

Appendix 1

Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: July – September 2017

1. Introduction
2. Pro-Active Fraud Plan
3. Performance Indicators
4. Noteworthy Investigations summaries

1. Introduction

This report covers the period 1st July 2017 – 30th September 2017 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time.

All CAFT work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. Under section 151 of the Local Government Act 1972 the council has a responsibility to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption, this function is delegated to the Assurance Director through the work of CAFT. It supports the Council's commitment to a zero-tolerance approach to fraud, corruption, bribery and other irregularity including any Money Laundering activity.

Work processes in the team are designed for maximum efficiency and as such all functions are intrinsically linked and are dependent on each other in order to ensure CAFT continue to provide an efficient value for money counter fraud service and that is able to investigate all referrals or data matches to an appropriate outcome. CAFT provide advice and support on every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate sanctions or action are taken. It is this element of the work of CAFT that is hard to quantify statistically.

During the last quarter CAFT have further developed relationships with other local authorities namely London Borough of Haringey where joint working and assistance has been established to utilise the enhanced investigative powers of the Barnet CAFT Financial Investigators in relation to Proceeds of Crime investigations under a memorandum of understanding.

CAFT investigators have dealt with a high level of work during this quarter; there have been a total of **441** investigations in quarter 2 as detailed in **Table 1** below further detail on these investigations is provided in Table 3.

Table 1

Investigation Types	Q1	Q2
Total number of Corporate Fraud cases investigated	48	40
<i>Total number of Corporate Fraud cases closed</i>	22	18
Total number of Blue Badge cases investigated	91	143
<i>Total number of Blue Badge cases closed</i>	44	49
Total number of Financial Fraud cases investigated	12	14
<i>Total number of Financial Fraud cases closed</i>	3	1
Total number of Tenancy Fraud cases investigated	206	244
<i>Total number of Tenancy Fraud cases closed</i>	91	115
Overall Total to date cases investigated	357	441
<i>Total number of cases closed</i>	160	183

2. Pro-active fraud plan

Table 2 provides an update against any CAFT pro-active activity undertaken in this period as set out within the 2017/18 plan

CAFT Pro-active review	Outcome
<p>Disabled Blue Badge Street Operation.</p> <p>Disabled Blue Badges must only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a blue badge in any other circumstances.</p>	<p>CAFT have conducted two intelligence led pro-active 'street' Operations in Q2 – during these exercises CAFT officers are accompanied by NSL Parking Enforcement Officers and Barnet Police.</p> <p>The first Operation was carried out on 23rd August 2017 in the Finchley Area. <i>10 cases were identified as possible Fraud or Misuse and referred for further investigation. Out of these 2 badges were found to be lost or stolen, the remaining 8 cases were confirmed as being misused. 8 badges were seized during this operation.</i></p> <p>The second Operation was carried out on 28th September 2017 in the High Barnet Area. <i>8 cases were identified as possible fraud or misuse and referred for further investigation. Out of these 1 badge was found to be a cancelled badge and the remaining 7 were confirmed as being misused. 4 badges were seized during this operation.</i></p>

3. Performance Indicators

Table 3 provides an update against all performance indicators as set out within the 2017/18 fraud plan. *(No targets are set against these indicators; they are purely the results of CAFT re-active and continuous investigation work – with the exception of Tenancy Fraud 'Properties Recovered' which is agreed with Barnet Homes as an annual figure of 60 properties).*

