

REPORT TO: <b>Audit Committee</b>	DATE <b>26 September 2013</b>	CLASSIFICATION: <b>Unrestricted</b>	REPORT NO.
REPORT OF:  <b>Corporate Director, Resources</b>  ORIGINATING OFFICER(S):  <b><i>Tony Qayum, Corporate Anti-Fraud Manager</i></b>	TITLE:  <b>Annual Anti -Fraud Report 2012-13</b>  WARD(S) AFFECTED:  N/A		

## 1. SUMMARY

- 1.1 This report provides the Audit Committee with an update of reactive and Anti - Fraud work undertaken during 2012/13.
- 1.2 It captures the work of the Corporate Anti – Fraud team which includes Corporate Investigations, Housing Benefit Fraud Team Investigations, Social Housing Fraud Investigations and anti- fraud work around Parking Services.

## 2. RECOMMENDATIONS

- 2.1 The Audit Committee is asked to note this report.

## 3. Background

- 3.1 This report provides the Audit Committee with a summary of work on sensitive and reactive enquiries undertaken during 2012/13. It includes an overview of the results of the investigations carried out by Housing Benefits Investigations, the Parking Service, and the Social Housing Fraud Investigation service.
- 3.2 The following chart shows the resources expressed as full time equivalent (FTE) posts of the key services included within this report.

Service	FTE	Role
Risk Management	2	<ul style="list-style-type: none"> <li>• Corporate Anti-Fraud Manager</li> <li>• Senior Fraud Officer</li> </ul>
	3	<ul style="list-style-type: none"> <li>• Tenancy Fraud Officers</li> <li>• Temp Tenancy Fraud Officer 8 Months</li> </ul>
Housing Benefits Fraud Team	2	<ul style="list-style-type: none"> <li>• Team Leaders</li> </ul>
	7	<ul style="list-style-type: none"> <li>• Investigation Officers</li> </ul>
		<ul style="list-style-type: none"> <li>• Intelligence Officer- Vacant</li> </ul>
Parking Services	1.5	<ul style="list-style-type: none"> <li>• Parking Fraud Investigation Officers</li> </ul>

3.3 An analysis of the notional savings achieved covering the work of the anti fraud and reactive work carried out by the team is attached as Appendix A.

#### **4. Key matters arising from the Service Outturn for 2012-13**

4.1 There have been four substantial inquiries which have involved close working between the relevant Directorates, the Corporate Anti- Fraud Service, the DWP and Legal Services.

4.2 The resultant investigations covered an extensive range of systems and processes and required substantial staff resources to finalise all of the issues relating to criminality.

4.3 The Corporate Anti – Fraud service has also provided support to Directorates upon request. This included an ongoing review of the National Fraud Initiative, investigations into potential systems abuses in front line services and a range of investigations into allegations of financial impropriety from a range of referrals.

4.4 We have also concluded a multi -agency review of arrangements for the provision of Residential Care for a client who later, it was established, had not disclosed all of his financial assets at the point of assessment for assistance or to the Housing Benefit service or DWP. The client's son, who had Power of Attorney was prosecuted and we received an award of £116,000 in unpaid Residential charges, HB and DWP liabilities. The son was imprisoned for 13 months. These monies have now been received by the Council.

4.5 We have undertaken another multi -agency review involving the investigation of a series of false documents which led to the allocation of Social Housing, DWP Benefits, NHS Bursaries and false immigration

papers. The matter was tried and the defendant sentenced to four years imprisonment two of which will be served in custody. The value of the abuse totalled £86,000. Further charges are being brought against others and one other individual is in the process of sentencing.

- 4.6 Both of these cases were included in the Audit Commission publication 'Protecting the Public Purse 2012' as examples of good joint working initiatives.
- 4.7 We have also undertaken a detailed review of Council Tax refunds to ensure we had not been subject to Money Laundering and supported the Annual Governance Statement by reviewing external assessments of the Council and undertaking detailed reviews of the Complaints system.
- 4.8 We have continued to work closely with the Council's Legal Service on a number of matters including employment law issues and governance matters including Money Laundering, Data Protection and the Parking Service with regard to Blue Badge irregularity and worked corporately where instances of reputational concern and or fraud have been identified.
- 4.9 We have developed the small team of Housing Tenancy Fraud Investigators to assist the Council in tackling Sub Letting of Tower Hamlets Homes and Registered Social Landlord properties. To this end Tower Hamlets Homes are funding a post to support this work and we have obtained agreement to add another temporary post to the existing resource for this financial year.
- 4.10 We have organised and run several training sessions with staff and external bodies/visitors on Anti- Fraud and Corruption matters as part of our proactive initiatives and more are planned for this financial year, together with training exercises with our Risk Management Service and provided a joint training session to Council Officers with the Audit Commissions Counter Fraud service.
- 4.11 We have also developed a Service Level Agreement with Parking Services and undertaken five Pro- active initiatives with the Police and Community Safety Service.
- 4.12 We were also shortlisted for a Local Government Chronicle award on fraud management and have been highly commended in a recent ALARM (Association of Local Authority Risk Managers) awards process.
- 4.13 Appendix A attached is a summary of the results and value of anti fraud work carried out in 2012/13 including the outturn of the findings for the NFI.

