

Appendix 1

Corporate Anti-Fraud Team (CAFT) Q3 Progress Report 1st October – 31st December 2017

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1. Introduction

This report covers the period 1st October – 31st December 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 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 is taken. It is this element of the work of CAFT that is hard to quantify statistically.

In the last quarter CAFT led a co-ordinated programme of activity for ‘International Fraud Awareness Week’ which ran between November 13th – 17th and was an opportunity for the council to raise fraud awareness around the borough both internally and externally and to raise the visibility and profile of the CAFT alongside increasing awareness of how people can report their suspicions of fraud against the council and its partners. Further details relating to this week of activity can be found in Section 2 (Pro-Active Fraud – Table 2) of the report.

CAFT investigators have dealt with a high level of work during this last quarter; there have been a total of **556** investigations in quarter 3 as detailed in **Table 1** below further detail on these investigations is provided in Table 3.

Table 1

Investigation Types	Q1	Q2	Q3
Total number of Corporate Fraud cases investigated	48	40	35
<i>Total number of Corporate Fraud cases closed</i>	22	18	15
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Total number of Blue Badge cases investigated	91	143	232
<i>Total number of Blue Badge cases closed</i>	44	49	83
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Total number of Financial Fraud cases investigated	12	14	16
<i>Total number of Financial Fraud cases closed</i>	3	1	1
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Total number of Tenancy Fraud cases investigated	206	244	273
<i>Total number of Tenancy Fraud cases closed</i>	91	115	116
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Overall Total to date cases investigated	357	441	556
<i>Total number of cases closed</i>	160	183	215

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 intelligence led pro-active ‘street’ Operations in Q3 – during these exercises CAFT officers are accompanied by NSL Parking Enforcement Officers and Barnet Police.</p> <p>The first Operation was carried out on 24th October 2017 in the Hendon Area. <i>14 cases were identified as possible Fraud or Misuse and referred for further investigation. 8 badges were seized during this operation. 3 of these badges were found to be lost/stolen or cancelled, the remaining 11 cases were confirmed as being misuse.</i></p>
<p>International Fraud Awareness Week <i>13th to 17th November 2017</i></p> <p>Each year, fraud fighters around the world use International Fraud Awareness Week as an opportunity to come together to raise fraud awareness in their communities.</p>	<p>The week saw the Corporate-Anti Fraud Team come together with colleagues from other council enforcement teams including Trading Standards, Licencing, NSL Street Enforcement, Re Noise Reduction Teams, Community Protection Teams and the Police.</p> <p>The purpose of the week-long operation was to have a High Visibility presence in the Edgware and Burnt Oak areas and to carry out anti-fraud exercises such as Blue Badge Fraud and Tenancy Fraud as well as to tackle some of the anti-social behaviour issues in the area, such as littering, fly-tipping and unauthorised street trading.</p> <p>Stalls were also set up at Middlesex University in Hendon, The Boardwalk Centre in Edgware and the Housing Needs reception in Barnet House where members of the public could receive advice on reporting fraud, doorstep and telephone scams as well as anti-social behaviour issues.</p> <p>There was also a ‘Drop in Lunch and Learn’ session over the lunch period at the North London Business Park where staff had the opportunity to find out more about the work of the CAFT. At this session staff could test their skills in spotting fake identity documents that had been seized during criminal investigations carried out by our Fraud Officers.</p> <p>In addition to this Officers from the Councils Insurance department were also on hand to give advice.</p> <p>In line with our Communications strategy this week was published internally and externally.</p>

Table 2 below details the successful actions/outcomes that took place throughout the International Fraud Awareness Week	Outcome	Comments
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 Blue Badges verified throughout the week-long operation	494	
Number of Fraud / misuse cases identified	38	All 38 cases are being considered for caution or formal prosecution
Number of badges seized	23	15 re misuse, 8 re Fraud i.e. stolen/ forged
Number of badges remaining at the scene	15	14 re misuse, 1 re Fraud i.e. stolen/ forged
No. of PCN's issued relating to BB fraud /misuse	23	Were evidence of misuse/ fraud is obtained PCNs are issued immediately
No of PCN's issued not relating to BB fraud /misuse	13	During Blue Badge operations, other parking offences come to light and are dealt with accordingly
Tenancy Fraud - 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.		
Number of properties visited to verify tenancy	500	Tenancy Fraud officers visited these properties many times throughout the week to verify that the correct tenants were resident.
Number of properties verified as housing the correct lawful tenants	427	
Number of properties recovered	1	Keys voluntarily surrendered
Number of properties requiring further investigation due to unconfirmed tenant details at residence	72	Officers are continuing to investigate these cases to ascertain if the lawful resident is occupying the property.
Enforcement Teams - prevent, identify, investigate, deter and sanction or prosecute persons that commit anti-social behaviour / street crime in Barnet, ensuring that the matter is dealt with appropriately.		
Number of vehicles seized by police for having no insurance or MOT	1	During these actions 2 persons were arrested and 1 weapon was seized as well as an individual issued with a warning for begging
Number of individuals dealt with by police for anti-social behaviour (drunkenness etc)	4	
Number of FPNs issued by NSL Enforcement for Fly-tipping	3	These related cases where enforcement officers identified the owners of quantities of rubbish that had been dumped in public space
Number of FPNs issued by NSL Enforcement for littering	10	These related to instances where enforcement officers witnessed dropping litter (e.g. cigarettes) in public spaces
Number of businesses being prosecuted by Trading Standards for unlawful street trading	3	These cases related to shop owners accepting payment for good on the street without processing through a till and situations where goods on display for sale encroach onto the public footpaths.