Performance Indicator	Q2 2017-18	Comments
Corporate Fraud Team deal with the investigation of any criminal and fraud matters (except Tenancy related fraud) attempted or committed within or against Barnet such as internal employee frauds, frauds by service recipients and any external frauds. They work in partnership with partners, other organisations and law enforcement agencies to ensure that the public purse is adequately protected		
Number of carried forward Fraud investigations from Q1	26	
Number of new fraud investigations	14	
Total number of Cases dealt with in Q2	40	
Total Number of closed fraud investigations	17	7 closed No Fraud identified 6 closed insufficient evidence 3 closed advice and assistance given to the

		department 1 caution issued
Total number of cases that were closed after prosecution in Q2	1	Please refer to case 8 on the noteworthy investigations sections of the report for further details
Total number of closed cases in Q2	18	
Total number of on-going fraud investigations	22	6 relate to Assisted Travel (Application fraud) 1 relates to Business Rates 1 relates to Adult Care 1 relates to Catering 1 relates to Family Services 1 relates to Parking 5 relate to Schools & Learning 6 relate to Waste & Recycling
Total number of cases carried into Q3	22	
Disabled Blue Badge Misuse and Fraud this details the investigation of Blue Badge Misuse as well as Blue Badge fraud. Blue badges can only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a blue badge in any other circumstances.		
Number of carried forward Fraud investigations from Q1	47	
Number of new referrals received	96	As a result of these referrals 14 badges have been seized.
Total number of BB cases in Q2	143	
Total number of BB cases closed in Q2	49	
Number of cases that were closed after prosecution in Q2	7	These cases were put before the courts in this second quarter and resulted in 7 guilty verdicts. Please refer to noteworthy investigations sections of the report for further details
Number of cases closed with Cautions being Administered in Q2	13	Please refer to noteworthy investigations sections of the report for further details
Number of cases closed with a warning letter sent to badge holder in Q2	16	Warning letters* are issued where there is a strong suspicion that a holder's badge is being misused. *some relate to Barnet badges seized by other local authorities
Number of cases closed with no further action	13	4 were closed as no fraud identified, and 9 were closed due to insufficient evidence.
Number of On-going BB investigations	91	
Number of cases with legal awaiting court action	3	All of these cases are already with our legal team pending prosecution
Total number of BB cases Carried into Q3	94	

Financial Investigations - a Financial Investigation under the Proceeds of Crime Act 2002 ensures that any persons subject to a criminal investigation by Barnet do not profit from their criminal action		
Number of carried forward Financial investigations from Q1	10	
Number of new Financial investigations in Q2	4	
Total number of Financial cases in Q2	14	
Total number of closed Financials in Q2	1	This case was closed due to insufficient evidence
Total Number of on-going Financial investigations	13	Of these ongoing investigations: - 5 relate to Planning 2 relate to Tenancy Fraud 1 relates to Adults and Communities 1 relates to direct payments 4 relate to investigations undertaken for L.B Haringey Details of cases are reported on closure if fraud is proven or another sanction given.
Total number of Financials carried into Q3	13	
Tenancy Fraud Team prevent, identify, investigate, deter and sanction or prosecute persons that commit tenancy fraud in Barnet, ensuring maximising properties back to the council where Tenancy Fraud has been proven. CAFT provide a detailed monthly statistical report, along with a more comprehensive half year and year-end report to Barnet Homes outlining how many properties have been recovered, along with a list of all referrals from the neighbourhood officers and the current status of the cases referred.		
Number of carried forward Tenancy Fraud investigations from Q1	92	As from April 2017 CAFT took on the responsibility for vetting all Right to Buy Applications submitted to Barnet Homes
Number of new Tenancy Fraud Cases in Q2	84	
Number of Right to Buy cases carried over from Q1	23	
Number of new Right to Buy Cases in Q2	45	
Total number of cases in Q2	244	
Number of Tenancy cases closed due to property being recovered	14	3 relate to succession applications where 2 were recovered via civil court action and 1 voluntarily surrendered 4 relate to emergency accommodation where 1 was recovered via peaceful possession and 3 were voluntarily surrendered 7 relate to standard tenancies where 2 were recovered via civil court action due to subletting and 5 were voluntarily surrendered as a result of the CAFT investigation
Number of Tenancy cases closed with no further action being taken	63	These cases were all investigated. All 63 were closed due to no fraud being identified

