


Non-Executive Report of the: Audit Committee 21 st July 2015	 TOWER HAMLETS
Report of: Chris Holme – Director of Resources	Classification: Unrestricted
Annual Anti-Fraud Report 2014-15	

Originating Officer(s)	Tony Qayum, Corporate Anti-Fraud Manager
Wards affected	All wards

Summary

This report provides the Audit Committee with an update of sensitive and reactive Anti-Fraud work undertaken during 2014/15.

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.

Recommendations:

1. The Audit Committee is recommended to:-
 - 1.1 Note this report.

1. REASONS FOR THE DECISIONS

- 1.1 To comply with the reporting requirements of the Audit Committee's Terms of Reference.

2. ALTERNATIVE OPTIONS

- 2.1 There are no specific alternative options.

3. DETAILS OF REPORT

This report provides Audit Committee with a summary of work on sensitive and reactive enquiries undertaken during 2014/15. 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.

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	1	• Corporate Anti-Fraud Manager
	1	• Corporate Anti-Fraud Team Leader
	2	• Corporate Anti-Fraud Investigator
	3	• Tenancy Fraud Officers • Temp Tenancy Fraud Officer – THH Funded
Housing Benefits Fraud Team	2	• Team Leaders
	6	• Investigation Officers
	1	• Intelligence Officer
	1	• Intelligence Assistant
Parking Services	1.5	• Parking Fraud Investigation Officers

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.

Key matters arising from the Service Outturn for 2014-15

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

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.

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.

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.

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.

We have continued to support the Housing Tenancy Fraud Investigators to assist the Council in tackling Sub Letting of Tower Hamlets Homes and Registered Social Landlord properties.

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 joint training sessions to members. We have also presented at a national conference on Fraud management and Social Housing investigations.

We have continued to deliver against the Service Level Agreement with Parking Services and undertaken Pro- active initiatives with the Police and Community Safety Service.

During the year we were successful in creating a contract for the provision of fraud investigation to a local Registered Provider specifically covering cases of Subletting of tenanted property.

The National Fraud Initiative (NFI)

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 Cabinet Office now manage this role since the closure of the Audit Commission in March 2015.

The National Fraud Initiative and the outcome of the last exercise is covered in a separate report to be found elsewhere in the agenda.

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.

The following is a summary of the results of the LBTH outcome from the NFI work –

- £1,180,840 has been identified as overpayment/loss and is in the process of recovery. This includes the following break -down:-
- HB/CTB £632,634
- Income Support /JSA £248,662
- Parking Cautions £32,977
- Pensions £25,761
- Payroll £88,473
- Creditors £62,432
- Council Tax SPD £89,899

Other Activity

The following work areas have been undertaken, during 2014/15 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 Monitoring Officer identifying on team activity and areas of inquiry requiring corporate input.

Housing Benefits Investigation Service

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);

During 2014/15 the Service has had the following successes:-

Breakdown of Prosecutions & Sanctions 2014-15		
Convictions (Benefits)	21	
Convictions (Other)	3	
Admin Penalties (Benefits)	26	
Admin Penalties (CTR)	2	
Cautions (Benefits)	16	
Cautions (CTR)	1	
Cautions (Parking)	61	
Cautions (C Tax SPD)	1	
C Tax Fixed Penalty	4	
TOTAL	135	Value £321,184

The service is going through the process of transfer to the DWP as part of the Government's Universal Credit commitment which will apply to all authorities. The service will transfer in February 2016.

Social Housing Recoveries

The team achieved 42 recoveries for the year and were able to prevent 13 Right to Buy sales from going forward that represents a saving of in excess of £102,300 per unit in non-applied discounts. We entered a data matching exercise with a commercial organisation in December 2013 which has enabled us to match data on tenancies to credit histories in order to improve our intelligence of suspected subletting. This was repeated in 2014-15 and has assisted in helping to target higher risk cases for examination.

The success of the team is unquestioned with in excess of 200 recoveries since the team was created in 2010 and a significant impact on systems and processes to improve the Council's Lettings Service as well as improvements to systems and better controls within our ALMO- Tower Hamlets Homes.

The team consists of three staff which has been successfully funded via the Council are continuing to perform as part of the Corporate Anti-Fraud team resource.

The team has also secured funding from a registered provider to fund a single post to investigate their cases and this has started to show positive results.

The Councils ALMO have also recently agreed to fund an additional post via a secondment opportunity to assist in tackling this growing abuse to the scarce resource of Social Housing.

Parking Services

The Parking Service investigations have resulted in 12 parking fraud cases being presented for prosecution. All of which were successfully resolved.

There were also 103 Recovered Disabled badges and 46 Recovered Resident Parking Permits together with 31 Penalty Notices issued and 14 vehicle Removals to the Car pound. In addition the team assisted with the identification and removal 24 vehicles that had been classed as Persistent Evaders representing a ticket liability of £46,155.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

This report is an update of reactive and Anti - Fraud work undertaken during 2014/15. The Corporate Anti-Fraud Service identified Housing and Council Tax overpayments to the value of £321,184 and National Fraud Initiative (NFI) overpayments to the value of £1,180,840.

There are no specific financial implications emanating from this report. The Corporate Anti-Fraud 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.

5. LEGAL COMMENTS

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

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 There are no specific One Tower Hamlets considerations.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The effective investigation of allegations of Fraud and Corruption complies with the councils Best Value duty to manage its resources effectively and ensure that the three E's of Economy, Efficiency and Economy are preserved in order to deliver effective services to the public we serve.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no specific SAGE implications.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The need to manage resources effectively and identify fraud and abuse is a cornerstone in ensuring that risks to loss are effectively managed and the outcome for the last financial year demonstrates the Council's commitment to foster an Anti-Fraud culture.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 By effective Anti-Fraud arrangements the Council contributes to a reduction in crime and offers good practice in resolving scope for abuse of assets and systems.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Attached as Appendix A is a schedule of actual and notional savings emerging from the work of the team over the last financial year.

Local Government Act, 1972 Section 100D (As amended)

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

- NONE
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Officer contact details for documents:

- N/A