

Meeting Name:	Audit, Governance and Standards Committee
Date:	3 June 2024
Report title:	2023-24 Annual report of the Corporate Anti-Fraud Team, Finance and the Special Investigations Team
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	n/a

RECOMMENDATION

1. That the audit, governance and standards committee note the annual report of the Corporate Anti-fraud Team (CAFT) and the Special Investigations Team (SIT) for the year 2023-24.

BACKGROUND INFORMATION

2. The work of the anti-fraud team at the council has previously been reported by BDO, as part of the internal audit and anti-fraud progress report. BDO provided management support to the council's anti-fraud team but with the permanent appointment of a Corporate Anti –Fraud Manager, the council is able to provide the strategic advice and management overview in-house.
3. This report summarises the work of the Corporate Anti-Fraud Team and Special Investigations Team for the year 1 April 2023 to 31 March 2024.

KEY ISSUES FOR CONSIDERATION

2023-24 Investigations

4. The table below summarises the Corporate Anti-Fraud Team investigations in 2023-24. The total number of cases was 237 across the year, compared with 276 in 2022-23.

Summary of the anti-fraud caseload 2023-24

2023-24	Corporate	Anti-Fraud	Housing		Right to Buy		Blue Badges	
			Waiting List		Open	Closed	Open	Closed
C/f	Open	Closed	Open	Closed	Open	Closed	Open	Closed
	28		4		2		13	
April	11	7	5	4	5	3	0	0
May	11	7	6	6	1	2	1	0
June	9	7	7	4	4	3	2	2
July	12	10	6	6	1	4	1	0
Aug	3	3	1	5	0	0	1	0
Sept	6	6	0	5	2	1	1	0
Oct	11	16	9	9	4	3	3	2
Nov	3	5	8	4	2	1	2	2
Dec	2	2	11	7	3	5	0	1
Jan	5	1	5	5	3	1	1	14
Feb	4	2	6	6	2	4	1	1
Mar	2	0	3	3	2	1	2	1
Total	107	66	71	64	31	28	28	23

5. A new case reporting system has been introduced which has resulted in changes to the status of some cases or re-classification, with some cases consolidated, others are placed on hold, awaiting further information or investigation, before a decision is taken on how to progress them.

Corporate Anti-Fraud investigations

6. Corporate anti – fraud investigations are usually minor in nature and include areas such as declaration of interests, overtime and working hours issues. Of the 107 cases outlined in the table, 66 have been closed in the year, 24 are active and 17 are on hold.

Housing waiting lists

7. The Team undertakes reviews of the housing waiting list and also homelessness applications which are a cause for concern such as suspicious supporting documents i.e. pay slips, bank statements, contrived overcrowding in order to be placed on the housing list.
8. In 2023-24, the team received 67 referrals, with 4 carried over from the previous year. There are 7 cases outstanding at the end of the year, pending requests for additional information.
- 38 cases were denied. Information obtained suggested that the applicant had provided false information regarding their circumstances to gain housing, or they have not provided sufficient evidence in response to enquiries.
 - 3 cases had no further action.

- 5 cases were referred back to the housing department, as the applicant failed to respond to enquiries, or transferred to another department for further investigation.
- 7 cases are under review at the information gathering phase i.e. awaiting a home visit or awaiting information from the applicant, an interview etc.
- 17 have been recommended to be maintained and agreed that the applicant should remain on the housing list.
- 1 case was withdrawn by the applicant.

Right to Buy (RTB)

9. The council checks the veracity of the sources of funds used for the purchase of properties under the right to buy scheme. Referrals are raised when the cash element of the purchase exceeds HMRC guidelines. When referrals are received, the team reviews the source of cash funding and makes a recommendation to the RTB team. For each case denied or withdrawn a standard cash 'saving' to the council is assumed at £127,900.
10. Between 1 April and 31 March 2024 there have been 29 referrals and 2 carried forward from the previous year.
 - 26 cases have been reviewed and referred back to the RTB Team to progress the application.
 - 2 cases have been denied. The total value of the potential discount stopped was £255,800.
 - 2 cases were withdrawn by the applicant, following the referral. The total value of the potential discount stopped was also £255,800.
 - 1 case is waiting further information concerning the source of the funding.
11. The team further identified a potential subletting issue and the case was denied for RTB. This was referred to the Special Investigations Team (SIT) who have since served a 'Notice to Quit' and the property has been recovered.

Blue Badge

12. The Corporate Anti-Fraud Team (CAFT) support referrals for 'Blue Badge' fraud and misuse as part of an Environment and Leisure initiative which outsources the investigation and prosecution of Blue Badge irregularities to an external contractor, BBFI. Cases where blue badges are issued outside the borough are forwarded to the issuing authority.
13. Blue Badge Fraud Hotline cases in April 2023-March 2024.

Closed No Further Action 20

Closed Transferred Out	3
Under investigation	5
Total	28

(13 Blue Badge CAFT referrals were carried forward from 2022/23)

For those that are described as 'No Further Action', the cars were not found to be using a Blue Badge. For those that are described as 'Transferred Out', the cars were not identified as using a Blue Badge, but were deemed to need further review and monitoring so placed on the BBFI system.

- The proactive, BBFI foot Patrols (not referrals) confiscated 117 Blue Badges from April 2023 to March 2024. 69 have been returned to the customer or to other local authorities. 38 cases have been referred for prosecution (awaiting a court date) and 10 cases have been issued either a Penalty Charge Notice (PCN), paid a release fee for Tows (£250) or issued a warning letter for misuse of a badge.

