

# Appendix 1

## **Corporate Anti-Fraud Team (CAFT) Quarter 3 Progress Report 1<sup>st</sup> October – 31<sup>st</sup> December 2016**

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### 1. Introduction

This report covers the period 1st September 2016 – 31st December 2016 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 his statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. 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 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 are taken. It is this element of the work of CAFT that is hard to quantify statistically.

In October 2016 CAFT introduced 'Simple Cautions' as a sanction where fraud and Blue Badge misuse had been proved in accordance with our Fraud, Bribery and Corruption Policy.

A 'Simple Caution' is an alternative sanction to prosecution with the following aims:

- 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/council 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.

A simple caution can form part of the defendant's criminal record and can be referred to in future court proceedings.

Between 1st October and 31st December 2016 The CAFT administered 19 cautions (see statistics and noteworthy cases below)

## 2. Pro-active fraud plan

**Table 1 below** provides an update against any CAFT pro-active activity undertaken in this period as set out within the 2016/17 anti-fraud plan

Pro-active review	Outcome
<p><b>Disabled Blue Badge Street Operation.</b></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>A proactive exercise was carried out by CAFT during this period. This exercise took place on 30th November 2016 in the High Barnet area along with Met Police Officers and an NSL officer.</p> <p>The operation resulted in 4 blue badges being seized due to misuse (of these 1 was a cancelled badge and 3 were valid badges but the badge holder was not present), a further 2 badges were processed for further investigation; the operation therefore in total creating 6 new cases.</p> <p>This half day operation also resulted in 5 Penalty Charge Notices being issued for other parking contraventions.</p>
<p><b>Secondary Schools Admissions Exercise</b></p> <p>Secondary Schools Admissions applications closed on the 31st October 2016.</p>	<p>As part of this exercise we have used 7,893 school admissions entries from seven heavily subscribed secondary schools in order to proactively check and validate applications before offers are made.</p> <p>This exercise is currently in progress and outcomes of this exercise will be reported in due course.</p>
<p><b>National Fraud Initiative Exercise</b></p> <p>The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.</p>	<p>Various data sets from across the Council and Barnet Homes data sets were uploaded in October 2016.</p> <p>Data matches are expected to be received at the end of January 2017.</p>

### 3. Performance Information

**Table 2** provides an update against all performance indicators as set out within the 2016/17 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	Q3 2016-17	Comments
<b>Corporate Fraud Team</b> 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. 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 Q2	34	
Number of new fraud investigations	8	
Total Number of closed fraud investigations	25	Please refer to noteworthy investigations sections of the report for further details if fraud is proven.
Total number of on-going fraud investigations	17	Of these 17 investigations, 2 relate to Adults, 5 relate to schools and family services, 4 relate to Street Scenes, 2 relate to CSG, 3 relate to the Commissioning Group and 1 relates to Assurance Group
Number of staff no longer employed / dismissed as a result of CAFT investigations.	Nil this quarter	
<b>Disabled Blue Badge Misuse and Fraud</b> 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 Q2	82	
Number of new BB referrals received	50	
Number of BB cases closed	84	<b>9</b> cases were successfully prosecuted and <b>17</b> were given Formal Cautions (Please refer to noteworthy investigations sections) <b>2</b> closed fraud Proven, <b>9</b> closed No fraud, <b>20</b> Warning letters issued, <b>23</b> Closed insufficient evidence and <b>4</b> cases referred to the police
Open On-going BB investigations	48	5 cases are already with our legal team for prosecution 7 are being considered for Formal cautions and 36 are on-going investigations
<b>Financial Investigations</b> - 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 Q2	10	

Number of new Financial investigations	3	
Number of closed Financial investigations	1	
Total Number of on-going Financial investigations	12	Of these investigations, 6 relate to planning, 1 relates to Revs and Bens, 1 relates to Trading standards and 3 relate to Adults and Communities, 1 relates to Children's services. Details of cases are reported on closure if fraud is proven or another sanction given.
<p><b>Tenancy Fraud Team</b> 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 quarterly 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.</p>		
Number of carried forward Tenancy Fraud investigations from Q2	102	
Number of new Tenancy Fraud investigations this quarter	60	
Total Number of closed Tenancy Fraud investigations this quarter	86	
Total number of on-going Tenancy Fraud Investigations.	76	Of the 76 on-going investigations there are currently 3 cases with legal awaiting criminal hearings and 5 cases are awaiting civil hearings. Please note 2 cases are both criminal and civil the remaining cases are under investigation.
Number of properties recovered this quarter.	11	<p>Overall there have been <b>42 properties recovered this year</b> so far and these include:-</p> <ul style="list-style-type: none"> <li>• 2 succession applications being denied</li> <li>• 8 emergency accommodation properties being cancelled.</li> </ul> <p>The savings that this number of recovered properties equates to is £6,300,000*</p> <p>*according to audit commission calculation of £150k per recovered property</p>
Number of 'Right to Buy' applications denied as a result of CAFT intervention this quarter	2	There is a maximum discount of £103,900 per property on right to buy cases. <b>CAFT have saved £812,300 in discounts in the current</b>

