

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No.
Ward	ALL	
Contributors	Head of Corporate Resources A-FACT Group Manager	
Class		Date: June 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
	FY	FY	Number	%	FY	FY
b/f	45	30	15	50%	30	41
New	102	97	5	5%	97	79
Closed	-136	-82	54	66%	-82	-91
c/f	11	45	-34	-76%	45	30
Of which						
E'ee cases	17	19	-2	-11%	19	27
- resulting in action	10	10	0	0%	10	16
Other cases	119	63	56	89%	63	64
- resulting in action	27	31	-4	-13%	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. In the last quarter the section has concluded 35 cases including.

- Two successful prosecutions for the misuse of blue badges for disabled parking.
- Proved that fraudulent transaction was not linked to Lewisham Council as alleged by a resident.
- Provided evidence to stop one No Recourse to Public Funds case and provided evidence to defend decisions for two judicial reviews.

Employee Related cases

- 3.3. Of the 137 cases closed this year 17 related to employees and 10 of these 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
	FY	FY	Number	%	FY	FY
Dismissed/resigned & Convicted	0	0	0	0%	0	1
Convicted & recommended disc. Action	0	2	-2	0%	2	5
Resigned/Dismissed incl agency staff	4	1	3	300%	1	6
Other disciplinary (incl not employed)	3	2	1	200%	2	0
Monies repaid	0	2	-2	0%	2	2
Management action	2	2	0	0%	2	2
Identity issue cleared	1	1	0	0%	1	0
Total	10	10	0	0%	10	16

- 3.4. The cases concluded in the last period include
- Management action regarding time keeping irregularities
 - Employee failed to declare partners interest in a company. Declaration of interest now completed. No further action taken as no evidence of gain.
- 3.5. A new Case Management System was introduced in March. This has provided an opportunity to review all cases and as a result a large number of cases have been closed prior to year end.
- 3.6. 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

- 3.7. 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 is 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

- 3.8. 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
	FY	FY	Number	%	FY	FY
Checks completed	317	270	47	17%	270	274
Action taken	35	25	10	40%	25	20

- 3.9. The seven 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 employment to be confirmed once the line manager confirmed 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
	FY	FY	Number	%	FY	FY
b/f	19	38	-19	-50%	38	76
New	28	46	-18	-39%	46	67
Closed	46	65	-29	-29%	-65	-107
c/f	1	19	-18	-95%	19	36
Resulting in action	25	42	-17	-40%	42	50

- 5.1 There have been 25 successful cases this year. These relate to 21 Housing Register applications/Homelessness applications, 2 fraudulent decant, and 2 fraudulent Right to Buy applications being stopped.
- 5.2 The reduction in results is due in the main to officer time being used on chargeable work for Lewisham Homes which has focused more on customer fraud than internal issues in 15/16.
- 5.3 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 23 cases, representing a saving of £414,000, plus ensuring that two fraudulent Right to Buys (maximum discount £103,900 each) were cancelled.

6 DCLG Housing Bid funding

- 6.1 Since January 2012 the DCLG have funded an investigator based within A-FACT to work with local housing partners to tackle fraud related to social housing. This has recently been extended by a further grant to cover 2016/17.

- 6.2 In the last year 16 properties have been recovered from this work. Lewisham has nomination rights on these properties. There are also a number of cases of ongoing cases.

Summary of DCLG Housing Investigations work	2015/16	2014/15	Change		2014/15	2013/14
	FY	FY	Number	%	FY	FY
b/f	176	33	143	433%	33	9
New	76	269	-193	-72%	269	111
Closed	246	126	120	95%	-126	-83
c/f	6	176	-170	-97%	176	37
Tenancies recovered	16	38	-22	-58%	38	33
Breakdown by RSL						
L & Q	2	20	-18	-90%	20	19
Pinnacle	9	10	-1	-10%	10	6
Brockley Co-Op	2	1	1	200%	1	4
Lewisham Homes	0	3	-3	-100%	3	2
Hexagon	3	3	0	0%	3	1
Family Mosaic	0	1	-1	-100%	1	1

- 6.3 In one case where the tenant had died three siblings made separate attempts to apply for the succession. A-FACT was able to prove that two had their own tenancies in other boroughs and the third was actually living in temp stay accommodation provided by Lewisham. Following a court hearing outright possession was granted.
- 6.4 As with the point made at 5.2 above, the work with Lewisham Homes has moved to focus more on customer rather than internal cases in the last year. This has drawn in more housing investigator time with some ten tenancies recovered for Lewisham Homes rather than in the numbers above. In the round this work is all contributing to clamping down on fraud in Lewisham and recovering tenancies for the Council. Looking forward we are currently recruiting further investigators to ensure we push forward on both fronts.
- 6.5 On the basis of the Audit Commission figures for the value of social housing as detailed in para 5.3. The recovery of 16 tenancies equates to £288,000.

7 Local Government Transparency Code 2014

- 7.1 The Local Government Transparency Code requires all local authorities to publish data on it's anti-fraud arrangements on at least an annual basis.
- 7.2 The data for 2015/16 is shown along with the two previous years for comparison.

Data required	2013/14	2014/15	2015/16
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to require information) (England) Regulations 2014 or similar powers.	Nil	Nil	1

Data required	2013/14	2014/15	2015/16
Total number of employees undertaking investigations and prosecutions of fraud	10	10	7
Total number of professionally accredited counter fraud specialists	8	8	6
Total amount spent by the authority on the investigation and prosecution of fraud	£491,108	£492,506	£336,153
Total number of cases investigated	503	637	428

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 a Fraud Awareness Session to Southern Housing Group. This was delivered on a chargeable basis.

10 Metropolitan Police Seconded

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

David Austin at david.austin@lewisham.gov.uk or on 020 8314 9114, or

Carol Owen at carol.owen@lewisham.gov.uk or on 020 8314 7909