Number of Housing Applications refused as a result of CAFT intervention	3	CAFT work closely with the Housing Options Team and carry out verification exercises for the purpose of identifying inaccurate information being submitted on housing application forms. These exercises allow us to reserve the housing waiting list for only those who have a legitimate need for social housing
Number of Right to Buy cases closed due to applications being denied	7	A saving of £625,400 in discounts on 6 properties was achieved by preventing the sale of the properties due to the application being withdrawn as a result of CAFT involvement. 1 case did not get to the valuation stage due to our investigations so the discount was not applied.
Number of Right to Buy cases closed	28	All Right to Buy cases are now validated by CAFT. These cases were validated as having no issues and so allowed to progress through the system
Total number of cases closed in Q2	115	
Total number of on-going Tenancy Fraud Investigations.	85	
Number of cases with legal awaiting court action	11	Of these 11 cases 5 are with legal awaiting criminal action and 6 are with legal awaiting civil action.
Total number of on-going Right to Buy Investigations.	33	
Number of Housing cases carried into Q3	129	
Other information reported as per requirements of policy.		
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	Nil this quarter. This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.	
Number of referrals received under the council's whistleblowing policy	Nil this quarter. This is reported in accordance with Policy.	

4. Noteworthy investigation summaries: -

Tenancy Fraud Investigations

Mr A had a two-bedroom house in Barnet. A referral was received from the neighbourhood team who had concerns that the tenant was not residing. The Investigation identified that the tenant was nearly always abroad. The matter was passed to our legal team and an outright possession order was granted. Bailiff's subsequently recovered the property.

Mrs B had a three-bedroom house in Barnet. A referral was received from the neighbourhood team who had concerns that the property was unoccupied. The investigation revealed that the tenant was very rarely in the Country and an unannounced visit by a Tenancy Fraud Officer found a sub-tenant present. Mrs B refused to attend interviews under caution and the matter was passed to our legal team. An outright possession order was granted and Bailiffs' subsequently recovered the property.

Mr C had a studio flat in emergency accommodation in Barnet. A referral was received from the emergency accommodation team who had concerns that the tenant may not be resident. A visit was made to the property and a female was found to be resident. She initially made out that she was a friend of the tenant but when questioned further admitted she had just moved into the property. Mr C was served with notices to quit but made no contact and the property was recovered through peaceful possession.

Mr D had a three-bedroom house in Barnet. A referral was received via the fraud hotline where the informant stated that they used to rent a room at the property and that the property was currently being sub-let to someone else. The resulting investigation showed that the tenant's main banking activity was being conducted in an area some distance from the residence. Other evidence such as car insurance and gym membership were also linked to that same area. Following discussions with the tenant and his solicitor, it was agreed that he would voluntarily hand the keys back.

Mr E had a one bedroom flat in Barnet. An anonymous referral was received alleging that the tenant had recently moved out of the property and a new person was staying there. An unannounced visit was conducted by a Tenancy Fraud Officer who was able to confirm that the tenant was not residing there. A Notice to Quit was issued to the tenant and after a number of formal discussions, the keys were Voluntarily surrendered

Mr F made an application to succeed on a one bedroom flat in Barnet. The matter was referred to CAFT who were able to identify that the applicant had links to another property. On further investigation, it was found that he already held a tenancy at another address and was therefore not eligible to succeed. The matter was passed to our legal team and an outright possession order was granted by the civil courts. Bailiff's subsequently recovered the property.

Miss G applied to succeed the late tenant in a two bedroom flat in Barnet. CAFT received a referral from the neighbourhood team who had concerns regarding the entitlement to succeed. The CAFT investigation confirmed that there was in fact no entitlement and notices to quit were issued to Miss H. The matter was passed to our legal team and an outright possession order was granted by the civil courts. Bailiff's subsequently recovered the property.

