



Audit & Risk Committee

Anti-Fraud and Corruption Team – Annual Report

Date: 13 September 2023

Key decision: No.

Class: Part 1.

Wards affected: All

Contributors: Rich Clarke, Head of Assurance
Carol Owen, Anti-Fraud and Corruption Team Manager

Outline and recommendations

The purpose of this report is to present the Audit & Risk Committee with a review of the Anti-Fraud and Corruption Team's (A-FACT) work in the last financial year.

We ask that Members **note** this report.

1. Summary

- 1.1. The year 2022/23 represented something of a return to 'normal' for fraud referrals. After nearly three years where a significant proportion (sometimes a large majority) of the team's work focussed on fraud compliance with Covid support grants. The reduction in Covid-related workload has also meant a resumption of more preventative and governance work, including fraud awareness training and a revised counter fraud policy (attached to this report).
- 1.2. Therefore, while we see something of an increase in cases when viewed year-to-year, there is no strong evidence that this represents an increase in the underlying level or vulnerability to fraud. While we cannot rule out that explanation, we see this more as an expected rebound to 'routine' referrals in line with a more general return to regular business. An example is in information requests under the Prevention of Social Housing Fraud (POSHFA) regulations. These regulations provide us with a powers to request additional information

from, for example, utility providers to help establish residence where that it a live issue in a fraud investigation. These requests dropped to 19 in 2020/21 and just five in 2021/22 reflecting the distribution of counter fraud workload. The rebound to 32 requests in 2022/23 is much more typical historically (2019/20 and 2018/19 both also saw 32 requests).

- 1.3. The report also refers to work completed by the team on behalf of Lewisham Homes. On 1 October Lewisham Homes returns to the Council's direct control, which will affect how we report but not significantly alter how we work. Notably, the two main contact officers we work with in Lewisham Homes will both transfer to the Assurance Division, supporting continuity in ongoing investigations.
- 1.4. A reduction in heavy responsive workload has also allowed us to look forward to more long-term strengthening the Council's counter fraud response. We recently advertised for an apprentice to join the team and hope to appoint later in September. The apprentice will work towards a professional qualification in counter fraud alongside one of the few fully qualified and accredited counter fraud teams in local government.

2. Recommendations

- 2.1. We ask that Members **note** this report.

3. Policy Context

- 3.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):
 - Cleaner and Greener
 - A Strong Local Economy
 - Quality Housing
 - Children and Young People
 - Safer Communities
 - Open Lewisham
 - Health and Wellbeing
- 3.2. This report aligns to all priorities through its role in supporting good governance.

4. Background

- 4.1. The A-FACT comprised five officers during 2022/23. The work is focused on special Investigations, housing, pre-employment checks for employees, and service level agreement with Lewisham Homes.
- 4.2. The special investigation work covers allegations involving employees, contractors, business rates, grants, blue badges and financial irregularities within or against Lewisham Council.
- 4.3. The housing investigation work covers fraudulent applications relating to Homelessness, Housing register, Right to Buy and Cash Incentive schemes. Investigations into subletting are conducted on behalf of our partners Lewisham Homes and several Registered Social Landlord (RSLs)
- 4.4. The referencing work covers pre-employment checks focusing on potential conflicts of interest and monies owed to the council for council tax etc, as well as investigating any anomalies with employment history etc.
- 4.5. We also support Lewisham Homes with more serious allegations of fraud within or against Lewisham Homes and pre-employment checks.

5. Investigation Work

Special Investigations

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

Summary of Special Investigations	2022/23	2021/22	2020/21
Bought forward from prior years	44	47	37
New Cases	112	67	76
Closed Cases	91	70	66
- Employee & Agency Closed with action	8	6	10
- Employee & Agency Closed no action	3	4	0
- Other Closed with action	50	41	43
- Other Closed no action	30	19	13
c/f	65	44	47

5.2. There were 8 staff cases concluded in the year resulting in action.

- 2 x resigned whilst under investigation
- 1 x Written warning
- 1 x not employed due to issues identified by pre-employment vetting process
- 4 x no fraud identified but procedural weaknesses identified and improved

5.3. There were a further 5 cases where Lewisham Homes decided not to employ potential staff due to discrepancies identified as part of our pre-employment checking service provided to them under the terms of the SLA. These are not included in the table above but are referred to in section 5.18 of this report.