		<b>financial year stopping 9 applications overall to date.</b>
Number of Housing Applications denied as a result of CAFT intervention this quarter	3	CAFT have a close working relationship with the housing options team and liaise with them on a regular basis. <b>We have stopped 7 housing applications so far in the current financial year</b> and are intent on assisting the team further.
Regeneration properties where number of bedrooms has been reduced following CAFT investigation	Nil	These are when tenants are stating other persons are resident in order to obtain extra bedrooms in regeneration properties. <b>There have been 2 prevented so far this year</b>
Joint tenancy denied this quarter	Nil	This is when a tenant has attempted to add another person onto the tenancy. <b>This has happened on 1 case this year to date.</b>
Downgrading of housing application banding	2	This is when a housing applicant applies to have a higher banding in order to get a higher position on the waiting list. <b>There have been 2 prevented so far this year</b>

<b>Other information reported as per requirements of Counter Fraud Framework</b>	
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	<b>Nil this quarter.</b> 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.	<b>One</b> whistleblowing referral was received this quarter which was passed to appropriate service to deal with under the corporate complaints procedure.

#### **4. Noteworthy investigation summaries:-**

##### **Tenancy Fraud Investigations**

**Mr A** had a three bedroom house in Barnet. A referral was received from the neighbourhood housing team as there were concerns Mr A was not resident in the property. Following an investigation, Mr A was found to be linked to a property in another area where his girlfriend was the tenant. Mr A was spoken to and he agreed to relinquish the property.

Mrs B had a one bedroom flat in Barnet. A referral was received stating that Mrs B actually resided in another area and another family member was residing in her property. Investigations confirmed that Mrs B was resident in another area and that the family member had various financial credit at the flat in Barnet which indicated they were indeed resident in the Barnet property. Notices were served as we were satisfied the tenant was living elsewhere and when Mrs B made contact, she was informed that we had concerns that she was living elsewhere, she rang back later on the same day to say that she wished to hand the keys back to the property and the keys were returned shortly afterwards.

**Ms C** had a two bedroom house in Barnet. This property was looked into as part of a pro-active exercise undertaken by CAFT. Initial checks showed that Ms C owned a property elsewhere, though this had been purchased after her tenancy had commenced in Barnet. Ms C initially did not disclose the fact she owned a property elsewhere, but when questioned further she decided to relinquish the tenancy to the property in Barnet.

**Mr D** had a three bedroom maisonette in Barnet. A referral was received stating there were concerns that the tenant was not resident. Various visits were made to the property and other family members were there. Mr D was seen on one occasion and stated that it was his main residence. Further investigations showed that he spent the vast majority of his time abroad and notices to seek possession were issued and an outright possession order was granted. Bailiffs attended the premises to recover the property.

**Mr E** had an emergency accommodation studio flat in N4. A referral was received from the emergency accommodation team that there were concerns Mr E was not resident. Unannounced visits were made to the property without response and information obtained from neighbours stating the tenant had not been seen for some time. In view of this, the emergency accommodation was cancelled and no further contact has been received from Mr E.

**Ms F** made a homeless application for her three children and herself. A referral was received from housing needs asking CAFT to look further into the application. Checks showed that the property that she was currently living in had links to her husband, who she alleged she was estranged from. Ms F was asked to attend an interview regarding the matter. When she was asked about her husband, she became very nervous and subsequently asked for her application to be withdrawn.

**Mrs G** had a flat in Barnet. A right to buy application was received in respect of herself and three relatives. A referral was received from the right to buy team as they had concerns about the application. Checks showed that two of the relatives were linked to addresses elsewhere and furthermore the tenant herself had passed away, even though a copy of her passport was received following her death. The right to buy application was refused and the matter is currently being investigated further by CAFT.

### **Blue Badge misuse Cases Resulting in Prosecution**

#### **Mr Xaaji**

Mr Xaaji was found to be using a deceased relatives Blue badge in Watling Avenue, Edgware. The case was brought before Willesden Magistrates court where he pleaded guilty.

