

Appendix 1

Corporate Anti-Fraud Team (CAFT) Progress Report: 1 April – 30 June 2019

1. Introduction

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3. Performance Information

1. Introduction

This report covers the period 1 April 2019 – 30 June 2019 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. CAFT supports the Chief Finance Officer in fulfilling their statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds.

Work processes in the team are designed for maximum efficiency and as such all functions are intrinsically linked and are dependent on each other, to ensure CAFT continue to provide an efficient value for money counter fraud service and that can investigate all referrals or data matches to an appropriate outcome.

CAFT continue to provide advice and support to 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 actions, such as disciplinary or civil 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 where joint working and assistance has been established to utilise the enhanced investigative powers of the CAFT Financial Investigators in relation to Proceeds of Crime investigations.

The tables below will show that the CAFT investigators were actively dealing with a total of **398** allegations of fraud in this first quarter of 2019/20. This has been a busy time with some excellent outcomes.

2. Pro-active fraud plan

Table 1 provides an update against any CAFT pro-active activity undertaken in this period as set out within the 2019/20 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 one intelligence led pro-active Street Operation in quarter 1 which took place over 2 days which was a joint pro-active operation with Community Safety – during this exercise which took place in Burnt Oak and Edgware, CAFT officers were accompanied by NSL Parking Enforcement Officers, Barnet Police and Community Safety Officers.</p> <p>As a result of the above Operation, a total of 9 Blue Badges were found to be being misused. 1 of these badges was cancelled as lost/stolen. 4 badges were seized by CAFT Officers and a total of 3 PCN's were issued.</p>

3. Performance Indicators

Table 2 provides an update against all performance indicators as set out within the 2019/20 fraud plan. (No targets are set against each of these indicators, they are the results of CAFT re-active and continuous investigation work – with the exception of 'Properties Recovered' which is agreed with Barnet Homes as an annual figure of 60 properties).

Performance Indicator	Q1 2019-20	Comments
<p>Corporate Fraud Team deal with the investigation of any criminal and fraud matters (except Benefit and Tenancy related fraud) attempted or committed within or against Barnet such as internal employee frauds, frauds by service recipients and any external frauds. CAFT work in partnership with partners, other organisations and law enforcement agencies to ensure that the public purse is adequately protected.</p>		
Number of carried forward fraud investigations from 18-19	24	
Number of new fraud investigations	23	
Total number of Cases dealt with in Q1	47	
Total Number of closed fraud investigations	21	<p>3 cases closed as Advice & Assistance given</p> <p>1 closed Fraud Proven (NFA) where it is not in the public interest to pursue the case</p> <p>11 cases closed 'No Fraud'</p> <p>1 school place withdrawn</p> <p>5 cases closed insufficient evidence</p>
Number of staff no longer employed / dismissed as a result of CAFT investigations.	0	
Total number of closed cases in Q1	21	

Number of cases awaiting legal action	0	
Total number of on-going fraud investigations	26	1 relates to Assisted Travel, 1 relates to Family Services 14 relate to Council Tax 1 relates to Highways 4 relates to Direct Payments (Adults) 1 relates to Direct Payments (Children's) 2 relate to CSG Information Systems 1 relates to Safeguarding 1 relates to Business Employment & Skills
Total number ongoing investigations carried into Q2	26	
Concessionary Travel Fraud this details the investigation of Blue Badge Misuse as well as Blue Badge / parking permit 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 Investigations from 18-19	73	
Number of new referrals received	50	As a result of these referrals 5 badges have been seized.
Total number of BB investigations dealt with in Q1	123	
Number of cases that were closed after successful prosecution in Q1	19	These cases were put before the courts in this first quarter and resulted in guilty verdicts. Please refer to noteworthy investigations sections of the report for further details of some sample cases.
Number of cases closed with Cautions being Administered in Q1	19	Please refer to noteworthy investigations sections of the report for further details on some sample cases.
Number of cases closed with a warning letter sent to badge holder or misuser in Q1	16	Warning letters* are issued where there is a strong suspicion or evidence of offence (with mitigating circumstance) and we have decided to take no further action as not in the public interest. *some letters will relate to Barnet badges seized by other local authorities
Number of cases closed with no further action	8	2 cases were closed as No Fraud 6 cases were closed due to insufficient evidence.
Total number of BB cases closed in Q1	62	
Number of cases with legal awaiting court action	5	All of these cases are with our legal team pending criminal proceedings
Number of On-going BB investigations	56	
Total number of BB investigations carried into Q2	61	

