

# Corporate Anti-Fraud Team (CAFT) Annual Report 2020/21

## Executive Summary

The purpose of this annual report is to provide a summary on the outcome of all CAFT work undertaken during 2020-21 including CAFT progress and outcomes set against the objectives as set out in our annual strategy and work plan.

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 (and Section 151) Officer in fulfilling their 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.

This last year has been subject to the working conditions brought about by the Covid-19 pandemic, which saw CAFT officers work from home and, for large parts of the year, being unable to carry out formal PACE interviews, take witness statements or visit suspected offenders in their home addresses. Because of this CAFT has had to carry out more "desk based" investigations and duties and modify the way it works to engage with the members of the public. In addition to this the UK Courts suspended cases being heard and prioritised only the most serious cases where hearings were essential.

From Mid-July most CAFT officers were redeployed to support the high visibility Covid-19 Enforcement street patrols to assist with monitoring, evidencing and enforcing the new Coronavirus Act in relation to new trading rules brought in for businesses in the borough.

Despite these challenges the **Corporate Fraud Team** investigated **119** cases of alleged fraud. These resulted in **1** member of staffed being dismissed and **1** members of staff resigning because of CAFT investigations.

During the year 2020/21 Barnet has also been responsible for assessing and distributing a new grant scheme, set up to support businesses affected by Covid-19 trading rules. Since the start of the grant scheme CAFT have assisted Finance in this scheme and as such carried out a total of 10,514 prepayment fraud checks on applications valued at £87,373,609

The **Concessionary Travel Fraud Team** has investigated **225** cases of alleged Blue Badge misuse as well as Blue Badge and parking permits fraud as well as fraudulent appeals relating to penalty charge notices (PCNs). Of these, **1** case was successfully prosecuted at Magistrates court. A further **31** cases also concluded in Warning letters being sent to the Badge Holders as well as the offenders. There are many cases that are currently waiting for covid regulations to be relaxed so that formal interviews and legal actions can resume.

The **Tenancy Fraud Team** has had to work in particularly challenging conditions this year, whilst investigating **490** cases of alleged Tenancy Fraud. They were responsible for recovering **3** properties and preventing **2** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. In addition to this Tenancy fraud officers prevented **1** new housing application that were submitted by persons who were not eligible to be housed. There are many cases that are currently waiting for covid regulations to be relaxed so that formal interviews and legal actions can resume.

In addition to the specialist Financial investigative role, 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 recovery action is taken. It is this element along with the 'preventative – deterrent' nature of the CAFT work that is hard to quantify statistically but where possible we have done so in the performance indicators section of this report.

Despite the impact of covid we are confident that CAFT will continue to provide an efficient value for money counter fraud service and has demonstrated that it is able to successfully investigate all types and levels of fraud referrals to an appropriate outcome.

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## 1. Anti-Fraud Strategy

Our annual anti-fraud strategy is aligned with the strategic approach **Govern, Acknowledge, Prevent, Pursue and Protect** as outlined in 'Fighting Fraud Locally' (FFL) – the Local Government Fraud Strategy 2020. This strategy provides a blueprint for a tougher response to tackle public sector fraud. This year we also continue to consider and incorporate the six themes as detailed within the 2020 FFL (**Culture, Capability, Capacity, Competence, Communication and Collaboration**) and as such our strategy and approach is to incorporate a proportionate response to these themes as well as consideration of local fraud risks facing the council alongside horizon scanning on emerging national fraud risks and relevant good practice guidance.

| Govern  | Acknowledge   | Prevent  | Pursue   | Protect  |
|---|---|--|--|--|
| Having a zero-tolerance culture throughout the council  | Acknowledging and understanding fraud risks   | Preventing and detecting fraud to protect the council's resources  | Being stronger in punishing fraud and recovering losses  | Protecting the council and its residents   |
| Having robust arrangements and Executive Support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation | Assessing and understanding fraud risks<br><br>Committing support and resource to tackling fraud and corruption<br><br>Demonstrating a robust anti-fraud response<br><br>Communicating the risk to those involved with Governance | Making the best use of information and technology<br><br>Enhancing fraud controls and processes<br><br>Developing a more effective anti-fraud culture<br><br>Communicating CAFT activity and its successes | Prioritising fraud recovery and the use of civil sanctions<br><br>Developing capability and capacity to punish offenders<br><br>Collaborating across geographical and sectoral boundaries<br><br>Learning lessons and closing the gaps | Recognising the harm that fraud can cause in the community<br><br>Protecting public funds<br><br>Protecting the council from fraud and cyber-crime and protecting the council from future frauds |

### Govern (Having a zero-tolerance culture throughout the council)

The role of CAFT in the council is set out in the Council's Constitution. For key organisational partners, the role of CAFT is also set out in contractual arrangements. CAFT operates under a framework of relevant legislation, policies and internal working procedures. These policies are reviewed regularly and are agreed and supported by the Council management team as well as the Audit Committee.

