

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No. 7
Ward	ALL	
Contributors	Interim Head of Corporate Resources A-FACT Group Manager	
Class	Date: 20 March 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.

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	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY (CORRECTED FIGURES)	FY
b/f	41	30	11	37%	32	84
New	60	78	-18	-23%	103	61
Closed	-70	-70	0	0%	-94	-115
c/f	31	38	-7	-18%	41	30
Of which						
E'ee cases	22	29	-7	-24%	35	53
- resulting in action	12	16	-4	-25%	21	20
Other cases	48	41	7	17%	59	62
- resulting in action	15	7	8	114%	13	10

- 3.2. The majority of the cases classified as "Other" relate to enquiries to assist other organisations or Boroughs with their investigations. The seven cases successfully concluded in the most recent period included

- Prosecution for the fraudulent use of a Blue Parking Badge where the driver was using the Blue Badge to park whilst she worked at another Council. The disabled holder of the badge was not present and was found to be on holiday at the time of the offence. This resulted in a £200 fine, £50 costs and a £20 victim surcharge

payment. It is estimated by the National Fraud Authority that a Blue badge has a notional value of £825 per year.

- Direct Payments for care being claimed whilst the client was abroad and not using any of her carers. Not suitable for prosecution in this instance but client required to repay money. The overpayment is still being calculated but is in the region of £1,500.
- Warning issued to staff alerting them to a scam email purporting to be from Royal Mail. The scam email made mention of an undelivered item of post and required that the attachment was opened. This attachment contained a malicious file. This scam occurred in the run up to Christmas when more parcels were likely to be delivered.

Employee Related cases

- 3.3. Of the six cases closed in the last three months concerning employees three were concluded with action taken. These cases are included in the year to date figures shown below.

Analysis of employee fraud	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
Dismiss. & Convicted	0	1	-1	-100%	2	2
Convicted & recommended disc. Action	0	0	0	0%	1	0
Resigned/Dismissed	5	3	2	67%	5	9
Other disciplinary (incl. not employed)	5	3	2	67%	3	8
Monies repaid	0	1	-1	-100%	1	0
Management action	2	5	-3	-60%	6	1
Identity issue cleared	2	3	-1	-33%	3	0
Total	14	16	-2	-13%	21	20

- 3.4. The three cases where action was taken included:

- A case where three employees were investigated in connection with one allegation. This case resulted in two dismissals and one person receiving a written warning.
- An applicant for employment who provided a false document during the pre-employment vetting process. The offer of employment was withdrawn.

- 3.5. Quarterly reports continue to be issued to each Executive Director with a summary of all ongoing 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 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. The Service Level Agreement for the continuation of this arrangement has just been agreed for 2014/15.

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	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
Checks completed	183	214	-31	-14%	246	334
Action taken	14	15	-1	-7%	16	21

- 3.8. In the 14 cases where action was required to confirm the declarations made all except one was subsequently resolved satisfactorily. This case where employment was refused is the case referred to above at 3.4.

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 two full year figures for reference.

Summary of benefit investigations work	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
b/f	210	349	139	-40%	349	381
New	207	218	-11	-7%	304	264
Closed	175	326	-151	-57%	443	-296
c/f	242	241	1	0%	210	349
Sanctions resulting	61	61	0	0%	78	84
Of which						
Admin penalty	7	5	2	50%	7	11
Caution	44	42	0	8%	54	52
Prosecution	10	14	-4	-57%	17	21
Overpayment value £	377,295	489,574	-112,279	-38%	616,761	640,355

- 4.2 As reported previously, the team has been experiencing some changes ahead of this service transferring to the DWP with the creation of the Single Fraud Investigation Service (SFIS). Over the course of the year one officer has been seconded to the

DWP to help build the necessary bridges for future work in this area. Another officer has begun a permanent secondment to the Trade Unions. The service has had some agency cover in during the year. These changes have resulted in a reduction in the number of prosecutions due to the officers focusing on Admin Penalties and Cautions which are quicker to process as opposed to prosecutions which are more laborious. This is a reversal of the recent strategy to target the more serious cases with a view to generating more publicity and having a bigger impact. However, given the move to SFIS and impact of other changes arising from austerity, the strategy is no longer sustainable.