Mr H had a two-bedroom emergency accommodation in Barnet. CAFT received a referral from the emergency accommodation team who had concerns the tenant was not resident. The investigation was able to prove that the tenant had links to a property elsewhere and as a result an outright possession order was granted with Bailiffs' subsequently recovering the property

The Keys from a further 6 properties were recovered by consent without the need to take any legal action

Blue Badges & Corporate Fraud Investigations

Case 1 – Relates to the misuse of a deceased person's badge, the defendant failed to attend interview appointments to discuss the offence and then failed to attend court after receiving a summons. The suspect was subsequently prosecuted in his absence and received a fine of £250, ordered to pay costs of £689 and a victim surcharge of £30.

Case 2 – relates to the use of a counterfeit badge, the defendant was found to have been using a copy of his mother's disabled badge which had been cut to size and laminated in an attempt to make it appear genuine, the suspect was prosecuted for the offence and received the maximum £1,000 fine. He was also ordered to pay costs of £1,001 and a victim surcharge of 100, this case received national newspaper coverage as the suspect was a multi-millionaire businessman.

Case 3 – relates to the misuse of a badge where the suspect had used her mother's badge to allow her to park for work duties that she was carrying out at the time. She fully admitted the misuse however it was identified that she had a previous conviction for misusing the same badge in 2015 in another borough. On this basis she was successfully prosecuted by Barnet and received a fine of £230 and was ordered to pay costs of £790 and a £30 victim surcharge.

Case 4 – Relates to a student who was found to be using his grandmother's badge to park at his university. As a student of law, he attempted to offer what he believed was a good explanation to the magistrate, however this was not accepted as a reason for him to be illegally using the badge and he was found guilty of the offence. He was sentenced to a fine of £200, ordered to pay £405 costs and a victim surcharge of £30

Case 5 – Relates to the misuse of an expired badge. The driver was uncooperative and drove away while being spoken to regarding the misuse. He was formally identified and successfully prosecuted despite protesting his innocence. He was fined £120, ordered to pay £200 in costs and a victim surcharge of £30

Case 6 – Relates to the misuse of an expired badge by a student who was using it to attend university. The suspect failed to attend an interview under caution despite being given several opportunities. She was subsequently prosecuted and fined £250, ordered to pay £1,162.66 in costs and a victim surcharge of £30

Case 7 – Relates to the misuse of a cancelled badge in Mill Hill. The driver of the vehicle was identified and failed to attend an interview under caution on several occasions. She was therefore prosecuted and found guilty of the offence of blue badge misuse. She was sentenced to the maximum fine of £1,000, ordered to pay costs of £950 and a victim surcharge of £100

Case 8 – This case relates to an individual who falsified documentation in order to appeal several parking tickets that he had received within the borough. By using altered breakdown reports he appealed tickets on the basis that he was not able to start or move his vehicle. He was prosecuted and fined £1,000 and ordered to pay costs of £1,000 and a victim surcharge of £50

Simple Cautions (formerly known as Formal or Police Cautions)

The aims of the simple caution scheme are:

To offer a proportionate response to low-level offending where the offender has admitted the offence;

To deliver swift, simple and effective justice that carries a deterrent effect;

To record an individual's criminal conduct for possible reference in future criminal proceedings or in criminal record or other similar checks;

To reduce the likelihood of re-offending;

To increase the amount of time police/investigation officers spend dealing with more serious crime and reduce the amount of time officers spend completing paperwork and attending court, whilst simultaneously reducing the burden on the courts.

Thirteen cautions were administered by CAFT in Q2 where disabled blue badges were found being misused. Following investigative interviews under caution, the circumstances of these cases allowed CAFT to consider them to be dealt with by way of the administration of a formal caution.

Seven of these cases related to instances where errands were being run by family members on behalf of the badge holder. These errands related to the collection of items such as medication. The offenders stated that they believed that the badge could be used for such action but when the Blue badge scheme was explained to them they realised that their actions fell outside of what was permitted.

Three cases relate to the persons misusing badges for the sole purpose of conducting their weekly shopping.

One case related to a situation where the offender used the badge to allow them to park close to a school where they were due to collect a child who was not the Badge holder.

Two cases relate to badges being misused by the offenders to allow them to park near their places of work