£985,107	£850,000	£356,671

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

2020/21		2021/22	
Area	Value £	Area	Value £
<b>Housing - 5</b> 1 Recovered Properties 2 Removed from housing list 1 Nomination Rights 1 Legal notices issued*	£32,400  **£4,000  £32,400	<b>Housing - 24</b> 2 Recovered Properties 1 Removed from housing list 1 Right to Buy stopped 2 Nomination Rights  4 Legal notices issued*	£64,800 **£2,000  £112,300 £64,800
<b>Other – 26</b> 1 Audit Recommendation 3 Formal Cautions 2 Dismissal/Resignation & Other Disciplinary Action 2 Council Tax Discounts 4 Council Tax reduction removed 12 Blue Badge Abuse 2 Other	£25,210	<b>Other – 27</b> 3 Formal Cautions 7 Council Tax Discount 5 Council Tax Reduction Removed 2 Blue Badge abuse 1 NRPF 1 Renovation Grant stopped 6 Covid Business grants 2 Other	£112,771
<b>Total</b>	£94,010	<b>Total</b>	£356,671

\*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 Case Study – Operation Alcade**

Operation Alcade is an investigation lead by the Dept. for Work and Pensions (DWP) Organised Fraud team into an organised crime group based in and around Croydon. DWP identified a trend for persons from abroad making claims for Universal Credit using similar and sometimes identical supporting documentation in making these claims. Further investigation confirmed the

same addresses and range of employers were documented in these claims. DWP Organised fraud team requested the assistance of the Metropolitan Police and the Financial Investigators from Croydon Council in joining them in arranging for the arrest of those thought to be responsible and to facilitate the search of associated property and vehicles. This happened in May 2021. Both the council's financial investigators hold additional accreditation that allows them to seize and deal with cash found that is suspected to be the proceeds of a crime. They played a key role on the day as £37,565 was found across two of the locations. The identified value of the fraud to date is £1.2m.

So what was in it for Croydon council? The opportunity for the team to be part of a multi-agency approach investigating crime within the borough and the messages that will follow that with the subsequent prosecutions. Cash seizure powers are based on CPD and for Croydon's Financial Investigator's they must demonstrate they use these powers on an annual basis to retain them. The timing of this Operation was helpful in that it happened during the period of lockdown when opportunities for this type of Operational activity were limited.

#### **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.

Alongside their work for Croydon Council, Croydon's Financial Investigators undertake work for other councils, who do not have this capacity, on a fee basis. Currently they are undertaking work for LB Bexley and LB Wandsworth Councils. They are also undertaking work with the Dept. for Work and Pensions Organised fraud team on a large scale organised benefit fraud.

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 has resulted in constant adjournments as the courts juggle with their own backlogs but has impacted on both case closure and case progression for the Financial Investigators.

## 5. LOCAL GOVERNMENT TRANSPARENCY CODE

- 5.1 Members will be aware of the Local Government Transparency Code 2015 which requires Councils to publish data about various areas of their activities. Included in the 2020/21 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 March 2021:

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	9
Total number of full-time equivalent employees undertaking investigations and prosecutions of fraud	8.4
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	8
Total number of full-time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	7.4
Total number of fraud cases investigated*	134

\*The number of investigations that have been closed during the period April 21 to 31 July 2021.

## 6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the anti-fraud service for 2020/21 is £300,000 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: Michael Jarrett, 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: Richard Ennis, Interim Director of Finance, Investment and Risk S.151)

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