

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: Sept 2020

## 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 financial year.

## 2. Executive Summary

- 2.1. There are no major changes to report. The detail is provided in the body of the report for which the highlights are:
- A-FACT have included high level information for the work undertaken for Lewisham Homes.
  - The number of employee related frauds remains low but the trend of undeclared business interest or other conflicts of interest continues.
  - CIFAS data obtained as part of our pilot has assisted with identifying 78 Disabled Badges still registered to residents who are deceased. We are looking to use CIFAS data across other areas to identify potential fraud.

## 3. Recommendations

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

## 4. Special 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 years full year figures for reference.

Summary of Special Investigations work	2019/20	2018/19	Change		2017/18	2016/17
	FY	FY	Number	%	FY	FY
b/f	19	17	2	12%	24	8
New	121	118	3	3%	141	130
Closed	103	116	-13	-11%	148	114
c/f	37	19	18	95%	17	24
Of which						
E'ee & agency cases	6	14	-8	-57%	15	13
- resulting in action	4	6	-2	-33%	10	6
Other cases	97	102	-5	-5%	133	101
- resulting in action	65	77	-12	-16%	96	53

4.2 There were two new staff related cases in the last quarter both identified during the Pre-employment vetting process.

- Applicant was found to be subletting their social tenancy and living elsewhere. The offer of employment was withdrawn and the social tenancy recovered.
- Applicant admitted that they were in arrears of Council Tax of over £8k. Whilst the Council does on occasion allow potential staff to make an arrangement to repayment the circumstances of this case was found to be incompatible with their future position in the Council and the offer was withdrawn.

Analysis of employee fraud	2019/20	2018/19	Change		2017/18	2016/17
	FY	FY	Number	%	FY	FY
Dismissed/resigned & Convicted	0	0	0	0%	2	0
Resigned/Dismissed incl agency staff	1	1	0	0%	2	0
Other disciplinary or monies repaid (incl not employed)	2	2	0	0%	5	1
Prosecuted for false application	1	0	1	100%	0	1
Management action incl process review	0	2	-2	-200%	1	2
Identity or other issue cleared	0	1	-1	-100%	0	1
<b>Total</b>	<b>4</b>	<b>6</b>	<b>-2</b>	<b>-33%</b>	<b>10</b>	<b>5</b>

4.3 “Other Cases” include Blue Badge fraud, fraud linked to Direct Payments for Care, Council Tax fraud and reviews of operational processes to prevent or deter fraud. The actions taken are summarised in the table below.

Analysis of Non Employee Case 2019/20	Total Cases	Fraud Proven/ Process review	Evidence provided to assist assessment	Req for Info	NFA
Blue Badge	18	11	0	0	7
Direct Payments for Care	4	2	2	0	0
Business Rates	2	2	0	0	0
Spec Invest Other cases	73	10	1	37	25
<b>Total</b>	<b>97</b>	<b>25</b>	<b>3</b>	<b>37</b>	<b>32</b>
Blue Badge Proactive (Not included in above figures)	79	78			1

### Blue Badge Misuse

4.4 A-FACT undertake proactive exercises jointly with the Blue Badge Team and Parking enforcement to address this issue. We also respond to individual reports of misuse. We confiscate badges, issue Fixed Penalty Notices and warnings, and undertake a few prosecutions in the most serious of cases. We currently consider this a proportionate response to this issue bearing in mind our limited resources. Where we do prosecute the penalties imposed by the courts have been very weak and this does little to encourage future prosecutions. The three most recent prosecution cases demonstrate this;

- Van driver using deceased mothers badge Fine £220, Costs £363
- Driver using stolen badge Fine £220, Costs £240
- Garage owner using lost/stolen badge to park cars undertaking repair Fine £293, Costs 240

### Blue Badge (CIFAS Match)

4.5 A-FACT matched Blue Badge data against CIFAS records as part of their pilot with CIFAS. As a result of which 79 cases were identified of which 78 have been confirmed as deceased. The next of kin had not returned the users badge, which they are required to do, and therefore the badge was at risk of misuse.

4.6 A-FACT are undertaking more checks for other services across the council to confirm identity, address history and/or circumstances as part of an assessment of a claim for a service or support. As the assessment of these claims can be impacted by a number of factors we are now reporting on all cases where significant evidence is provided to assist with the application.