National Fraud Initiative (NFI)

- Data matching involves comparing computer records held by one organisation against other computer records held by the same or another organisation to see how far they match. The match can be an exact match or a very close match. Where a match is found, there may be an inconsistency that requires further investigation.
- The Cabinet Office released the latest 'data matches' in January 2023 (data is released every 2 years). The matches relate to a number of areas including Blue Badges, Payroll to Payroll, Council Tax Reduction, Housing Tenancy and Concessionary travel. The initial risk score is based on two factors.
 - Risk Logic – a set criteria for each dataset combination which indicates when a fraudulent outcome is more likely to occur and;
 - Footprint Score – a set of criteria associated with the number of times an individual appears across all NFI data at the address and informs a risk.
- A combination of risk logic and footprint score produces a final risk score for each match. The council prioritises matches above 50% of the final risk score. The fraud risk identified 4,387 matches.

High Risk	858
Medium Risk	1,731
Low Risk	1,457
Nil	341

- The current progress/status of the matches identified are as follows:

Processed matches	4,203
Cleared	3,469
Frauds	12
Errors	722
Total sums recoverable	£273,697

19. The council has a mandated duty to submit Electoral Registry and Council Tax data to The Cabinet Office National Fraud Initiative (NFI) on an annual basis. This data is uploaded to the NFI in January and returned the same month. This match identifies addresses where the householder is claiming a council tax single person discount on the basis that they live alone, yet the electoral register suggests that there is more than one person in the household aged 18 or over
20. There were 6,192 matches reported in the annual dataset, 3,043 have been processed, with 689 frauds identified, with an estimated recovery of £349k. The Anti-Fraud Team works continues to work closely with the Income Operations and Exchequer Services to ensure accuracy of the data and compliance with single person discount regulations.
21. A further check identifies addresses where the householder is claiming a council tax single person discount (SPD) on the basis that they are the only occupant over 18 years of age, yet the electoral register suggests that there is somebody else in the household who is already, or is approaching, 18 years of age. 15 frauds have been identified with an estimated recovery of £18k.
22. Allegations concerning council tax fraud received via the Fraud Hotline are disseminated to the relevant team for confirmation and action.

Housing Tenancy Fraud 2023-24

23. The Special Investigation Team (SIT), are based within the council's 'Residents Services' department. The team investigates 'housing tenancy fraud' for housing stock that the council owns, manages and is responsible for. This includes cases of unlawful subletting, non-occupation, succession, assignment, mutual exchange, right to buy and housing register application fraud, unless otherwise agreed. The total number of investigations is detailed in the table below, with the value of housing tenancy fraud prevented by the team at over £1.96m.

Summary of Housing Tenancy Investigations 2023-24

2023-24	Investigations Opened	Investigations Closed	Properties Recovered	Tenancy Prevented	RTB prevented	Other Positive outcomes
C/f	402					
April	10	24	2	2	0	0
May	13	14	0	1	1	3
June	19	15	3	3	0	1
July	3	15	0	0	0	0
August	14	6	1	1	0	1

2023-24	Investigations Opened	Investigations Closed	Properties Recovered	Tenancy Prevented	RTB prevented	Other Positive outcomes
September	40	13	2	0	0	1
October	109	84	0	0	0	2
November	61	45	0	1	0	4
December	19	16	0	0	0	0
January	68	28	2	0	1	4
February	31	32	2	2	0	1
March	32	30	2	2	1	5
Total	548	276	14	12	3	22

24. In addition, to these investigations, the Special Investigations Team (SIT) has:-

- Undertaken checks, where legislation allows, in support of the work by area housing management and legal services to recover properties from illegal occupation.
- Provided information to support the work of the Residents Services in 38 cases during the financial year.
- Served a total of 19 Notices to Quit or Notices Seeking Possession as a result of investigations conducted and have referred 13 cases to legal services.
- Continued to work on housing tenancy related matches under the NFI. Over the 2 year period there has been 2,435 housing tenancy data matches, of which there are 154 open investigations and a further 1,379 matches to be reviewed.
- Data matched approximately 37,500 tenancies in March 2024 in preparation for Residents Services conducting intelligence led tenancy audits in 2024-25.

Staffing, Recruitment and Training

25. The planned recruitment exercise to the CAFT has been successful. The posts of Fraud Team Manager and Fraud Trainee have been filled. The remaining two vacancies will be recruited in 2024-25. The SIT has a compliment of a manager and 8 investigations officers. One officer is currently undertaking training to professionally qualify as Accredited Counter Fraud Specialist. A full review of team training needs, including refresher training, is currently being undertaken.

Policy framework implications

26. This report is not considered to have direct policy implications

Community, equalities (including socio-economic) and health impacts

27. This report is not considered to contain any proposals that would have a significant impact on any particular community or group.

Equalities (including socio-economic) impact statement

28. This report is not considered to contain any proposals that would have a significant equalities impact.

Health impact statement

29. This report is not considered to contain any proposals that would have a significant health impact.

Climate change implications

30. This report is not considered to contain any proposals that would have a significant impact on climate change.

Resource implications

31. This report is not considered to have direct impact on resource implications.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

32. None required

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Tim Jones, Director of Corporate Finance	
Report Author	Paul Bergin, Corporate Anti-Fraud Manager	
Version	Final	
Dated	22 May 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance	n/a	n/a
Strategic Director, Finance	n/a	n/a
Cabinet Member	No	No
Date final report sent to Constitutional Team	24 May 2024	