The Court issued a Fine of £250 and ordered Costs of £808.32 and victim Surcharge of £25.00 to be paid.

#### **Ms Anthony**

Ms Anthony was found to be using her young sons blue badge in Finchley Road, whilst the child was at school. She failed to attend Willesden magistrates' court and was found guilty in her absence.

The Court issued a Fine of £420, and ordered costs of £829 and victim Surcharge of £42 to be paid.

#### **Mr Dadey**

Mr Dadey was found to be misusing a relatives blue badge in Babington Road, Hendon. The case was brought before Willesden Magistrates court where he pleaded guilty. The court issued a Fine of £40, and ordered costs of £699 and victim surcharge of £30 to be paid.

#### **Mr Califf**

Mr Califf was found to be displaying a stolen Blue badge in his vehicle which was parked in Golders Green, NW11. The case was brought before Willesden Magistrates court where he pleaded guilty. The court issued a fine of £300 and ordered costs of £85 and victim surcharge of £20 to be paid.

**Ms Johnson**

Ms Johnson was found to be misusing a relatives blue badge in Granville Road, Cricklewood, NW2. The case was brought before Willesden Magistrates court. Ms Johnson failed to attend Court and was found guilty in her absence. The court issued a fined of £660 and ordered costs of £758 and Victim surcharge £66 to be paid.

**Ms Brown**

Ms Brown was found to be misusing a relatives blue badge in High Barnet, EN5. The case was brought before Willesden Magistrates court where she pleaded guilty. The court issued a fine of £150 and ordered costs of £150 and victim surcharge of £30 to be paid.

**Ms Ezra**

Mrs Ezra misused a relatives blue badge in Hendon. She refused to attend an interview under caution so the case was referred to Willesden Magistrates Court where a guilty plea was entered. The Court issued a fine of £75.00, costs of £50.00 and a victim surcharge of £30.00 to be paid.

**Mr Ahsak**

Mr Ahsak was investigated for using a stolen blue badge on his vehicle in East Finchley to park up for work. The case was brought before the court on 18th October 2016. He entered a guilty plea by post for misuse of a disabled badge contrary to section 117 Road Traffic Regulation Act 1984. The court issued a Fine of £365 and ordered costs of £1,009 and a victim surcharge of £37 to be paid

**Blue badge Misuse Cases resulting in a 'Simple Caution' being administered by CAFT;****Case 1**

**Mrs AA** was caught by CAFT officers whilst she was misusing her mother in laws blue badge in Hutton Grove, Finchley, N12. She was formally interviewed under caution where she fully admitted the offence so was offered a simple caution and asked to make a contribution towards investigation costs of £120 which she paid.

**Case 2**

**Mr BB** was caught by CAFT officers in East Barnet Car Park whilst misusing his friends Blue Badge. He was formally interviewed under caution where he fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £170 which he paid.

**Case 3**

**Ms CC** was found to be using a copy of her father's blue badge in her vehicle which was parked in Millway, Mill Hill, NW7. She was formally interviewed under caution where she fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £112 which she paid.

**Case 4**

**Mr DD** was stopped by CAFT officers during a Blue badge operation in Finchley Central. He was found to be misusing his daughters blue badge. He was formally interviewed under caution where he fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £174 which he paid.

**Case 5**

**Mr EE** was stopped by CAFT officers during a Blue badge operation in Mill Hill Broadway, NW7. He was found to be using an expired blue badge belonging to his mother. He was formally interviewed under caution where he fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £138 which he paid.

**Case 6**

**Mr FF** was found to be using a cancelled blue badge in Station road, Edgware, HA8. He was formally interviewed under caution where he fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £155 which he paid.



#### **Case 7**

**Ms GG** was stopped by CAFT officers during a Blue Badge operation in Temple Fortune, NW11, on inspection it was found that she was misusing her mother's blue badge. She was formally interviewed under caution where she fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £174.00 which she paid.

#### **Case 8**

**Mr HH** was found to be misusing his father's blue badge in Bunns Lane car park, Mill Hill, NW7. He was formally interviewed under caution where he fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £130 which he paid.

#### **Case 9**

**MRS II** was found to be misusing her mother's blue badge, whilst her mother was in care home. She was formally interviewed under caution where she fully admitted the offence so was offered a simple caution and asked to make a contribution towards costs of £144.00 which she paid.