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	Q3 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 Q2	22	
Number of new fraud investigations	13	
Total number of Cases dealt with in Q3	35	
Total Number of closed fraud investigations	15	6 closed No Fraud identified 7 closed insufficient evidence 1 closed advice and assistance given to the department 1 closed resulting in an employee being dismissed (see noteworthy cases – Case 3)
Total number of on-going fraud investigations	20	5 relate to Assisted Travel (Application fraud) 1 relates to Adult Care 2 relates to Family Services 1 relates to Parking 3 relate to Schools & Learning 5 relate to Waste & Recycling 1 Relates to Property Services 1 Relates to Barnet Homes 1 Relates to Customer financial affairs
Total number of cases carried into Q4	20	
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 Q2	86	
Number of new referrals received	146	As a result of these referrals 14 badges have been seized.
Total number of BB cases in Q3	232	
Number of cases that were closed after successful prosecution in Q3	2	These cases were put before the courts in this third quarter and resulted in 2 guilty verdicts (refer to noteworthy cases 1 & 2) At the end of Q3 there has been 15 successful prosecutions relating to Blue Badge Misuse this year
Number of cases closed with Cautions being	37	Please refer to noteworthy investigations

Administered in Q3		sections of the report for some further details relating to cautions being issued - At the end of Q3 there has been 62 cautions issued for Blue Badge Misuse this year
Number of cases closed with a warning letter sent to badge holder in Q3	14	Warning letters* are issued where there is a strong suspicion that a holder's badge is being misused but the evidence or circumstances does not support a further sanction *some relate to Barnet badges seized by other local authorities
Number of cases closed resulting in a dismissal	1	See noteworthy cases – ref case 4
Number of cases closed with no further action	29	5 were closed as no fraud identified, 24 were closed due to insufficient evidence.
Total number of BB cases closed in Q3	83	
Number of On-going BB investigations	142	
Number of cases with legal awaiting court action	7	These cases are already with our legal team pending prosecution
Total number of BB cases Carried into Q4	149	
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 Q2	12	
Number of new Financial investigations in Q3	4	
Total number of Financial investigation in Q3	16	
Total number of closed Financial investigations cases in Q3	1	This case was closed due to insufficient evidence
Total Number of on-going Financial investigations	15	Of these ongoing investigations: - 6 relate to Planning 3 relate to Tenancy Fraud 1 relates to direct payments 4 relate to investigations undertaken on behalf of L.B Haringey 1 relates to Re Details of cases are reported on closure if fraud is proven or another sanction given.
Total number of Financials investigations carried into Q4	15	

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 status of the cases referred.

Number of carried forward Tenancy Fraud investigations from Q2	96	
Number of new Tenancy Fraud Cases in Q3	102	
Number of Right to Buy cases carried over from Q2	33	As from April 2017 CAFT took on the responsibility for vetting all Right to Buy Applications submitted to Barnet Homes
Number of new Right to Buy Cases in Q3	42	
Total number of cases in Q3	273	
Number of Tenancy cases closed due to property being recovered	16	<p>13 relate to standard tenancies where 4 were recovered via civil court action due to subletting and 9 were voluntarily surrendered as a result of the CAFT investigation</p> <p>1 relates to a succession application where the property was voluntarily surrendered</p> <p>2 relate to emergency accommodation where 1 was recovered via civil court action due to subletting and 1 was voluntarily surrendered</p> <p>At the end of Q3 there has been 49 properties recovered</p>
Number of Tenancy cases closed with no fraud being identified	63	These cases were all investigated. All 63 were closed due to no fraud being identified
Number of Housing Applications refused because of CAFT verification process	5	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 waiting list for only those who have a legitimate need for social housing
Number of mutual exchanges prevented because of CAFT intervention	1	Since April 2017 all mutual exchange applications are validated by CAFT to prevent unlawful house swapping.
Number of Right to Buy cases closed due to applications being denied	14	In Q3 a saving of £1,468,600 in discounts on 14 properties was achieved by preventing the sale of the properties due to the application being withdrawn as a result of CAFT involvement. At the end of Q3 there has been 26 right to buy applications denied because of CAFT intervention
Number of initial Right to Buy cases closed as validated by CAFT as being genuine	17	All Right to Buy cases are validated by CAFT. These cases were validated as having

		no issues and so allowed to progress through the Right to Buy Process with Barnet Homes
Total number of cases closed in Q3	116	
Total number of on-going Tenancy Fraud Investigations.	113	
Number of cases with legal awaiting court action	11	Of these 11 cases 6 are with legal awaiting criminal action and 5 are with legal awaiting civil action.
Total number of on-going right to buy Investigations.	33	
Number of Tenancy Fraud cases carried over into Q4	157	
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	One this quarter. This is reported in accordance with Policy and details will be provided as appropriate once investigations have been completed.	

