

REPORT TO: Audit Committee	DATE 16th September 2014	CLASSIFICATION Unrestricted	REPORT NO.
REPORT OF: Corporate Director, Resources	TITLE: <i>Annual Anti -Fraud Report 2013-14</i>		
ORIGINATING OFFICER(S): <i>Tony Qayum, Corporate Anti-Fraud Manager</i>	<i>Ward(s) Affected: N/A</i>		

1. Introduction

- 1.1 This report provides the Audit Committee with an update of reactive and Anti-Fraud work undertaken during 2013/14.
- 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 2013/14. 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	1	<ul style="list-style-type: none"> • Corporate Anti-Fraud Manager
	2*	<ul style="list-style-type: none"> • Corporate Anti-Fraud Team Leader* • Corporate Anti-Fraud Investigator*
	3	<ul style="list-style-type: none"> • Tenancy Fraud Officers • Temp Tenancy Fraud Officer – THH Funded
Housing Benefits Fraud Team	2	<ul style="list-style-type: none"> • Team Leaders
	7	<ul style="list-style-type: none"> • Investigation Officers
	1	<ul style="list-style-type: none"> • Intelligence Officer
Parking Services	1.5	<ul style="list-style-type: none"> • Parking Fraud Investigation Officers

* Posts created in July 2013

4. Key matters arising from the Service Outturn for 2013-14

- 4.1 There have been three substantial inquiries which have involved close working between the relevant Directorates, the Corporate Anti- Fraud Service, the DWP, Police, UKBA, 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 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.
- 4.5 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.

- 4.6 We have developed a small team of Housing Tenancy Fraud Investigators to assist the Council in tackling Sub Letting of Tower Hamlets Homes and Registered Social Landlord properties.
- 4.7 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 members in November 2013.
- 4.8 We have also developed a Service Level Agreement with Parking Services and undertaken five Pro- active initiatives with the Police and Community Safety Service.
- 4.9 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.

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 Corporate Anti-Fraud team 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. Appendix A provides an outline of the National Fraud Initiative, its legal basis and manner by which it is communicated and the matches it makes.
- 5.3 For the most recent 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 :-

- £712,060 has been identified as overpayment/loss and is in the process of recovery. This includes the following break down:-
- HB/CTB £370,791
- Income Support /JSA £138,176
- Pensions £25,761
- Payroll & Other £88,474
- Creditors £61,693

6. Other Activity

6.1 The following work areas have been undertaken, during 2013/14 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;
- ◆ Training and Development via the Public Sector Partnership with the Metropolitan Police; and
- ◆ 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.

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 2013/14 the Service has had the following successes and has been evidenced as one of the most successful of London Boroughs with:-

- 151 sanctions achieved;
- 48 convictions at court.
- 15 Cautions (i.e. proven cases of fraud, whereby the amount was small or where there were mitigating circumstances to avoid prosecution);

- 62 Parking Offence Cautions
- 26 Administrative Penalties; and
- Total Housing and Council Tax overpayments that represent these cases equates to £825,353.63.

7.3 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. Attached at Appendix B, is a detailed paper that outlines the future resourcing issues for the team following its transfer to the DWP as part of the Government's move towards the Universal Credit scheme and the resultant work that is likely to remain following the demise of the function.

8. Social Housing Recoveries

8.1 The team achieved 43 recoveries for the year and were able to prevent three Right to Buy sales from going forward that represents a saving of £100,000 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 and this resulted in an increased number of good referrals and consequently increased the number of recoveries in the first half of this financial year. The team is funded primarily by Government grant which is time limited and will cease at the end of this financial year.

8.2 The success of the team is unquestioned with nearly 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.

8.3 At present the team consisting of three staff funded via the Government grant are continuing to perform as part of the Corporate Anti-Fraud team resource and efforts are being made by the Head of Audit and Risk to secure future funding from the Council via the Development and Renewal Directorate. A decision on future funding needs to be made with haste as the staff if not available for retention will need to be given three months' notice in December 2014 in order to comply with the Council's re deployment and redundancy procedure. The data matching exercise with a commercial provider has identified a large number of potential matches using the 'traffic light' criteria and we have circa 500 remaining of either Red or Amber quality that need investigation going forward.

9 Parking Services

9.1 The Parking Service investigations have resulted in ten Parking fraud cases being presented for prosecution.

9.2 There were also 93 Penalty Notices, 16 Removals, 50 Recovered Disabled badges and 45 Recovered Resident Parking Permits.

10. Comments of the Chief Financial Officer

10.1 This report is an update of reactive and Anti - Fraud work undertaken during 2013/14. The Corporate Anti-Fraud Service identified Housing and Council Tax overpayments to the value of £ 825,353.63 and National Fraud Initiative (NFI) overpayments to the value of £712,060.

10.2 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.

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 There are no specific risk implications arising from this report.

15. Sustainable Action for a Greener Environment (SAGE)

15.1 There are no specific SAGE implications.

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

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

Brief description of "background papers"

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N/A

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