

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No. 6
Ward	ALL	
Contributors	Head of Corporate Resources A-FACT Group Manager	
Class		Date: 19 November 2014

1. Purpose of the Report

- 1.1. The purpose of this report is to present the Audit Panel with a review of the work of the Anti-Fraud and Corruption Team (A-FACT) in the last period (April to Sept 2014).

2. Recommendations

- 2.1. It is recommended that the Audit Panel note this report for information.

3. Special Investigations

- 3.1. Details of work and comparative figures for the same period in the prior year are shown below, along with the previous full year figures for reference.

Summary of Special Investigations work	2014/15	2013/14	Change		2013/14	2012/13	2011/12
	P6 YTD	P6 YTD	Number	%	FY	FY (CORRECTED FIGURES)	FY
b/f	30	41	-11	-27%	41	32	84
New	40	42	-2	-5%	79	103	61
Closed	28	50	-22	-44%	-91	-94	-115
c/f	42	33	9	27%	30	41	30
Of which							
E'ee cases	4	16	-12	-75%	27	35	53
- resulting in action	1	9	-8	-89%	16	21	20
Other cases	24	34	-10	-29%	64	59	62
- resulting in action	8	8	0	0%	22	13	10

- 3.2. The number of cases outstanding has risen due to a number of factors including a number of cases being dealt with by the team and awaiting updates on investigations where reports have been issued but recommended action is still to be concluded by the service area.

- 3.3. "Other Cases" include applications for support by those who have No Recourse to Public Funds as well as other non employee related fraud enquiries to assist other organisations or Boroughs with their investigations. Case concluded with action in the most recent period included:

- A case of destitution where we were able to prove that the person's circumstances were not as declared and payments ceased.
- The fraudulent use of a Blue disabled parking badge at the O2. The user who had no disability was prosecuted and received a 12 month conditional discharge and a £200 fine.

Employee Related cases

- 3.4. Whilst there are a number of employee cases ongoing there have not been any concluded cases of staff fraud in this period.

Analysis of employee fraud	2014/15	2013/14	Change		2012/13	2011/12
	P6 YTD	P6 YTD	Number	%	FY	FY
Dismissed/resigned & Convicted	0	0	0	0%	2	2
Convicted & recommended disc. Action	0	0	0	0%	1	
Resigned/Dismissed	1	3	-2	-67%	5	9
Other disciplinary (incl not employed)	0	2	-2	-100%	3	8
Monies repaid	0	0	0	0%	1	0
Management action	0	2	-2	0%	6	1
Identity issue cleared	0	2	-2	0%	3	0
Total	1	9	-8	-89%	21	20

- 3.5. Quarterly reports continue to be issued to each Executive Director with a summary of all cases being dealt with by Special Investigations in their Directorate. This ensures that the risk of fraud is considered in the context of the demands of the service, priorities are agreed, and progress on investigations communicated.

Lewisham Homes

- 3.6. A-FACT continues to undertake investigation work on behalf of Lewisham Homes under a Service Level Agreement. This equates to just under one full time equivalent member of staff and a proportion of the police officer's time. The outcome of these investigations is reported by Lewisham Homes to their Audit Committee.

Pre-employment Checks

- 3.7. A-FACT support Human Resources by undertaking part of the Council's recruitment checks. Each potential employee of the Council is required to complete a pre-employment check focusing on any issues relating to benefits, council tax, rent and personal business interests which may cast doubt on the individual's integrity or potential conflicts for their work going forward.

Summary of pre-employment checks	2014/15	2013/14	Change		2013/14	2012/13
	P6YTD	P6 YTD	Number	%	FY	FY
Checks completed	151	183	-32	-17%	274	246
Action taken	18	13	5	38%	20	16

- 3.9 Of the 18 cases concluded with action taken 13 were dealt with in the most recent period. These were seven with undeclared business interest, two with significant council tax arrears due to the Council and four where they were required to notify benefit that they were starting work. In all cases the applicants were eventually recruited.

4 Benefit Investigations

- 4.1 Details of work and comparative figures for the same period in the prior year are shown below, along with the previous full years figures for reference.

Summary of benefit investigations work	2014/15	2013/14	Change		2012/13	2011/12
	P6 YTD	P6 YTD	Number	%	FY	FY
b/f	242	210	32	15%	349	381
New	58	174	-116	-67%	304	264
Closed	108	117	-9	-8%	443	-296
c/f	192	267	-75	-28%	210	349
Sanctions resulting	22	39	-17	-44%	78	84
Of which						
Admin penalty	0	3	-3	-100%	7	11
Caution	18	26	-8	-31%	54	52
Prosecution	4	10	-6	-60%	17	21
Overpayment £	230,223	303,038	-72,815	-24%	616,761	640,355

- 4.2 The two officers in the Benefit Investigation section are due to be transferred to the DWP in April 2015 and therefore continue to bring as many of the existing cases to a successful conclusion as possible.

- 4.3 It remains unclear what will happen to any cases outstanding as at 1st April 2015 but it is unlikely that it will be possible to transfer any complex cases. New cases are therefore only being taken on where there is a realistic chance of conclusion before the transfer.