4. Noteworthy investigation summaries: -

Tenancy Fraud Investigations

Ms A had a two-bedroom flat in Barnet. CAFT look at all right to buy applications and do initial investigations. These showed that Ms A had links to another property. A visit was made to this property and Ms A was present. She was subsequently interviewed under caution regarding the matter and voluntarily handed the keys back. The case is currently with our legal team for criminal proceedings.

Mr B had a two-bedroom flat in Barnet. This property was considered as part of a pro-active exercise conducted during Fraud awareness week. A visit was made to a property where it. Mr B immediately got in touch with CAFT and voluntarily handed the keys back.

Mrs C had a two-bedroom flat in Barnet. A data matching exercise at the beginning of the year where information indicated that someone else may be living in the property. The investigation revealed that the tenant was rarely in the country and her son was occupying the premises. Notices to quit the property were served and 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.

Ms D had a three-bedroom property in Barnet. A referral was received from the neighbourhood team who had concerns that the tenant was not resident and was sub-letting to other members of her family. The investigation showed that Ms D was very rarely in the country and notices to quit were served. The matter was passed to our legal team and an outright possession order was granted by the civil courts. The tenant then agreed a date to vacate the property rather than bailiff's costs being incurred and the property y has now been recovered.

Mr E applied to succeed the late tenant in a three-bedroom house 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 Mr E. Following this, Mr E voluntarily agreed to hand the keys back.

Ms F obtained a two-bedroom emergency accommodation based on being a single parent with one daughter. A referral was received from the housing needs team stating that there were suspicions that the daughter was not resident with Ms F. The investigation confirmed that the daughter had not been living with Ms F prior to the application being made. Ms F was asked to attend an interview under caution. She initially maintained that her daughter was resident, but when questioned further, admitted this was not correct. Notices to quit were issued and 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. The case is currently with our legal team for criminal proceedings concerning the housing application.

Ms G had a three-bedroom house in Barnet. A referral was received from the neighbourhood team who had concerns that the property was unoccupied. Numerous visits were made to the property without any response and neighbours confirmed that the tenant had not been seen for a long time. Investigations identified that Ms G was also linked to another address in a neighbouring borough. Notices to quit were issued and the tenant made contact saying she was unwell and was resident in the property. The matter was passed to our legal team who confirmed that we should proceed with action to recover the property through civil action. Shortly before the court hearing, Ms G voluntarily agreed to hand the keys back.

Mr H had a two-bedroom flat in Barnet. A referral was received from the gas safety team as they had concerns the tenant and his family were not resident. The investigation identified that the children had been taken out of school in April 2017 and the family had moved abroad. Notice to quit were served and the matter was passed to our legal team and an outright possession order was granted by the civil courts. As Barnet Homes were already in possession of the keys following the gas safety team having to force entry, the property was recovered.

The keys from a further **8** properties were recovered by consent as the tenant was not residing at that property. There was no need for any legal action in these cases.

Blue Badges & Corporate Fraud Investigations

Case 1 – Relates to the misuse of a stolen blue badge, the defendant failed to attend interview appointments to discuss the offence. The suspect was subsequently prosecuted and received a fine of £65, ordered to pay costs of £700 and a victim surcharge of £30.

Case 2 – relates to the misuse of disabled child's blue badge, the defendant, who is the child's mother was found to have been using the badge whilst the child was at school, despite attempts to deceive investigation officers with false explanations she was prosecuted for the offence and received a fine of £100 and a victim surcharge of £30

Case 3 – relates to a staff member within the Street Scene Delivery Unit, Waste & Recycling who was observed by Civil Enforcement Officers collecting traders waste illegitimately. He was subsequently interviewed by CAFT Officers. Whilst evidence of fraud was obtained the financial gain was below the threshold required for formal prosecution through the courts. The Delivery Unit was informed of the evidence obtained and the subject was immediately dismissed from his employment as a temporary member of staff.

Case 4 – relates to the misuse of a blue badge by a member of NSL staff who was contracted to provide environmental enforcement within the borough. The staff member was suspected of misusing a badge belonging to a relative to park close to his place of work. The case relied heavily on strong circumstantial evidence which was insufficient to meet the burden of proof required in a Magistrates court. However, the evidence was passed to NSL who carried out a disciplinary hearing which resulted in the employee being dismissed.

Simple Cautions (previously 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.

Thirty-seven cautions were administered by CAFT in Q3 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.

Twenty-Three 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 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.

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

One case relates to misuse due the fact that the badge was placed on a broken-down vehicle belonging to the offender

Five Cases relate to the offender forgetting to remove the badge after being with the badge holder earlier on the same day

One case relates to the offender misusing a badge to attend an urgent medical appointment