#### **Case 10**

**Mr JJ** was caught by CAFT officers misusing his sons Blue Badge in Burnt Oak, the badge was seized and a £60 PCN was issued. At interview Mr O fully admitted misuse and was offered a simple caution and was asked to make a contribution towards costs of the value of £200 which he is currently paying.

#### **Case 11**

**Mrs KK's** car was observed by CAFT Officers displaying a disabled blue badge in North Finchley, further checks on this badge revealed that the badge holder was deceased; a £60 PCN was issued. Mrs KK was interviewed under caution for the wrongful use of a disabled badge and gave a full admittance to the offence stating that she could not find parking and had left her bag at home. She was invited in to accept a simple caution and has paid a contribution towards the costs of the case amounting to £150.

#### **Case 12**

**Mr LL** had been observed misusing his grandfather's blue badge to park up for work in Golders Green after Officers established that the badge holder was at home. Officers attended his place of work to ask him to attend the vehicle where the badge was seized. Mr D attended an interview under caution and gave a full admittance to the offence. He was offered a simple caution and has paid £130 towards the costs of the investigation.

#### **Case 13**

**Mrs MM's** vehicle was observed by a Civil Enforcement Officer parked in Mill Hill displaying a blue badge. CAFT officers telephoned the badge holder who was at home at the time and stated that her daughter had her badge, a PCN was given. Mrs M attended an interview under caution and gave a full admittance to the wrongful use of her mother's blue badge. She was offered a simple caution and made a contribution towards the costs of the case amounting to £165.

#### **Case 14**

**Mr NN** was reported by a member of the public for using a badge on a regular basis to park up for work in Hendon. CAFT Officers established the badge holder was at home on one occasion and visited Mr G's place of work. He attended the vehicle and the badge was seized. Mr G gave a full admittance at interview and was offered a caution and paid £125 towards the costs of the case.

#### **Case 15**

**Ms OO** was found to be misusing her sons blue badge on three occasions in North Finchley and her vehicle was given three PCN's. On the third occasion she was contacted by CAFT Officers to attend the car and the badge was seized. At interview she stated that she had made a mistake using the blue badge without her son present. After the interview she sent an email admitting to misusing the badge. She was offered a caution and has paid £250 towards the costs of the case as well as the three parking fines.

#### **Case 16**

**Mr PP's** vehicle was observed parked in North Finchley displaying his mother's blue badge. It was established by CAFT officers that the badge holder was at home. The vehicle was given a £60 PCN and Mr P was invited in for an interview under caution. He gave a full admittance to misusing his mother's badge and was offered a caution and paid £134.89 towards the costs of the case.

#### **Case 17**

**Mr QQ** was observed parking up in Babington Road, Hendon where he had displayed a blue badge. When CAFT Officers asked to see the badge he stated that it was not his and the car belonged to his friend. Checks revealed that the badge had been reported stolen but at interview he was adamant that he was not aware of that but fully admitted the wrongful use of a Blue Badge. He was offered a caution and has paid a contribution towards costs of £204.

#### **Corporate Fraud Cases resulting in a 'Simple Caution' being administered by CAFT**

#### **Case 18**

**Mr RR** falsified an email purporting to be from the Parking Operations Manager at Barnet Council in order to avoid paying enforcement fees for an unpaid parking fine and requesting the return of £500. In an interview under caution his Solicitor read out a pre-prepared statement which gave a full and frank admission to fraudulently drafting and sending the email. Mr RR was offered a simple caution which he accepted. A record of the offence under Section 2 of the Fraud Act 2006 was recorded on the Police National Computer System.

#### **Case 19**

**Mr SS** was found to be displaying a Barnet parking Maintenance sign in his vehicle to obtain free parking, in Grove Road, N12. He was interviewed under Caution where he gave a full and frank account of how he used the sign to avoid paying for parking. He was issued with a simple caution for offences contravening the Fraud Act 2006 and requested to pay costs of £250 which he paid.

#### **Corporate Fraud Cases resulting in Prosecution**

#### **Mr Badda**

A Referral was received by CAFT from one of Barnet's delivery Units where there was suspicions that **Mr Badda**, who at the time was employed by the London borough of Barnet as a Social Worker, had been taking payments from a Carer of a Barnet council client and was in receipt of a direct payment to assist them in obtaining care.

In October 2016 **Mr Badda** pleaded guilty at Harrow crown court to offences contravening Section 4 of the fraud Act 2006 and was sentenced to 18 months imprisonment suspended for 2 years and ordered to carry out 150 hours of unpaid work. The Judge also signed a compensation order for £10,090 to be paid to LBB by April 2017.