- 4.3 Included in the Chancellor's Autumn Statement was the announcement that:
"the government will, amongst a package of measures, implement a Single Fraud Investigation Service to investigate fraud across the whole of the welfare system. SFIS alongside the other measures will increase the government's ability to identify and tackle fraud, error and debt in the benefits and tax credit systems".
- 4.4 Further information has been released in relation to this intention stating that:
"SFIS will be launched within DWP as a single organisation and implementation will commence in 2014" This is an important step in the SFIS journey and in tackling Fraud & Error. We are looking forward to continuing close working with our partners to enable the national rollout. Local authorities remain key partners and your expertise and knowledge"
"Implementation plans including roll-out schedule, are being developed and current plans that we implement SFIS on a phased basis between October 2014 and March 2016."

5 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 Housing investigation work	2013/14	2012/13	Change		2012/13	2011/12
	P9 YTD	P9 YTD	Number	%	FY	FY
b/f	76	48	28	58%	48	72
New	40	96	-56	-58%	105	66
Closed	79	38	50	108%	-77	-90
c/f	37	106	-69	-65%	76	48
Resulting in action	13	16	-3	-19%	24	18

- 5.1 Since the last report six cases have been successfully concluded. These relate to two Homelessness applications, two Housing Register applications, a fraudulent decant application for re-housing on the basis that the property was to be redeveloped and a Right to Buy that was refused.
- 5.2 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 or prevented tenancies being wrongly allocated in 13 cases in the year to date, representing a saving of £234,000.

6 DCLG Housing Bid funding

- 6.1 Since January 2012 the Department for Communities and Local Government (DCLG) have provided additional one off funding to target Social Housing Fraud, in particular sub-letting. In 2012/13 this funded one investigator based within A-FACT to work with local housing partners to tackle fraud related to social housing. In 2013/14 this was extended and a second investigator has been taken on as well as extending the number of providers AFACT are supporting within the regional South East London Housing Partnership (SELHP). Work is directed by Strategic Housing (Customer Services) and delivered by A-FACT working in Lewisham and with the SELHP.
- 6.2 In the period April to December 2013, 17 properties were recovered due to the work with L&Q, Regenter B3/Pinnacle & Hexagon. This compares to 15 recovered in the period April to December 2012. Lewisham has nomination rights on these properties. There are also over 70 cases under investigation.
- 6.3 On the basis of the Audit Commission figures for the value of social housing as detailed in para 5.2. The recovery of 17 tenancies equates to £306,000.
- 6.4 In addition to the providers mentioned above, A-FACT have now also formally agreed to work with Family Mosaic and ASRA Housing Group.

7 Protecting the Public Purse 2013

- 7.1 The Audit Commission recently published the latest edition of their national report - Protecting the Public Purse 2013. This document, which is available in full on the Audit Commission website, details the work of fraud teams across the country for the period 2012/13 and provides details on trends and areas of focus.
- 7.2 The Audit Commission has prepared comparative data across London Councils on local fraud detection activities and their results. This data is attached as appendix 1. The position in summary shows that:
- Across the London Boroughs, Lewisham had the fourth highest number of detected frauds.
 - Lewisham has demonstrated reasonable success in being the ninth most successful borough at recovering housing stock.
 - The other types of fraud including procurement and internal fraud are broadly in line with other boroughs both in volume and value.
 - Lewisham has reduced its focus on benefit fraud in preparation for the formation of the Single Fraud Investigation Service (SFIS), this is reflected in the Audit Commission data. The Audit Commission have also prepared a checklist (appendix 2) for local authorities to self assess their counter fraud arrangements.
- 7.3 The Audit Commission have also prepared a checklist (appendix 2) for local authorities to self assess their counter fraud arrangements. Again this shows that, in the round, Lewisham continues to direct its counter fraud work effectively and to key risks.

8 Publicity

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

9 Fraud Awareness Training

- 9.1 In this period A-FACT have delivered three Fraud Awareness sessions to Lewisham Homes, two sessions to members of the SELHP, and a session tailored to the Council's Human Resources service.

10 Metropolitan Police Secondee

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

10.2 As 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 Secondee continues to enable the team to deal with cases that we wouldn't otherwise be able to progress and is an important element of the services provided to Lewisham Homes.

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. For more information please contact:
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