### Acknowledge (and understand Fraud Risk)

Each year we consider and review national fraud risks and emerging fraud trends against local intelligence fraud risks, to assist in developing our annual work plan (part of which is joint with internal audit). During the last year we have continued to strengthen our collaborative working with internal audit and key partners by utilising our intelligence, data analytics and data matching results to help direct anti-fraud reviews. We continue to work with services and key partners in helping ensure that anti-fraud arrangements are fit for purpose on all aspects of fraud risk.

Each year the council makes a commitment to tackling fraud and deliver a robust anti-fraud response through the existence and work of the CAFT, supported by our annual risk-based work plan (and joint plan with internal audit). This plan is approved each year by senior management and the Audit Committee. Progress on and changes to the plan are reviewed continually and reported quarterly to senior management and the Audit Committee.

### **Preventing (and deterring) Fraud**

We recognise that employees are often the first line of defence in preventing fraud. The Financial Regulations within the Council's Constitution places the responsibility for fraud prevention on all employees.

We have many open and easily accessible channels for reporting fraud, as well as confidential reporting 'Whistle blowing' policy in place to assist employees in reporting concerns about fraud and other issues without fear of harassment or victimisation. There is CAFT dedicated e-learning training within the corporate 'induction' programme for all new starters.

CAFT routinely use data matching techniques to identify possible fraudulent activity as well as centrally co-ordinating and investigating referrals relation to the National Fraud Initiative (NFI) data matching exercises to ensure that it is given high priority within services. During the last year we have also introduced the use of data analytics as part of our pro-active exercises to have more targeted risk-based approach.

CAFT continue to work closely with services and management in high fraud risk areas to ensure that working procedures and practices include robust fraud preventative measures. CAFT also conduct targeted proactive anti-fraud activity throughout the year, joint reviews with internal audit as well as re-active investigation work. Outcomes from reviews and investigations where appropriate are reported to management to support their on-going work and to assist in either confirming effective anti-fraud controls and or suggested areas for improvement.

We continue to have effective liaison and working relationships with our HR team and where criminal activity is suspected or found, CAFT will deal with the criminal matter and disciplinary process in parallel to avoid duplication.

### **Pursuing Fraud (and seeking redress)**

During the last year CAFT have continued to review internal investigation processes and procedures to ensure that they are effective, efficient, and compatible with all governing legislation. There are internal CAFT management processes that ensure all investigations are carried out in a consistent, compliant, and timely manner. This also ensures that we take appropriate action/sanctions against anyone who commits fraud whether they are members of staff or members of the public.

To this end we have an established financial investigation function within CAFT. The purpose of this function is to liaise closely with other internal departments and external partner's (including the Police) that prosecute offenders to raise awareness around Proceeds of Crime Act (POCA) and ensure that where possible financial investigations are considered and undertaken by CAFT so that we can assist in the recovery of losses to the public purse and obtain where possible compensation and/or confiscation under the POCA. We also ensure that we utilise civil recovery procedures in relation to Tenancy Fraud and work collaboratively with other LA's and law enforcement agencies to ensure best use of resources with holistic approach to counter fraud at all times.

Where appropriate, if an investigation identifies weaknesses in the control environment recommendations are made either from CAFT or through joint work with Internal Audit to learn lessons, close any gaps and strengthen through robust internal controls.

### **Protect**

As the council's dedicated fraud team, CAFT consists of qualified counter fraud specialist, and specialist financial investigators. These officers carry out operations and exercises throughout the year to identify instances of fraud. These exercises include a regular participation in the National Fraud Initiative (NFI) as well as running internal data matching exercises. We work closely with colleagues across the sector and IT to identify and protect from cyber-crime and protecting the council from future frauds. In addition to this CAFT officers carry out high visibility patrols to identify Blue Badge fraud in the borough and provide a deterrent and reassurance presence. CAFT also jointly work with the councils Internal Auditors to help with identifying weaknesses in processes and procedures across

the council departments that could enable frauds to be perpetrated. We recognise the harm that fraud can cause in the community and how vital our role in protecting public funds, especially for our most vulnerable residents.