### 4.7 Pre-employment Checks

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 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 pre-employment checks	2019/20	2018/19	Change		2017/18	2016/17
	FY	FY	Number	%	FY	FY
Checks completed	292	354	-62	-18%	301	268
Action taken	36	40	-4	-10%	60	30

The 36 cases can be broken down as follows

- 11 repayment plans agreed to repay outstanding Council tax totalling £25k
- 3 cases where SPD removed or benefits overpayments raised £11,537
- 14 Company directorships declared and checked for conflicts of interest
- 4 directorship not declared but subsequently agreed.
- 4 other potential conflicts or minor issues resolved prior to employment

4.9 A further two cases results in offers of employment being withdrawn. These are detailed in section 4.2 of this report

### **Lewisham Homes**

4.8 A-FACT continues to undertake investigation work on behalf of Lewisham Homes under a Service Level Agreement which has now been extended for 2020/21. This to equivalent to half an investigators time.

4.9 In the year to date two investigations have been undertaken into employee conduct issues. Both employees resigned following interview by A-FACT but before disciplinary action could be taken.

4.10 A detailed investigation was undertaken into the processes relating to the Repairs service as a result an improvement plan has been agreed by Lewisham Homes to address the issues raised.

4.11 We were able to recover one tenancy and contribute to Lewisham Homes cases to recover several more. In addition another case was prepared for prosecution under the Prevention of Social Housing Act following recovery of his tenancy, unfortunately the tenant then left the country and is suspected to be working in the Far East. We are monitoring this case as we believe he may return to the UK shortly.

4.12 109 Pre-employment checks have been undertaken for Lewisham Homes, the results of which can be broken down as follows

- 3 Repayment plans agreed to repay outstanding Council tax totalling nearly £4k
- 1 case where CTRS & SPD to the value of £7699 was removed creating an overpayment
- 7 Company directorships declared and checked for conflicts of interest
- 2 Company directorships not declared but subsequently agreed.

## **5 RSL and Housing Application Investigations**

5.1 Due to overlaps in the work for our RSL partners and applications for housing and homelessness we have amalgamated the figures for both areas of work. The historical figures have also been amalgamated so that the comparison with previous years can be shown.

Summary of RSL cases & Housing App Investigations	2019/20	2018/19	Change		2017/18	2016/17
	FY	FY	Number	%	FY	FY
b/f	66	37	29	78%	41	7
New	53	63	-10	-16%	115	212
Closed	90	65	25	38%	100	168
C/fwd	29	35	-6	-17%	56	51
Resulting in action	20	29	-9	-31%	45	52

5.2 The number of successful cases has reduced mainly because of the complexity of some recent cases including one case which went to the Crown Court for trial by jury. Following the unanimous verdict the fraudulent tenant was jailed for 18 months for

subletting his tenancy for at least 10 years. They subsequently lodged appeals against both conviction and appeal despite the unanimous verdict. The appeals were unsuccessful but delayed the recovery of the tenancy. Eviction action is currently on hold due to Covid 19 moratorium but will be progressed once regulations allow.

5.3 A major success this quarter was the recovery of a seven bedroom tenancy in Brockley. Sufficient evidence was presented in the County Court which proved the tenant actually resided in a luxury mansion worth over £3 million, owned by their partner. They had also claimed that various members of their family were resident. Following enquiries it was accepted that two persons linked to the property had a housing need but that the other five had no link to the tenancy.

## 6 Local Government Transparency Code 2014

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

6.2 The data for 2019/20 is shown along with the two previous years for comparison.

Data required	2019/20	2018/19	2017/18
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to require information) (England) Regulations 2014 or similar powers.	32	32	145
Total number of employees undertaking investigations and prosecutions of fraud	6	6*	6
Total number of professionally accredited counter fraud specialists	6	6	6
Total amount spent by the authority on the investigation and prosecution of fraud	£352,929	£248,437*	£313,559
Total number of cases investigated	272	219	424

\*For 2018/19 it should be noted that whilst there were 6 FTE at the end of the year the team actually held a vacancy for a significant period. Also there was an item of income in the form of a Proceeds of Crime recovery that reduced the authority's expenditure.

## 7 Any other business

7.1 The decision to join the CIPFA Counter Fraud Hub is still on hold. This position will be reviewed as the Hub develops and will proceed if it appears likely that value for money will be obtained.