Financial Investigations - a Financial Investigation under the Proceeds of Crime Act 2002 ensures that any person's subject to a criminal investigation by Barnet do not profit from their criminal action.		
Number of carried forward Financial Investigations from 18-19	22	
Number of new Financial investigations received in Q1	4	
Total number of Financial investigation in Q1	26	
Number of closed Financial investigations	1	1 POCA case discontinued due to legal technicality relating to a planning case
Total number of closed Financial Investigations in Q1	1	
Total Number of on-going Financial Investigations	25	<p>8 relate to planning enforcement 5 relate to Housing (Tenancy Fraud) 1 relates to Trading Standards 1 relates to Finance 1 relates to Pensions</p> <p>There are a further 8 cases which we are investigating as part of an agreement with Haringey Council.</p> <p>There is a further 1 case which we are investigating as part of an agreement with Haringey Council.</p> <p>Details of cases are reported on closure if fraud is proven or another sanction given.</p>
Total number of Financial Investigations carried into Q2	25	
<p>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.</p> <p>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 status of the cases referred.</p>		
Number of carried forward Tenancy Fraud Investigations from 18-19	100	
Number of new Tenancy Fraud Investigations	64	
Number of new Right to Buy Applications received for verification	38	Since April 2017 CAFT hold the responsibility for vetting all Right to Buy Applications submitted to Barnet Homes.
Number of matters dealt with in Q1	202	
Number of Tenancy Fraud Investigations closed due to property being recovered	10	7 relate to standard tenancies where 2 were recovered via civil action due to subletting and 5 were voluntarily surrendered as a result of the CAFT investigation

		3 relate to emergency housing where the property was recovered. A sample of noteworthy cases are referred to in Section 4 of this report
Number of investigations closed relating to Housing Applications that were denied as a result of CAFT intervention	2	CAFT work closely with the Housing Options Team and carry out verification exercises for identifying inaccurate information being submitted on housing application forms. These exercises allow us to reserve the housing wait waiting list for only those who have a legitimate need for social housing
Number of Right to Buy verifications closed due to applications being denied because of CAFT intervention	5	The Right to Buy scheme helps eligible council and housing association tenants in England to buy their home at a discount
Number of Right to Buy verifications closed as eligible to apply	28	All Right to Buy cases are now validated by CAFT. These cases were validated has having no issues and so allowed to progress through the RTB system
Number of Tenancy Fraud Investigations closed as No Further Action.	66	These cases were investigated but no tangible evidence was identified to substantiate the allegations. <i>The cases were closed as Insufficient Evidence or No Fraud Identified</i>
Total number of cases closed in Q1	111	
Total number of on-going Tenancy Fraud Investigations.	82	Of these cases 6 are with legal awaiting Criminal prosecution and 3 is with legal awaiting Civil action.
Total number of on-going Right to Buy Investigations.	9	
Number of Tenancy Fraud investigations carried into Q2	91	
Other information reported as per requirements of policy.		
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	1 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 matters received under the council's whistleblowing policy.	1 this Quarter	- information was already known to CAFT as relates to ongoing investigation.

4. Noteworthy investigation summaries: -

Corporate & Financial Fraud

Case 1 – relates to a case that was part of our partnership working with the London Borough of Enfield. Their investigation centred around an individual who failed to comply with a planning enforcement notice ordering them to cease the use of the property as 2 self-contained flats. He failed to comply with the notice and continued to rent the units, generating a rental income. CAFT officers commenced a financial investigation on

behalf of LB Enfield. This resulted in a confiscation order being made for the sum of £42,000. The defendant was also fined £7,500 and ordered to pay costs of £17,500. Under the terms of the joint working agreement CAFT will receive £4,200 and £320 in costs

Case 2 – relates to an allegation of a school application had been made where a family moved from an address to a rented property within the catchment area. However, they still had control of the original property and intended to move back to that property after the school place had been allocated to their child. Enquiries were made at the rented address and the family were confirmed as living there and stated they had sold the other address. On reviewing the sale, it appeared that the property was bought by a family member and the rented accommodation is owned by the same family members company. Due to the findings of this investigation, the school Admissions department have determined that the on balance of probabilities the family are likely to move back to the larger property once the child is attending the new school. They therefore withdrew the school place.

Concessionary Travel Fraud

Case 3 relates to the use of a stolen blue badge on two separate occasions, the defendant was found guilty on 11th June at Willesden magistrates court of two offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £1000 and ordered to pay costs to the sum of £500 and £50 victim surcharge

Case 4 relates to the misuse of an expired blue badge, whereby the defendant had deliberately altered the badge in an attempt to make it appear as still valid, the defendant was found guilty of offences under the Road Traffic Regulation Act 1984 for the use of the badge and under the Fraud Act 2006 for the altering of the badge, as a result they received a community order for 12 Months with 140 Hours of unpaid work and were disqualified from driving for a period of 56 days, and ordered to pay £400 costs and £85 victim surcharge.