In 2020-21 we also continued to consider and incorporate the six themes as detailed within the 2020 FFL (**Culture, Capability, Capacity, Competence, Communication and Collaboration**)

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| <p><b>Culture</b> – creating a culture in which beating fraud and corruption is part of daily business</p>                       | <p>With the support of the Chief Executive and the Corporate Management Team, the Council promotes a zero-tolerance approach to fraud and corruption within the organisation. All new staff are required to undergo mandatory anti-fraud training and service areas are regularly tested in this as part of their governance reviews and planned audits.</p>   |
| <p><b>Capability</b> – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks</p> | <p>The Corporate Anti-Fraud Team is split into separate areas:</p> <ul style="list-style-type: none"> <li>➤ <b>Tenancy Fraud</b> which investigates all matters relating to social housing applications, tenancies and right to buys schemes.</li> <li>➤ <b>Concessionary Travel Fraud</b> which primarily deals with Blue badge fraud but also investigates Freedom Passes and resident Parking Permit Fraud</li> <li>➤ <b>Corporate Fraud</b> who deal with all manner of internal and external attacks on the public purse.</li> <li>➤ <b>Financial Investigation</b> – in accordance with Proceeds of Crime Act</li> <li>➤ <b>Intelligence Officer</b> – supports the work of all areas of the CAFT</li> </ul> <p>This structure has been proven to work well as it is a flexible structure and we are able to deploy resources where they are most needed very quickly.</p> |
| <p><b>Capacity</b> – deploying the right level of resources to deal with the level of fraud risk</p>                             | <p>The CAFT team sits within the Assurance Group and the Director of Assurance is the Council’s senior anti-fraud champion and part of the Corporate Management Team (CMT) as such resources can be prioritised and deployed as required</p> <p>Operationally the CAFT is led by the Head of Counter Fraud Operations as set out in the structure above.</p>   |
| <p><b>Competence</b> – having the right skills and standards</p>   | <p>All officers in CAFT are qualified Counter Fraud Specialists; 3 of these officers are also fully qualified specialist Financial Investigators accredited by the National Crime Agency (NCA). The Head of Counter Fraud Operations and Director of Assurance is also qualified in Counter Fraud Management as well as Financial investigation, and as such are accredited by the NCA as the Senior Authorising Officers in relation to financial investigations. The Financial</p>   |

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|   | investigation specialists are instrumental in recovering loss and achieving income for the council.  |
| <b>Communication</b> – raising awareness, deterring fraudsters, sharing information, celebrating successes  | We continue to recognise that our communications play a key role in ensuring that our staff and residents understand and recognise fraud risks, understand the role of CAFT, different types of fraud and through which channels they can report any concerns or incidents of fraud. To support this CAFT continue to focus on this area to proactively promote outcomes, fraud exercises and as well as prosecutions that take place. |
| <b>Collaboration</b> – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information. | CAFT have effective and established working relationships in place across the organisation and partners but particularly with Internal Audit, Finance, and Community Safety as well as HB Public Law and both local and Specialist Police. In addition to this CAFT management officers hold several London and national wide roles within the anti-fraud networks.  |

## 2. Pro-active fraud plan

**Table 1** provides an update against all CAFT pro-active activity as set out within the 2020/21 plan

| CAFT Pro-active review   | Outcome  |
|--|--|
| <p><b>Covid-19 Grant Payments and on-street enforcement patrols</b></p> <p>During the year 2020/21 LBB has been responsible for assessing and distributing a new grant scheme, set up to support businesses affected by Covid-19 trading rules. It has also been responsible for ensuring that the business comply with the trading rules.</p> | <p>This year the Corporate Team have been heavily involved in the Business Rate relief schemes that the council has been delivering in the borough. They have been part of a cross divisional multiple departmental collaboration, with Revenues and CAPITA, to design and implement a sound delivery process for payment of the grants. A decision was made to carryout prepayment fraud checks on 100% of the applications made, to offer greater assurance surrounding payments being made. It also allowed for early intervention in cases of suspected fraud and meant that the council could prevent the loss of the money, rather than having to recover the funds after they were paid.</p> <p>Since the start of the grant scheme CAFT have carried out a total of <b>10,514</b> prepayment fraud checks on applications valued at <b>£87,373,609</b>. This has allowed extra assurance to be given to the Covid-19 Grant application process and ensured a high level of scrutiny of the applications prior to payment being made. During this time CAFT prevented <b>£55,000</b> worth of Business Grants leaving the authority where fraud had been suspected. These issues, and other grant related cases remain under investigation.</p> <p>Further to this CAFT have also recovered <b>£10,000</b> of fraudulently claimed monies back into the council accounts.</p> |