5 Housing Investigations

- 5.1 Details of work and comparative figures for the same period in the prior year are shown below, along with the previous full year figures for reference.

Summary of Housing Application Investigation	2014/15	2013/14	Change		2013/14	2012/13	2011/12
	P6 YTD	P6 YTD	Number	%	FY	FY	FY
b/f	39	76	-37	-49%	76	48	72
New	18	22	-4	-18%	67	105	66
Closed	-45	-71	26	37%	-107	-77	-90
c/f	12	27	-15	-56%	36	76	48

Summary of Housing Application Investigation	2014/15	2013/14	Change		2013/14	2012/13	2011/12
	P6 YTD	P6 YTD	Number	%	FY	FY	FY
Resulting in action	35	7	28	400%	50	25	18

- 5.1 There have been 20 successful cases closed in this period. These are all in relation to an ongoing project to check the Housing Register applications which are Band 2 applications for housing (These are considered in High Need of Housing). The majority of these applicants have been actively bidding for properties. So far 289 of the 453 applications for Band 2 priority have been checked with a total of 67 being identified as fraudulent. We are aiming to complete the verification of the remaining applications by the end of the year.
- 5.2 The Audit Commission have stated that there is significant value associated with recovering tenancies and preventing fraudulent applicants from being housed. They estimate that the average cost of temporary accommodation for a family for a year is £18,000. On this basis A-FACT have either recovered and prevented tenancies being wrongly allocated in 35 cases, representing £630,000 of public funds.

6 DCLG Housing Bid funding

- 6.1 Since January 2012 the DCLG have funded investigation work based within A-FACT to work with local housing partners to tackle fraud related to social housing. Work is being directed by Strategic Housing (Customer Services) and delivered by A-FACT working in Lewisham and with the South East London Housing Partnership (SELHP).

Summary of DCLG Housing Investigations work	2014/15	2013/14	Change		2012/13	2011/12
	P6	P6	Number	%	FY	FY
b/f	33	9	24	267%	19	0
New	147	42	105	250%	158	48
Closed	105	36	69	192%	-168	-29
c/f	75	15	60	400%	9	19
Tenancies recovered	22	11	11	100%	26	9
Breakdown by RSL						
L & Q	14	9	5	56%	12	7
Pinnacle	3	1	2	200%	8	2
Decant (Milford Towers)	0	0	0	0%	4	0
Lewisham Homes	1	1	0	0%	2	0
Hexagon	3	0	3	300%	0	0
Family Mosaic	1	0	1	100%	0	0

- 6.2 The rise in number of cases taken on and closed and rise in results in this period is a reflection of the good progress this initiative continues to make as it matures (now in third year) and our approach is refined. The extra funding from DCLG that has

enabled additional resource to be deployed and the support and engagement of more partners from the region via SEHLP.

6.3 In the first six months 22 properties have been recovered, including a four bedroom house and three houses with three bedrooms as well as smaller properties. Under the scheme with SELHP, Lewisham has nomination rights on all of these properties.

6.4 In one case it was established that the tenant had actually sublet the property from the very first day they had been allocated the tenancy. The tenant had also failed to declare that they owned a property when allocated the tenancy. They continued to sublet for 14 years and brought two more properties in this period. They also claimed housing benefit for eight of these years. From the evidence gathered they were making a profit of approx £600 per month on this social housing tenancy. Further action against this person is being considered.

6.5 On the basis of the Audit Commission figures for the value of social housing the recovery of these 22 tenancies equates to £396,000 of public funds.

7 Local Government Transparency Code 2014

7.1 The new Local Government Transparency Code issued on 3rd October 2014 introduces the requirement for all local authorities to publish data on it's anti-fraud arrangements on at least an annual basis.

7.2 The information that has to be published is

- Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to require information) (England) Regulations 2014 or similar powers,
- Total number of employees undertaking investigations and prosecutions of fraud
- Total number of professionally accredited counter fraud specialists
- Total amount spent by the authority on the investigation and prosecution of fraud
- Total number of cases investigated.

7.3 The Code also includes the recommendation that further information should be published including total number of cases of irregularity investigated and the monetary value of the fraud and irregularity identified.

7.4 This data that is required to be published will be included in the next report to Internal Control Board.

8 Publicity

8.1 There have not been any cases suitable for publication in the last period.

9 Fraud Awareness Training

9.1 No fraud awareness training has been delivered in this period however more training is planned for the autumn.

10 Metropolitan Police Seconded

10.1 Detective Constable Norris continues on secondment to A-FACT from the Metropolitan Police.

11 Legal Implications

11.1 There are no legal implications arising directly from this report.

12 Financial Implications

12.1 There are no financial implications arising directly from this report.

13 Equalities Implication

13.1 There are no specific equalities implications arising directly from this report.

14 Crime and Disorder Implications

14.1 There are no crime or disorder implications arising directly from this report

15 Environmental Implications

15.1 There are no specific environmental implications arising directly from this report.

16 Background Papers

16.1 There are no background papers reported.

If there are any queries on this report, please contact

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