

# Appendix 1

## **Corporate Anti-Fraud Team (CAFT) Progress Report: 1 July – 30 September 2019**

1. Introduction
2. Pro-active Fraud Plan
3. Performance Information

## 1. Introduction

This report covers the period 1 July 2019 – 30 September 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 **413** allegations of fraud in this second 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><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>CAFT have conducted two intelligence led pro-active Street Operations in quarter 2.</p> <p>The first operation took place in High Barnet in July 2019 where CAFT Officers were accompanied by Police and NSL Officers. As a result of this Operation, a total of <b>55</b> blue badges were checked of which <b>7</b> Blue Badges were found to be being misused. <b>1</b> of these badges was cancelled as lost/stolen. <b>This</b> badge was seized by CAFT Officers and a total of <b>5</b> PCN's were issued.</p> <p>The second operation took place in Finchley Central in August 2019 where CAFT Officers were accompanied by Police and NSL Officers. As a result of this Operation, a total of <b>90</b> blue badges were checked of which <b>9</b> Blue Badges were found to be being misused. <b>3</b> of these badges were seized by CAFT Officers as the drivers returned to the vehicles while officers were present, and a total of <b>6</b> 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	Q2 2019-20	Comments
<p><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. 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 Q1	26	
Number of new fraud investigations	19	
<b>Total number of Cases dealt with in Q2</b>	<b>45</b>	
Total Number of closed fraud investigations	23	<p><b>3</b> cases closed as Advice &amp; Assistance given</p> <p><b>1</b> CTRS case closed Fraud Proven (NFA) where it is not in the public interest to pursue the case</p>

		<b>9 cases closed 'No Fraud'</b> <b>7 cases closed insufficient evidence</b> <b>1 case closed as referred to DWP</b> <b>2 cases closed as referred to Police</b>
Number of staff no longer employed / dismissed as a result of CAFT investigations.	1	This case relates to Family Services
<b>Total number of closed cases in Q2</b>	<b>24</b>	
Number of cases awaiting legal action	1	This case relates to Direct Payment Fraud (Adults)
Total number of on-going fraud investigations	20	<b>1</b> relates to Assisted Travel, <b>3</b> relate to Parking <b>9</b> relate to Council Tax <b>3</b> relate to Direct Payments (Adults) <b>2</b> relate to Direct Payments (Children's) <b>1</b> relates to CSG Information Systems <b>1</b> relates to Care Services Delivery (Adults)
<b>Total number ongoing investigations carried into Q3</b>	<b>21</b>	
<b>Concessionary Travel Fraud</b> 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 Q1	61	<b>1</b> of these relates to Parking Permit Fraud <b>60</b> of these relate to Blue Badge Fraud
Number of new referrals received	82	<b>2</b> of these relate to Parking Permit Fraud <b>80</b> of these relate to Blue Badge Fraud As a result of these referrals <b>4</b> blue badges have been seized.
<b>Total number of CTF investigations dealt with in Q2</b>	<b>143</b>	
Number of cases that were closed after successful prosecution in Q2	7	All of these were Blue Badge related cases and 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 Q2	14	All of these were Blue Badge related.
Number of cases closed with a warning letter sent to badge holder or misuser in Q2	12	All of these relate to Blue Badge cases. 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	24	3 cases were closed as No Fraud (2 relating to Blue Badge, 1 relating to Parking Permits) 1 Advice & Assistance given (relating to Parking Permit) 20 cases were closed due to insufficient evidence (Blue Badge).
<b>Total number of CTF cases closed in Q2</b>	<b>57</b>	
Number of cases with legal awaiting court action	6	All of these cases are Blue Badge related and are with our legal team pending criminal proceedings
Number of On-going CTF investigations	80	79 relate to Blue Badge Fraud 1 relates to Parking Permit Fraud
<b>Total number of CTF investigations carried into Q3</b>	<b>86</b>	
<b>Financial Investigations</b> - 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 Q1	25	
Number of new Financial investigations received in Q2	1	
<b>Total number of Financial investigation in Q2</b>	<b>26</b>	
Number of closed Financial investigations	2	1 Closed as Proceeds recovered 1 POCA case discontinued
<b>Total number of closed Financial Investigations in Q2</b>	<b>2</b>	
Total Number of on-going Financial Investigations	24	8 relate to planning enforcement 4 relates to Housing (Tenancy Fraud) 1 relates to Barnet Homes 1 relates to Trading Standards 1 relates to Finance 1 relates to Pensions There are a further 7 cases which we are investigating as part of an agreement with Haringey Council.  There is a further 1 case which we are investigating as part of an agreement with Enfield Council.  Details of cases are reported on closure if fraud is proven or another sanction given.
<b>Total number of Financial Investigations carried into Q3</b>	<b>24</b>	
<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. 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 Q1	105	
Number of new Tenancy Fraud Investigations	55	
Number of new Right to Buy Applications received for verification	39	Since April 2017 CAFT hold the responsibility for vetting all Right to Buy Applications submitted to Barnet Homes.
<b>Number of matters dealt with in Q2</b>	<b>199</b>	
Number of Tenancy Fraud Investigations closed due to property being recovered	11  (total of 21 Properties recovered between April 19 and Sept 19)	<b>6 relate to standard tenancies</b> where 3 were recovered via civil action due to non-occupancy and 3 were voluntarily surrendered as a result of the CAFT investigation <b>4 relate to emergency housing</b> where the property was recovered. <b>1 relates to a succession application</b> 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 joint to sole applications that were denied as a result of CAFT intervention	1	
Number of Right to Buy verifications closed due to applications being denied because of CAFT intervention	9 (total of 14 RTBs denied since April 2019)	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	30	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.	58	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>
<b>Total number of cases closed in Q2</b>	<b>111</b>	
Total number of on-going Tenancy Fraud Investigations.	71	Of these cases 4 are with legal awaiting Criminal prosecution and 8 are with legal awaiting Civil action.