5.4. The tables below show further analysis of employee and non-employee fraud.

Emp & Agency Case Analysis	2022/23	2021/22	2020/21
Dismissed/resigned & Convicted	0	0	1
Resigned/Dismissed incl agency	2	1	4
Other disciplinary or monies repaid	2	4	4
Management action incl process review	4	1	0
Identity or other issue cleared	0	0	1
Closed with no action	3	4	0
Total Employee & Agency Cases	11	6	10

Non Employee Cases 2022/23	Total Cases	Fraud Proven or Prevented	Evidence Provided	No Fraud / NFA	Req for info
Blue Badge	17	7	2	8	0
Direct Care Payments	4	2	0	2	0
Business Rates	7	1	0	6	0
Other cases	21	7	0	14	0
Information request	31	0	0	0	31
Total	80	17	2	30	31

- 5.5. The 17 cases where fraud was proven or prevented relate to
- 7 x Blue Badge cases – 1 prosecution, 2 seized & warnings issued, and 3 warnings issued.
 - 2 x Direct Payment for Care cases – Concerns identified which resulted in payments being stopped or reduced with a saving totalling £23k per year.
 - 1 x Business rates – Overpayment raised of £10k to recover fraudulently obtained Covid grant.
 - Other cases include two attempted mandate frauds, a fraudulent application for a Freedom Pass and advice regarding ceasing a relationship with an existing supplier in line with central government guidance.
- 5.6. In the table above “Requests for information” includes requests for data from other local authorities/organisations which will assist with investigations they are undertaking. On occasion this results in successful joint investigation if a fraud is also suspected against Lewisham.
- 5.7. The table below shows the breakdown of cases received and closed April to June 2023.

Summary of Special Investigations work	Apr-Jun 23
Bought forward	65
New Cases	21
Closed Cases	14
- Employee & Agency Closed with action	1
- Employee & Agency Closed no action	2
- Other Closed with action	10
- Other Closed no action	1
c/f	72

- 5.8. The 11 cases closed with action relate to
- 1 x Recommendation relating to the use of agency staff outside of the corporate contract.
 - 3 x Blue badge cases. One badge seized, one warning issued and one application refused
 - 5 x Requests for information
 - 1 x Fraudulent transaction on prepaid card.
 - 1 x Fraud awareness training provided for Social Workers.

Pre-Employment Checks

5.9. A-FACT support the People & Organisational Development service 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 Council tax, benefits, rent and personal business interests which may cast doubt on the individual's integrity or potential conflicts for their work going forward. This process also applies to agency staff.

Summary of checks	2022/23	2021/22	2020/21
Checks completed	369	311	265
Action taken	31	28	32
Proportion with action	8%	9%	12%

5.10. The 32 cases can be broken down as follows

- 7 x repayment plans agree to pay outstanding Council Tax totalling £25,842.
- 16 x declared Company directorships checked for conflicts of interest.
- 7 x undeclared Company directorships identified.

5.11. A further case resulted in the offer of employment being withdrawn. This is detailed in section 5.2 of this report.

5.12. A table below shows the breakdown of cases received and closed April to June 2023.

Checks April - June 2023	
Checks completed	94
Action taken	11
Proportion with action	12%

5.13. Cases resulting in action can be broken down as follows.

- 4 x repayment plans agree to pay outstanding Council Tax totaling nearly £9k
- 5 x declared Company directorships checked for conflicts of interest
- 2 x undeclared Company directorships identified.