## **5. The National Fraud Initiative (NFI)**

- 5.1 The National Fraud Initiative (NFI) data matching exercise has continued to be supported, and our efforts continue to maximise the benefits from its output. The Audit Commission manage this under their powers in the Audit Commission Act 1998.
- 5.2 The NFI is managed and co-ordinated by the Audit Service with joint working and protocols with all the key services including Central Benefits Investigations Team, Payroll, Pensions, Rents and Right-to-Buy services to examine, refine and investigate the data matches.
- 5.3 For this exercise there were also formal joint working arrangements in place between the Central Benefits Team and the local fraud team from the Department of Works and Pensions (DWP) to work on cases which affected both Housing and Council Tax benefits along with the DWP benefits.
- 5.4 The work on the NFI is largely finalised with all reports having been examined and refined. Investigations have also been generally completed although there are still some investigations in progress.
- 5.5 The Corporate Anti- Fraud service has undertaken detailed reviews of all subject areas to ensure the final out turn for the exercise is robust and evidenced based.
- 5.6 The following is a summary of the results of the LBTH outcome from the NFI work -
- § £873,841 has been identified as overpayment/loss and is in the process of recovery. This includes the following break down:-
  - § HB/CTB £395,837
  - § Income Support /JSA £164,087
  - § Pensions £29,697
  - § Payroll & Other £34,834
  - § Creditors £111,383
  - § Council Tax £138,003

## **6. Other Activity**

- 6.1 The following work areas have been undertaken, during 2012/13 by the Corporate Anti-Fraud Team:-
- ◆ On-going liaison and support to corporate and departmental personnel;
  - ◆ Proactive joint working with other Local Authorities, the Police, the DWP and other government Agencies; and

- ◆ Training and Development via the Public Sector Partnership with the Metropolitan Police.
- ◆ Monthly Governance reports have continued to be provided by the Corporate Anti Fraud Manager to the Corporate Director of Resources and Assistant Chief Executive (Legal) identifying on team activity and areas of inquiry requiring corporate input.
- ◆ The Corporate Anti Fraud Manager has continued to meet monthly with the Assistant Chief Executive (Legal) on governance matters.

## **7. Housing Benefits Investigation Service**

7.1 The Housing Benefits Investigation Service is responsible for the reactive and proactive management and investigation of Local Government benefit fraud, including:-

- § Benefits Whistle-blowing hotline;
- § Internal Referrals;
- § External Referrals (Agencies and public);
- § Joint working with Department of Work and Pensions (DWP);and
- § Data matching referrals (NFI and Housing Benefit Matching Service output from DWP);

7.2 During 2012/13 the Service has had the following successes and has been evidenced as one of the most successful of London Boroughs with:-

- § 135 sanctions achieved;
- § 42 convictions at court.
- § 26 Cautions (i.e. proven cases of fraud, whereby the amount was small or where there were mitigating circumstances to avoid prosecution);
- § 34 Parking Offence Cautions
- § 33 Administrative Penalties; and
- § Total Housing and Council Tax overpayments that represent these cases equates to £599,673.57

## **8. Social Housing Recoveries**

8.1 The team achieved 47 recoveries which is the highest we have made in one single year to date.

## **9 Parking Services**

- 9.1 The Parking Service investigations have resulted in six Parking fraud cases being presented for prosecution.
- 9.2 40 Penalty Notices, 14 Removals, 41 Recovered Disabled badges and 25 Recovered Parking Permits.

## **10. Comments of the Chief Financial Officer**

- 10.1 This report is an update of reactive and Anti - Fraud work undertaken during 2012/13. The Internal Audit Service identified Housing and Council Tax overpayments to the value of £599,673 and National Fraud Initiative (NFI) overpayments to the value of £873,841.
- 10.2 There are no specific financial implications emanating from this report. The Internal Audit team work programme meets the Council's legal requirements under section 151 of the Local Government Act 1972 and reports directly to the Director of Resources in order to minimise to the Council the risk of fraud, error and omission to the Council's finances and assets.

## **11. Concurrent Report of the Assistant Chief Executive (Legal Services)**

- 11.1 There are no immediate legal implications arising from this report.

## **12. One Tower Hamlets**

- 12.1 There are no specific one Tower Hamlets considerations.

## **13. Anti-Poverty Implications**

- 13.2 There are no specific Anti-Poverty issues arising from this report.

## **14. Risk Management Implications**

- 14.1 This report highlights changes in the governance of the Council. The proposals set out in this document will result in how the organisation deals with tenancy fraud. There are no specific risk implications at this stage.

15. **Sustainable Action for a Greener Environment (SAGE)**

15.1 There are no specific SAGE implications.

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Local Government Act, 1972 SECTION 100D (AS AMENDED)

***List of "Background Papers" used in the preparation of this report***

Brief description of "background papers"

**Contact :**

N/A

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