

<b>REPORT TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b> <b>24 November 2022</b>
<b>SUBJECT:</b>	<b>Anti-Fraud Update Report 1 April 2022 – 30 September 2022</b>
<b>LEAD OFFICER:</b>	<b>Malcolm Davies, Head of Anti-Fraud, Risk &amp; Insurance</b>
<b>CABINET MEMBER</b>	<b>Councillor Jason Cummings</b> <b>Cabinet Member for Finance</b>
<b>WARDS:</b>	<b>All</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. The detection of fraud and better anti-fraud awareness contribute to the perception of a law-abiding Borough.</p>	
<p><b>FINANCIAL SUMMARY:</b></p> <p>The net budget for the antifraud service as a whole is £459,000 (£315,000 general fund plus £144,000 HRA contribution) and the service is currently delivering within budget.</p>	

## **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 2022 – 30 September 2022

## 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 1 April 2022 – 30 September 2022

## 3. DETAIL

### Performance 1 April 2021 to 30 September 2022

- 3.1 The CAFT comprises 6 investigators covering tenancy, corporate and financial investigations. Since January 2022 the Croydon team have been supported by interim management support from the London Borough of Lambeth antifraud service. These arrangements will be formalised by way of a S101 agreement establishing a shared service to the mutual benefit of both boroughs with effect from 1 January 2023. The anti-fraud service investigates allegations of fraud or corruption which affect the Council's business. In addition, the team generates an income by providing services to other London Boroughs. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 The team has returned to the full range of duties and ways of working including visiting residents and businesses and face to face interviewing within the civic centre.
- 3.3 There are local performance indicators that relate to the Council's anti-fraud work. The two indicators shown in table 1 below detailing the number of successful outcomes and their value. Table 2 shows a breakdown of *all* cases investigated/closed by the team irrespective of outcome.

Table 1 – Key performance indicators

	21/22 to Q2 PERFORMANCE	ANNUAL TARGET 21/22	22/23 to Q2 PERFORMANCE
Successful Outcomes	81	100	51
Identified Overpayments & Savings	£612,900	£850,000	£694,155

Table 2 - Breakdown of Total Cases actioned from 1 April 2022– 30 September 2022 compared to 2021/22

2021/22	2022/23
Blue Badge 7 Corp. Other 2 Council Tax Reduction 20 COVID Additional Restriction Grant 4 COVID Discretionary grant 3	Blue Badge 22 Council Tax Reduction 2 COVID Small business grant 1 Financial Investigations 10 Housing Application 10

COVID Small business grant 12 Direct Payment 1 Financial Investigations 19 Housing Application 14 Housing Illegal Sub-let 12 Housing Non-Occupation 5 Other Housing Fraud 2 Housing Right to buy 3 Housing Succession 3 National Fraud Initiative 2 No Recourse to Public Funds 3 Safeguarding 3 Single Person Discount 1 Staff - Internal misconduct 5  <b>Total 121</b>	Housing Illegal Sub-let 11 Housing Non-Occupation 6 Housing Other Housing Fraud 1 Housing Right to buy 6 Housing Succession 8 National Fraud Initiative 3 Pensions 1 Planning 1 Single Person Discount 2 Staff - Internal misconduct 9  <b>Total 93</b>
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### 3.4 Case Study:

#### **Polygamous staff working.**

CAFT investigates allegations of fraud against the council, including all referrals involving officers, contractors, and agency workers. In addition to investigating allegations of fraud, CAFT also investigate concerns involving officer's failure to follow process or procedure, particularly where this may have a financial or reputational impact on the Council.

Hybrid working provides an opportunity for unscrupulous activities to go unnoticed that may be in breach of policy or procedure, or of greater concern, acts of fraud or theft. A recent fraud type identified widely is referred to as 'polygamous working', where officers working primarily from home carry out more than one job.

It is well established that in times of economic hardship the risk of fraud increases; this has been reported widely during and since the pandemic by many organisations. New ways of working, present new challenges for managing risk and requires managers to develop and utilise skills to manage their officers remotely.

Managers mitigate the risk by ensuring that staff reporting to them are managed appropriately with the following 'red flags' being considered:

- Officers taking a long time to respond to managers emails or not responding at all.
- Officers failing to attend meetings or appearing to be not 'present' during meetings.
- Officers not taking holidays or refusing promotion or other opportunities.
- Controlling behaviour.

- Concerted efforts to avoid scrutiny.

In Croydon we have dealt with several such cases involving staff working for more than one organisation simultaneously including 2 cases dealt with in the last few weeks. In one case an agency worker who was working at home and turned out to be working for 2 different councils simultaneously. The agency worker once investigated admitted the offence and was dismissed immediately. In a second case the Director referred to the ‘classic signs’ they had become aware of, identified above. The CAFT team found that the officer had other self-employment that was undeclared being carried out in Croydon time and also posed a significant conflict of interest risk in this area of the business.

## 4 INVESTIGATIONS

4.1 Fraud investigations relate to a broad section of service areas within the Council including:

- Environmental enforcement
- Housing
- Parking
- Trading Standards - trademark and rogue trader cases
- Planning – enforcement cases
- Licensing
- Internal cases
- Safeguarding cases
- Revenues & Benefits
- Financial investigations

## 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 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 are for the last full year from 1 April to 31 March 2022:

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

## **6 FINANCIAL AND RISK ASSESSMENTS**

**6.1** The net budget for the antifraud service as a whole is £459,000 (£315,000 general fund plus £144,000 HRA contribution) and the service is currently within budget.

**6.2** There are no further risk assessment issues than those already detailed within the report.

(Approved by: Nish Popat, Interim Head of Finance, Resources)

## **7 COMMENTS OF THE SOLICITOR TO THE COUNCIL**

**7.1** The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer that the Corporate Director of Resources and Chief Finance Officer has a statutory responsibility under Regulation 4 of the Accounts and Audit Regulations 2015 to determine the Council's financial control systems, and those systems must include measures "to enable the prevention and the detection of inaccuracies and fraud". In addition, under Section 151 of the Local Government Act 1972 the Council must make arrangements for the proper administration of its financial affairs.

**7.2** The Council also has a duty under the Crime and Disorder Act 1998 section 17 to exercise its functions with due regard to the need to do all that it reasonably can to prevent crime and disorder in its area.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Deputy Monitoring Officer)

## **8 HUMAN RESOURCES IMPACT**

**8.1** Other than the cases identified in this report which have been managed through the appropriate policies and procedures there are no other immediate human resource considerations arising from this report for LBC employees or staff.

Any impacts arising will be managed under the Council's HR policies and procedures.

(Approved by: Gillian Bevan, Head of HR – Resources and Assistant Chief Executives Office on behalf of Dean Shoesmith, Chief People Officer)

## **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 There are no equality implications in this report. An EQIA has been carried out on the Anti Fraud policy and will be revised in due course

Approved by Denise McCausland Equalities Programme Manager.

## **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: Jane West, Corporate Director of Resources & S.151)

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**CONTACT OFFICER: Malcolm Davies (Head of Anti-Fraud, Risk & Insurance)**