Case 5 relates to the misuse of a child's blue badge whilst the child was attending school on two separate occasions, the defendant was found guilty of two offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £440 (£220 for each offence) and ordered to pay costs to the sum of £733.44 and £30 victim surcharge

Case 6 relates to the use of a stolen blue badge in a resident bay, the defendant was found guilty of offences under the Road Traffic Regulation Act 1984 for the use of the badge and under the theft Act for having the stolen badge in their possession, they were sentenced to a fine of £500 and ordered to pay costs of £500 and £50 victim surcharge

Simple Cautions (formally 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.*

16 Simple Cautions were administered by CAFT in Q1 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 Simple Caution.

These cases related to instances of straight forward misuse that took place. These include situations where errands were being run by family members on behalf of the badge holder such as the collection of medication or food. The offenders stated that they had the badge holder's permission and believed that the badge could be used for such action. However, when the Blue Badge scheme was explained to them they realised that their

actions fell outside of what was permitted. In such cases Barnet can consider and if appropriate issue a simple caution rather than pursue the matter through the courts.

Tenancy Fraud Investigations

Miss A had a one bedroom flat in Edgware, a referral was received due to a Barnet Social Worker informing the housing team that the tenant was no longer resident, the resulting CAFT investigation found that the tenant was no longer living in the property but was instead living in a care home. The tenant returned the keys and the property was recovered, due to the mitigating circumstances relating to the health of the tenant no further action was taken in this case.

Miss B had a one bedroom flat in Whetstone, a referral was received from the gas team due to them not being able to gain entry to the property to carry out the relevant checks. The resulting CAFT investigation obtained evidence that showed the tenant had been in hospital for some time and was under the care of Islington Social Services due to mental health issues. When the tenant was discharged from hospital, it was to a close relative's address with no prospect of returning to the address in Whetstone. There was no suggestion of any sub-letting so the keys were returned and the property recovered.

Mr C had a one bedroom flat in Hendon, an anonymous referral was received which stated the tenant was not resident and that the property was being sub-letting. The CAFT investigation found that the tenant had allowed a friend to live in the property, whilst he had lived elsewhere. The investigation also found that the tenant was suffering from mental health issues. He was placed into supported living accommodation and the keys to the social housing property were returned.

Miss D had a two bedroom flat in Mill Hill. An investigation started due to the gas team needing to force entry to a property where the tenant could not be contacted. The matter was referred to CAFT which resulted in the investigation uncovering evidence that the tenant was in fact living abroad. It was identified that three men were unlawfully occupying the property, however, due to the tenant not being in the UK, it was not possible to initiate subletting proceedings, the matter was therefore taken to civil court where outright possession was granted and the property was recovered through eviction.

Mr E had a one bedroom flat in Cricklewood, a referral was received from the caretaker of the address who suspected the property was being lived in by someone other than the tenant. The resulting CAFT investigation found that the tenant was in fact living with his partner elsewhere whilst letting his friend live in the tenancy address. The tenant attended an interview under caution where he fully admitted not living in the property for at least two years and allowing his friend to live there rent free. He voluntarily returned the keys and the property was recovered. The matter has been referred to Barnet's legal team for prosecution under the Prevention of Social Housing Fraud Act.

Miss F had a three-bedroom house in Mill Hill. A referral was received from Barnet Homes who had concerns that the tenant was possibly living abroad. A CAFT investigation was started and the evidence obtained confirmed the tenant had been living in Uganda for the past 5 years. Further investigation found that the tenant had passed away whilst in Uganda. An application from her daughter to succeed the tenancy was submitted as it was claimed she was still living in the property and that she could take over the tenancy. CAFT identified that the daughter was also living abroad and therefore had no succession rights to the property. The matter was passed to our legal team and went to civil court where outright possession was granted and an eviction took place to recover the property.

Miss G had a temporary accommodation four bedroom flat in St Albans. A referral was received from Barnet Homes who had concerns the tenant was not resident due to lack of contact. The resulting CAFT investigation obtained evidence confirmed that the tenant was in fact living abroad with no intention to return. The temporary accommodation was therefore cancelled and the property recovered.

Mr H had a temporary accommodation bedsit. A referral was received from Barnet Homes who had concerns that the tenant was not living in the property due to the lack of contact. A CAFT investigation showed that the tenant had indeed abandoned the bedsit and was now untraceable. The property was recovered.

Mr I had a three bedroom Tenancy and submitted a right to buy application. All right to buy applications are vetted by CAFT. The resulting investigation obtained evidence that showed the tenant had tried to hide the fact he was a director of his own company and his income was far greater than declared when he first made his homeless application 6 years earlier. The tenant was given an opportunity to explain this during an interview under caution however, he decided to make no comment but instead surrendered the keys to the property. The case is now being prepared for legal with a view to prosecute due to the false application.