Total number of on-going Right to Buy Investigations.	17	
<b>Number of Tenancy Fraud investigations carried into Q3</b>	<b>88</b>	
<b>Other information reported as per requirements of policy.</b>		
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	<b>0 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 matters received under the council's whistleblowing policy.	<b>0 this quarter.</b>	

#### 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 Haringey. Their investigation centred around an individual who failed to comply with a planning enforcement notice relating to 10 studio flats which were rented out without planning permission. The defendant 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 Haringey. This resulted in a confiscation order being made for the sum of £76,500. The defendant was also fined £5,000 and ordered to pay costs of £4,520. Under the terms of the joint working agreement CAFT will receive £7,650 and £872 in costs.

**Case 2** – relates to a referral from Family Services alleging that an employee had misappropriated funds in that they had made expense claims for tasks and activities as part of their role that had not taken place. CAFT carried out a Fraud investigation and interviewed the employee under caution and the employee gave an explanation that the department had checked his receipts at the time, although no evidence of receipts was available. CAFT decided not to pursue a criminal investigation based on the evidence available. A full report was submitted for follow up and action in relation to tightening processes and procedures. The evidence gathered was used as part of the disciplinary proceedings and on the day of the hearing the employee resigned.

##### Concessionary Travel Fraud

**Case 3-** relates to the misuse of a relative's blue badge in order to obtain free parking to attend university. The defendant was found guilty on 25th June at Willesden magistrates court for offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £100 and ordered to pay costs to the sum of £350 and £30 victim surcharge.

**Case 4-** relates to the misuse of a relative's blue badge. When questioned the defendant lied stating that the badge holder was with him at the time. The defendant pleaded not guilty and the matter was then taken to trial. The defendant was found guilty of offences under the Road Traffic Regulation Act 1984 for the misuse of the badge and as a result was sentenced to a fine of £575 and ordered to pay costs to the sum of £750 and £57 victim surcharge.

**Case 5** - relates to the misuse of a blue badge by the defendant that had been reported as lost by the genuine badge holder. The defendant was using the badge in order to obtain free parking to attend university. The defendant was found guilty at Willesden Magistrates court for offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £1,223 and ordered to pay costs to the sum of £120 and £30 victim surcharge.

**Case 6-** relates to the use of a counterfeit blue badge in a vehicle parked on a single yellow line. The defendant also made a false appeal in relation to the PCN he received in which he purported to be the badge holder stating

he was present during the use of the badge. The defendant was found guilty of offences under the Road Traffic Regulation Act 1984 and the Forgery and Counterfeiting Act 1981, they were sentenced to a fine of £120 and ordered to pay costs of £1,370 and £30 victim surcharge.

**Case 8** - relates to the use of an expired blue badge by the genuine badge holder's mother while the badge holder was at school. The defendant did not accept that she had done anything and failed to admit to any wrong doing. The defendant was found guilty of offences under the Road Traffic Regulation Act 1984 and was sentenced to a conditional discharge for a period of 6 months.

**Case 9** - relates to the use of a deceased relative's blue badge, in addition to this the defendant had applied to renew the badge after the badge holder had passed away. The defendant was found guilty of offences under the Road Traffic Regulation Act 1984 and the Fraud Act 2006, they were sentenced to a fine of £270 and ordered to pay costs of £1265 and £30 victim surcharge.

**Case 10** - relates to the use of a counterfeit blue badge in a vehicle, the defendant stated that their mother had previously found the badge and on the date of offence the defendant had put it on display in error and was meant to place a relative's genuine blue badge on display. The defendant was found guilty of offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £170 and ordered to pay costs of £600 and £30 victim surcharge.

### **Simple Cautions (formally known as Formal or Police Cautions)**

**14 Simple 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 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**

**Mr B** case was previously reported within the CAFT Q2 18-19, this was in relation to the sub-letting of a two bedroom flat in North Finchley, the tenant had sub-let both bedrooms at a rent of £600 per month, due to the investigation the tenant returned the keys and the property was recovered. However due to the seriousness of the offence the case was referred for criminal proceedings. In September 2019 Mr B pleaded guilty to Section 1 of Prevention of Social Housing Fraud Act 2013, he was sentenced to a fine of £2,500, to pay the costs of £2,757 and an unlawful profit order of £12,349.58. It should be noted that this is the first case where an Unlawful Profit Order has been awarded to the council which came about as a result of evidence being put before the court which showed that the tenant made a profit from claiming housing benefit whilst the rent on the property was being paid by the subtenant.

