

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	Part 1	Date: 22 March 2016

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
	P9 YTD	P9 YTD	Number	%	FY	FY
b/f	45	30	15	50%	30	41
New	80	71	9	13%	97	79
Closed	(99)	(56)	43	77%	(82)	(91)
c/f	55	45	10	22%	45	30
Of which						
E'ee cases	12	12	0	0%	19	27
- resulting in action	8	5	3	60%	10	16
Other cases	87	44	43	98%	63	64
- resulting in action	17	16	1	6%	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 five cases successfully concluded in the most recent period included

- Two cases where evidence proved that applications for No Recourse to Public Funds had no entitlement from Lewisham due to not having links with the borough.
- A case where Direct Payments for Care had been in place a number of years however when challenged the applicant failed to demonstrate that these payments had been used appropriately.

- Misuse of a Blue disabled parking badge where, due to the circumstances, a warning was issued rather than prosecuting.
- A resident reported that he had been telephoned by someone purporting to be from Lewisham Council. The caller said that his Council Tax would be reduced in return for setting up a direct debit and paying an upfront fee. Warnings were issued via the Lewisham website and social media to warn other residents. Further enquiries have found this to be a nationwide issue.

Employee Related cases

- 3.3. Of the 99 cases closed in the last nine months twelve concerned employees and eight 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
	P9 YTD	P9 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	4	2	2	100%	1	6
Other disciplinary (incl. not employed)	3	1	2	200%	2	0
Monies repaid	0	1	-1	-100%	2	2
Management action	0	1	-1	-100%	2	2
Identity issue cleared	1	0	1	100%	1	0
Total	8	5	3	60%	10	16

- 3.4. The three cases where action was taken in the last period were:
- A written warning following action being taken for the misuse of a Blue disabled parking badge.
 - Dismissal due to undisclosed criminal conduct not related to their employment.
 - A case where the employee resigned whilst under investigation due to concerns about their activities whilst off sick.
- 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 2016/17. 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	2015/16	2014/15	Change		2014/15	2013/14
	P9 YTD	P9 YTD	Number	%	FY	FY
Checks completed	278	208	-32	-17%	270	274
Action taken	28	23	5	22%	25	20

- 3.8. The five cases in the last three months that were flagged for further action all related to potential employees having either business interests or secondary employment. In all cases it was possible for their employment to be confirmed once it was assessed that there were no conflicts of interest.

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
	P9 YTD	P9 YTD	Number	%	FY	FY
b/f	42	39	3	8%	38	76
New	22	30	-8	-27%	46	67
Closed	(24)	(50)	-29	-52%	(65)	(107)
c/f	40	19	21	111%	19	36
Resulting in action	15	40	-25	-63%	42	50

- 4.1 This officer has continued to be involved in a number of detailed investigations for Lewisham Homes which has reduced the team's capacity. However, a total of nine applications for housing have been refused this quarter on the basis that the applicants have provided false information.
- 4.2 The cases resulting in action included:
- A person who applied to both Southwark and Lewisham but had failed to notify Lewisham that Southwark had housed them.
 - A case where the applicant was found to already have a social tenancy in another borough.
- 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 or prevented tenancies being wrongly allocated in fifteen cases so far this year, representing a saving of £270,000.

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
	P9	P9	Number	%	FY	FY
b/f	176	33	143	433%	33	9
New	50	173	-123	-71%	269	111
Closed	(207)	(118)	89	75%	(126)	(83)
c/f	19	88	-69	-78%	176	37
Tenancies recovered	14	27	-13	-48%	38	33
Breakdown by RSL						
L & Q	1	17	-16	-94%	20	19
Pinnacle	9	5	4	80%	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 two tenancies were recovered, both of which were two bedroom flats.
- 5.3 The officer that deals with this area has been dealing with two complex cases which we anticipate will result in prosecutions under the Prevention of Social Housing Fraud Act. Such cases slow the work down in terms of overall numbers but do serve to demonstrate the Council's commitment to pursuing abuse of the system.
- 5.4 On the basis of the Audit Commission figures for the value of social housing as detailed in para 4.3. The recovery of the fourteen tenancies to date equates to £252,000 plus the right to buy that was prevented (£103,900 discount saved).

6 Update for Jan and Feb

- 6.1 This report only details cases up to the end of December 2015. In the last two months A-FACT have also;
- Concluded two successful prosecutions for misuse of disabled Blue Badges
 - Detected an additional ten fraudulent applications for housing.
 - Completed the recovery of £153,689 (to be split with the Royal Borough of Greenwich) following a successful joint investigation, prosecution and action under the Proceeds of Crime Act. The Lewisham element of this recovery will be reinvested in 2016/17, when the DCLG grant monies will no longer be available, to continue to pursue housing tenancy frauds.
- 6.2 Further details on these and the cases to the end of March will be included in the year end report at the next Audit Panel.

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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