Energy Bills support Scheme

5.14. A-FACT worked with Council Tax to ensure that the Energy Rebate Scheme was subject to proportionate fraud checks to limit any opportunity for fraud whilst ensuring that residents can access the support in a timely and convenient method.

Anti-Fraud and Corruption Policy

5.15. The Council's Anti-Fraud & Corruption Policy has been reviewed and updated. The revised version is attached as appendix A.

Lewisham Homes

5.16. A-FACT continues to undertake investigation work on behalf of Lewisham Homes under a Service Level Agreement. The investigation work has been severely hampered by the pandemic. Interviews, visits and court cases have stalled. Whilst this has reduced the volume of work that has been concluded we have worked with Lewisham Homes to recover five tenancies and, in one case, reduce the size of tenancy offered.

5.17. A-FACT also undertake pre-employment checks for Lewisham Homes, with 17 resulting in further action.

Lewisham Homes checks	2022/23	2021/22
Checks completed	98	92
Action taken	17	8
Proportion with action	17%	9%

5.18. Cases resulting in action can be broken down as follows

- 5 x repayment plans agreeing to repay over £14k
- 5 x declared company directorships checked for conflicts of interest
- 2 x Company directorships identified

5.19. A further five cases resulted in offers of employment being withdrawn. These are detailed in section 5.2 of this report.

5.20. The table below shows the breakdown of Lewisham Homes pre-employment checks received and closed between April – June 2023.

Lewisham Homes April - June 2023	
Checks completed	21
Action taken	2
Proportion with action	10%

Registered Social Landlord (RSL) and Housing Investigations

5.21. The table below summarises outcomes from RSL and Housing investigations.

RSL & Housing Cases	2022/23	2021/22	2020/21
b/f from prior years	41	26	29
New	97	54	29
Closed – No action	58	39	32
Closed – With action	14	10	4
C/fwd to future years	66	41	29

5.22. Due to overlaps in the work for our RSL partners and applications for housing and homelessness we have combined the figures below for both areas of work. As with special investigations, cases are linked to the year closed.

5.23. Cases resulting in action can be broken down as follows .

- 5 x tenancies recovered
- 7 x Applications for housing cancelled
- 1 x No. of bedrooms reduced
- 1 x Succession prevented

5.24. Whilst recoveries remain lower than prior to the pandemic referrals from the various housing partners have increased which should result in more successful cases going forward.

Local Government Transparency Code 2014

5.25. The Local Government Transparency Code requires all local authorities to publish data on their anti-fraud arrangements on at least an annual basis.

5.26. The data for 2022/23 is shown along with the two previous years for comparison. It should be noted that in the case of investigations into Business Rate grants only closed successful cases have been included due to the volume of checks conducted.

Data required	2022/23	2021/22	2020/21
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to require information) (England) Regulations 2014 or similar.	32	5	19
Total number of employees undertaking investigations and prosecutions of fraud	5	5	5

Data required	2022/23	2021/22	2020/21
Total number of professionally accredited counter fraud specialists	5	5	5
Total amount spent by the authority on the investigation and prosecution of fraud	£288,909	£283,844	£315,367
Total number of cases investigated (Not including covid grants)	181	154	156

6. Financial implications

6.1. There are no financial implications arising from this report.

7. Legal implications

7.1. There are no legal implications arising from this report.

8. Equalities implications

8.1. There are no equalities implications arising from this report.

9. Climate change and environmental implications

9.1. There are no climate change and environmental implications arising from this report.

10. Crime and disorder implications

10.1. There are no crime and disorder implications arising from this report.

11. Health and wellbeing implications

11.1. There are no health and wellbeing implications arising from this report.

12. Background papers

12.1. There are no background papers.

13. Report authors and contact

13.1. If there are any queries on this report, please contact Rich Clarke, Head of Assurance rich.clarke@lewisham.gov.uk or Carol Owen, Anti-Fraud & Corruption Team Manager carol.owen@lewisham.gov.uk

14. Appendices

- Appendix A – Anti-Fraud & Corruption Policy 2023