**Mr A** had a one bedroom flat in Barnet, an anonymous referral was received on the fraud hotline, the caller had concerns that the property had been empty for a long time and only seen someone there four times in a fourteen-month period. A CAFT investigation found that the tenant had been living in Hemel Hempstead area, the tenant refused to attend an interview under caution, however the tenant decided to return the keys and the property was recovered, there was no evidence of sub-letting, therefore the property being recovered was the best achievable outcome.

**Mr B** had a two bedroom flat in Barnet, a referral was received from Barnet Homes, they had concerns the tenant was living elsewhere. A CAFT investigation found evidence that the tenant had not been resident in his



address for some time and had been living at his mother's property, due to health issues, the tenant decided to return the keys for and the property was recovered, due to his health issues no further action was taken.

**Mr C** had a two bedroom flat in Barnet, a referral was received stating the tenant was not resident and living in America. A CAFT investigation showed the tenant had been living abroad for some time and informed the investigating officer she had a job abroad, due to the fact the tenant was abroad she was not able to be interviewed. The matter progressed to civil court and the tenant attended, however the court gave outright possession to the council due to the evidence obtained and the property was recovered through an eviction.

**Miss D** had a two bedroom flat in Colindale, a referral was received Nottingham Housing Association, advising that they had not had contact with the tenant for some time. A CAFT investigation found evidence that the tenant was living abroad and had been for a long period of time, the case was taken to civil court where outright possession was granted, an eviction took place and the property was recovered.

**Miss E** had a one bedroom flat in Colindale, a referral was received from the 'gas safety team' as they were unable to gain access to carry out the annual safety checks, a forced entry to the property was carried out, this showed the property was mostly empty. A CAFT investigation established that the tenant was not in fact resident. The tenant failed to attend an interview under caution, the matter therefore went to court where an immediate possession order was granted, an eviction took place and the property was recovered.

**Mrs F** had a three-bedroom house in Edgware, a referral was received from the housing officer, they believed the tenant was not resident and possible sub-letting to her daughter. A CAFT investigation established that the tenant had been living in Plymouth for approximately six years and her daughter had been sub-letting the property unlawfully. The tenant was interviewed under caution where she admitted to not living in the property for two years and allowing her daughter to live there, she claimed the money she received from her daughter was for bills, however this was the exact amount of the rent for the property, the tenant decided to return the keys and the property was recovered, the case is currently being considered for prosecution and recovery of costs for the loss to Barnet Council.

**Mr G** made a succession application for a two-bedroom house in Edgware after the passing of his mother, however due to a CAFT investigation it showed that the applicant had not been resident in the property for the required twelve months prior to death, the keys were therefore returned and the property recovered.

**Ms H** had a one bedroom flat in Cricklewood, an anonymous referral was received stating that his friend was renting a room from the tenant whilst the tenant was actually living abroad. A CAFTCAFT investigation established that the tenant was in fact living abroad. As the property was temporary accommodation the tenancy was cancelled and the property recovered, there was no evidence of sub-letting.

**Ms I** had a one bedroom flat temporary accommodation property in the Camden area. A referral was received on the fraud hotline, the caller stated that the tenant was not resident at the property and was living with her mother in Whetstone. As part of a CAFT investigation, a number of visits were carried out to the property however the tenant was never in, additional evidence gathered also showed she was usually in and around the Whetstone area, once the tenant became aware she was being investigated she decided to return the keys and the property was recovered, due to there being no evidence of sub-letting this was the best outcome.

**Miss J** had a temporary accommodation bedsit in Willesden, a referral was received from the housing agent, they believed the property was being sub-let to a man whilst the tenant was abroad. A CAFT investigation showed the tenant was abroad. An un-announced visit was made with the agent, there was no reply so he therefore gained access, it was clear that a man was residing and not the tenant, a statement was obtained from a neighbour who confirmed he had only ever seen a man in the property. Due to the evidence the tenancy was cancelled and the property recovered, no further action could be taken due to the tenant being abroad.

**Mr K** had a two bedroom flat temporary accommodation in Willesden, an anonymous referral was received, the referral stated that the tenant was not living in the property and was abroad. A CAFT investigation showed the tenant was abroad and had not informed Barnet Homes, the temporary accommodation tenancy was cancelled and the property recovered, there was no evidence of sub-letting.

**Mr L** made an application for housing stating that he and his family were going to be made homeless by his private landlord. A CAFT investigation found this not to be true and the application was false and the applicant had in fact sent in a false notice of termination from the landlord. The applicant was interviewed and fully admitted he had completed a false application, due to the fact the applicant fully admitted the offence and his mitigating circumstances he accepted a formal caution.