

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No. 5
Ward	ALL	
Contributors	Interim Head of Audit & Risk A-FACT Group Manager	
Class	Part 1	Date: 20 September 2011

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 quarter.
- 1.2. The report is structured to cover the three main areas of activity – special, benefits and housing investigations – and than an overview of progress with our more general activities – training, publicity etc..

2. Recommendations

- 2.1. It is recommended that the Audit Panel note this report for information.

3. Special Investigations

- 3.1. During the period April to July 2011 the Special Investigations section received 76 new allegations or enquiries relating to fraud and/or irregularity. This is similar to the same period in 2010/11 (78 cases).
- 3.2. During this period the section completed 111 cases/enquiries compared to 57 cases last year. This means we now have 99 cases in progress. These figures include Lewisham Homes cases but exclude pre-employment checks undertaken.
- 3.3. Two Council cases that have recently been brought to a conclusion are:
 - *A Business Support Officer was listed on the Audit Commissions National Fraud Initiative report which matches Lewisham employees to expired visas. Investigations established that the employee had not provided evidence of an extension of her initial visa. When challenged the employee stated that she was waiting for her visa to remain in the UK to be processed. She subsequently provided further unsatisfactory explanations and then tendered her resignation which was accepted.*
 - *An agency worker was employed between April and November 2009 in the Systems Control Team of Customer Services. During this period he manipulated the 'back end' of the Housing Benefit system. Following a Special Investigation he was arrested in August 2010 and admitted the fraud. On the 29th July 2011 he was sentenced to 9 months in custody suspended for 2 years and a 280 hours Community Order. Costs of £5,000 were also awarded*
- 3.4. Reports are now being issued quarterly 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.

Pre-employment Checks

- 3.5. A-FACT support Human Resources by undertaking a part of the recruitment checks. Each potential employee of the Council is required to complete a pre-employment check form which focuses on any issues relating to benefits, council tax, rent and personal business interests which may cast doubt on the individuals integrity. In the period April to July 73 checks were undertaken including 8 for Lewisham Homes.
- 3.6. These checks found six cases where the applicant had other business interests or company directorships. All these applicants went on to be recruited once the Council's requirement for whole time service had been confirmed.

4 Benefit Investigations

- 4.1 During the period April to July the Benefit Investigation section has secured 20 sanctions, including 3 prosecutions against an annual stretch target of 90. The target has been reduced this year to reflect the reduction in team size from 6 benefit investigators plus 1 Intelligence Office to 3 benefit investigators. The total value of fraudulent benefit overpayments identified in this period was £90,876. On recovery this represents a saving to the public purse.
- 4.2 In the period April to July 2011 the Benefit Investigations Section received 74 referrals of benefit fraud, they completed and closed 129 cases. We now have 326 investigations in progress.
- 4.3 The team working on Housing Benefit Investigations is directly impacted by the Government's plans to create a single national investigation force to be led by the Department for Work and Pensions (DWP). The DWP have stated that they will be announcing their plans for the future of tackling benefit fraud in October 2011.

5 Housing Investigations

- 5.1 The team's Housing Investigation Practitioner investigates allegations of Housing and Homelessness Application Fraud and Cash Incentive Scheme payments against the London Borough of Lewisham. The investigation of tenancy fraud has been the responsibility of Lewisham Homes since October 2008.

During the period April to July, 32 cases were passed for investigation, compared to a total of 60 cases for the whole of last year. The officer dealing with these cases completed 14 cases compared to 35 cases last year. There are currently 90 cases under investigation.

- 5.2 Of the 14 cases concluded three have resulted in successful outcomes. In summary they are:
 - A decant case where it was established that the tenant had not been resident for five years and had actually moved in with her grandson. She had also continued to claim housing benefit for the property. Evidence indicated that the property had been sublet and when challenged the tenant returned the keys immediately.
 - A false Homelessness case, where applicant provided a forged passport.
 - A decant application where it was proved that not all the stated occupants were resident. This resulted in the assessed Housing need being reduced to a two bed premise rather than a three bed one.

DCLG Housing Bid funding

- 5.3 The Department for Communities and Local Government (DCLG) has, as part of the Government's commitment to tackling social housing fraud, allocated Lewisham Council £100,000 in both 2011/12 and 2012/13 for tackling social housing fraud. Work is being directed by Strategic Housing (Customer Services) and delivered by A-FACT working in Lewisham with the South East London Housing Partnership (SELHP). The DCLG have indicated that future funding may also be available for this work in 2013/14 and 2014/15.
- 5.4 Following discussions between Strategic Housing, SELHP and A-FACT, Lewisham has committed the first years funding of £100k to support two housing providers Pinnacle/Regenter and London & Quadrant in tackling housing fraud in the region.
- 5.5 Focusing on Social Housing Fraud is consistent with the March and June Audit Panel discussions on the fraud risks in Lewisham. The first year's grant will be used to fund a housing investigator on a one year fixed contract (£50k), data matching (£25k), providing training & legacy systems (£15k), and advice and contingencies (£10k).
- 5.6 Subject to Recruitment Approval Panel approval we intend to recruit a Housing Investigator on a one year fixed term contract as soon as possible. In the meantime we are arranging to allocate internal resource within AFACT to get this project up and running successfully.

6 Requests for information under the Data Protection Act (Section 29.3)

- 6.1 Since the deletion of the Intelligence Officer post all requests for information from the Police, Department for Work and Pension, other local authorities and Central Government departs are being referred to the Information Governance Team.

7 Publicity

- 7.1 A-FACT has continued to publicise successful cases in the local press and the BBC programme Saints and Scroungers featuring Lewisham A-FACT has also been re-run on daytime television. Feedback from all coverage has been positive.
- 7.2 The team has continued to advertise the "Report Fraud Hotline 08000 850 119 on the electronic messaging board outside the Town Hall.

8 Fraud Awareness Training

- 8.1 In the period April to July A-FACT has provided fraud awareness training for Housing Options Centre and Strategic Rehousing.
- 8.2 Phoenix Community Housing have commissioned Lewisham A-FACT to provide a programme of Fraud Awareness training.
- 8.3 Over the summer we have revised the Counter Fraud policy to include reference to the new Anti-Bribery & Corruption Act. This supports the Council's new Anti-Bribery & Corruption policy and accompanying briefing and training materials and events for members and officers.

9. Metropolitan Police Seconded

- 9.1. Detective Constable Norris who is on secondment from the Metropolitan Police continues to effectively contribute and enhance the work of the A-FACT by providing

advice, assistance and applying Police powers where appropriate. His access to Police systems and intelligence has proved invaluable.

- 9.2. DC Norris is an Accredited Financial Investigator and has used his powers under the Police and Criminal Evidence Act to obtain Production Orders for information from Financial Investigations for ongoing investigations.
- 9.3. He is currently working on a number of complex cases (which cannot be reported yet) and was key to four of the prosecutions undertaken this year. His involvement in the recent Special Investigation case (involving manipulation of the benefit system) reported above was key to the success in the case.
- 9.4. With his agreement, we propose to renew his secondment for a further year.

10. Legal Implications

- 10.1. There are no legal implications arising directly from this report.

11. Financial Implications

- 11.1. There are no financial implications arising directly from this report.

12. Equalities Implication

- 12.1. There are no specific equalities implications arising directly from this report.

13. Crime and Disorder Implications

- 13.1. There are no crime or disorder implications arising directly from this report

14. Environmental Implications

- 14.1. There are no specific environmental implications arising directly from this report.

15. Background Papers

- 15.1. 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