

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No. 8
Ward	ALL	
Contributors	Head of Corporate Resources	
Class		Date: 8 December 2015

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.

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 two full year figures for reference.

Summary of Special Investigations work	2015/16	2014/15	Change		2014/15	2013/14
	P6 YTD	P6 YTD	Number	%	FY	FY
b/f	45	30	15	50%	30	41
New	59	40	19	48%	97	79
Closed	-70	-28	42	150%	-82	-91
c/f	34	42	-8	-19%	45	30
Of which						
E'ee cases	9	4	5	125%	19	27
- resulting in action	5	1	4	400%	10	16
Other cases	61	24	37	154%	63	64
- resulting in action	12	8	4	50%	31	22

- 3.2. "Other Cases" include applications for support by those who have No Recourse to Public Funds and claims for Direct Payments for Care as well as other non employee related fraud and enquiries to assist other organisations or Boroughs with their investigations. The seven cases successfully concluded in the most recent period included

- Two cases where evidence gathered for a No Recourse to Public Funds case was key to not only stopping payments but also helped defend a judicial review that was bought against the Council.
- Evidence provided for an investigation into a child that was failing to attend school. This will assist Lewisham in taking further action against the parent.

Employee Related cases

- 3.3. Of the 70 cases closed in the last six months nine concerned employees and five resulted in action. These cases are included in the year to date figures shown below.

Analysis of employee fraud	2015/16	2014/15	Change		2014/15	2013/14
	P6 YTD	P6 YTD	Number	%	FY	FY
Dismissed/resigned & Convicted	0	0	0	0%	0	1
Convicted & recommended disc. Action	0	0	0	0%	2	5
Resigned/Dismissed incl. agency staff	2	1	1	100%	1	6
Other disciplinary (incl. not employed)	2	0	2	200%	2	0
Monies repaid	0	0	0	0%	2	2
Management action	0	0	0	0%	2	2
Identity issue cleared	1	0	1	0%	1	0
Total	5	1	4	400%	10	16

- 3.4. The three cases where action was taken in the last period were:
- Two instances were Pre-employment checks found issues with potential employees. The first case had Council Tax arrears of over £6,000 which they had made no effort to address and in the second case it was found that they had been dismissed from the Council several years previously. This had not been declared on their application.
 - One case where an agency employee was found not to have declared a significant conflict of interest. Their contract was terminated with immediate effect.
- 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 which has now been extended for 2015/16. This 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	2015/16	2014/15	Change		2014/15	2013/14
	P6YTD	P6YTD	Number	%	FY	FY
Checks completed	124	151	-32	-18%	270	274
Action taken	15	18	-3	-17%	25	20

- 3.8. The eleven cases in the last three months that were flagged for further action were
- Six cases where business interests were identified but there was no conflict of interest so the appointment could go ahead.
 - Two cases where Council Tax Single Person Discount was removed as the council had not been aware that more than one person was resident.
 - In one case the applicant was required to make an arrangement to repay their council tax arrears of just over £700.
 - A potential employee failed to declare that they had been previously dismissed from the council's service. His provisional offer of employment was withdrawn.
 - There was another case where employment could not be confirmed as the applicant had arrears in excess of £6,000 which they had made no reasonable attempt to repay over a number of years.

4 Housing Investigations

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

Summary of Housing App Investigations	2015/16	2014/15	Change		2014/15	2013/14
	P6 YTD	P6 YTD	Number	%	FY	FY
b/f	42	39	3	8%	38	76
New	13	18	-5	-28%	46	67
Closed	-17	-45	-29	62%	-65	-107
c/f	38	12	26	217%	19	36
Resulting in action	6	35	-29	-83%	42	50

- 4.1 Whilst there has only been one successfully concluded case in the current period it should be noted that this officer has been engaged in a number of detailed investigations on behalf of Lewisham Homes and that these are not included in our returns. The successful case established that an application for housing was fraudulent as the applicant already had housing in another borough.

4.2 Work is also being undertaken on matches produced as part of the National Fraud Initiative. The results of these will be shown in the next quarter results.

4.3 The Audit Commission have stated that there is a 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 six cases so far this year, representing a saving of £108,000 plus ensuring that decant applications were for the correct size property.

5 DCLG Housing Bid funding

5.1 Since January 2012, grants from the DCLG have funded an investigator based within A-FACT to work with local housing partners to tackle fraud related to social housing.

Summary of DCLG Housing Investigations work	2015/16	2014/15	Change		2014/15	2013/14
	P6	P6	Number	%	FY	FY
b/f	176	33	143	433%	33	9
New	41	147	-106	-72%	269	111
Closed	180	105	75	71%	-126	-83
c/f	37	75	-38	-51%	176	37
Tenancies recovered	12	22	-10	-45%	38	33
Breakdown by RSL						
L & Q	1	14	-13	-93%	20	19
Pinnacle	7	3	4	133%	10	6
Brockley Co-Op	2	0	2	200%	1	4
Lewisham Homes	0	1	-1	-100%	3	2
Hexagon	2	3	-1	-33%	3	1
Family Mosaic	0	1	-1	-100%	1	1

5.2 In the last period six tenancies were recovered including a three bedroom flat with full disabled adaptations (wet room, hoists etc). The other properties are a three bedroom house, a three bedroom flat, and three two bedroom properties, one of which was subject to an active Right to Buy application which was prevented.

5.3 One of the cases detailed above required civil possession proceedings to be taken in order to recover the tenancy. Not only did the court award outright possession to Pinnacle Housing but they also granted an Unlawful profit order of £8,638 against the tenant. Both these decisions were based on the evidence provided from the A-FACT investigation. An unlawful profit order is granted on the basis that the tenant had profited from the subletting, the order requires that this is repaid to the landlord.

5.4 A-FACT are in the process of risk assessing the 275 new build cases mentioned in the last report. These are being logged as new investigations only if they are accepted for further investigation.

5.5 On the basis of the Audit Commission figures for the value of social housing as detailed in para 5.3. The recovery of the twelve tenancies to date equates to £216,000 plus the right to buy that was prevented (£103,900 discount saved).

7 Publicity

7.1 There have been no cases suitable for investigation in this period.

8 Fraud Awareness Training

8.1 In this period A-FACT have delivered three Fraud Awareness Sessions. This included training front line staff from other boroughs who are working in partnership with Lewisham to tackle fraudulent claims by those with No Recourse to Public Funds .

9 Projects

9.1 In late 2014/15 A-FACT were successful in securing one off funding for 15 months for four counter fraud projects. There were in the areas of procurement, training, housing, and no recourse to public funds. Results from this work will be reported in future updates as they come through.

10 Metropolitan Police Seconded

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

10.2 As Lewisham A-FACT have become more proficient in securing prosecutions, we have started to uncover more sophisticated frauds which require the powers of arrest and search in order to be addressed effectively. The Police Seconded continues to enable the team to deal with cases that we wouldn't otherwise be able to progress.

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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