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|  | <p>Additionally, from July CAFT officers were redeployed to work closely with colleagues from Re and Community Safety, carrying out high visibility street patrols across the borough, to ensure compliance of businesses to the Covid-19 Trading rules. Since January 2021 CAFT officers have been part of the evidence gathering and decision-making team that are responsible for issuing and enforcing Compliance Notice Breaches and Fixed Penalty Notices to offending businesses.</p> |
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**Table 2** provides details of joint CAFT and Internal Audit Reviews and overall assurance ratings as set out within the 2020/21 plan. Further details of these reviews can be found in the relevant internal Audit quarterly progress reports.

| CAFT and Audit Joint Reviews   | Summary of Findings   |
|--|---|
| <p>LBB payments to staff bank accounts –</p> <p>Refer 2020 - 21 Q4 Audit Report for full details</p> | <p>As previously reported to the Audit Committee, two known frauds have been committed by Capita staff working on the Barnet contract (the CPO fraud identified in December 2017 and the Pensions fraud identified in 2019). After the CPO fraud, to provide assurance to the Audit Committee that no further frauds had been committed, in 2018-19 we undertook a data matching exercise. Part of the scope of that review was LBB payments to staff bank accounts to confirm that all any payments were legitimate.</p> <p>In total 41,002 bank accounts receiving payments were matched against Capita staff bank details (staff working on the Barnet contract) by Capita’s Internal Audit team.</p> <p>The exercise led to one partial match, where the bank account number was the same but the sort code was different, although it did relate to the same bank. This partial match was reviewed in more detail by the Council’s Head of Counter Fraud Operations and Capita’s Head of Financial Crime Investigations.</p> <p>The following checks were carried out to ascertain if the partial match related to the same individual.</p> <ul style="list-style-type: none"> <li>• Gender, citizenship, address, date of birth – no matches.</li> <li>• Nature of the payment – the purpose for which the payments were made would have had its own verification processes confirming eligibility for that service and associated funding.</li> </ul> <p><b>There were therefore insufficient grounds to further investigate this partial match and it was concluded that the Data Matching exercise did not identify any fraudulent payments.</b></p> |

**Table 3** provides an update against all performance indicators as set out within the 2020/21 plan

| Performance Indicator   | 2020-21    | 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. They 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 previous year   | 27         |   |
| Number of new fraud investigations  | 91         |   |
| <b>Total Number of cases dealt with 2020-21</b>   | <b>118</b> |   |
| Total Number of closed fraud investigations   | 69         | <p>1 case was closed resulting in a staff dismissal Refer to Corporate noteworthy case 1</p> <p>1 referred to HR -officer resigned</p> <p>26 closed No fraud,</p> <p>37 closed insufficient evidence</p> <p>4 cases referred to the police.</p>   |
| <p>Total number of on-going fraud investigations carried forward into <b>2021-22</b></p> <p>No details can be given on these cases due to them being ongoing and current investigations – where relevant the Chair of the Audit Committee is notified of significant matters whilst they are ongoing</p>  | <b>49</b>  | <p>10 relate to Business, Employment &amp; Skills (Covid-19 Grants)</p> <p>8 relate to Business Rates (Covid-19 Grants)</p> <p>3 relate to Social Care</p> <p>1 relates to Barnet Homes</p> <p>4 relate to Planning</p> <p>10 relate to Council Tax Single person discount</p> <p>2 relate to Parking</p> <p>1 relates to Expenses</p> <p>1 relates to Greenspaces</p> <p>1 relates to Family Services</p> <p>2 relate to School Admissions</p> <p>1 relates to an Illegal Eviction</p> <p>1 relates to Invoicing</p> <p>3 relate to Direct Payments</p> <p>1 relates to Adult Customer Financial Affairs</p> |
| <p><b>Concessionary Travel Fraud</b> this details the investigation of Blue Badge Misuse as well as Blue Badge / parking permits fraud and fraudulent appeals for penalty charge notices. 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.</p> |            |   |
| Number of carried forward Fraud investigations from previous year   | 74         |   |
| Number of new CTF referrals received  | 151        |   |
| <b>Total Number of cases dealt with 2020-21</b>   | <b>225</b> |   |
| <b>Number of cases that were closed after successful prosecution</b>  | <b>1</b>   | See noteworthy cases  |
| <b>Number of cases closed with a warning letter sent to badge holder or misuser</b>   | <b>32</b>  |   |

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| Number of cases closed referred to HR  | 1         | This case involved the use of a Highways Parking permit by a member of staff  |
| Number of cases closed due to insufficient evidence  | 43        |   |
| Number of cases closed No Fraud  | 60        |   |
| Number of BB cases closed in 2020-21   | 137       |   |
| Number of on-going BB investigations carried forward into 2021-22  | 88        |   |
| <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 previous year  | 26        |   |
| Number of new Financial investigations   | 3         |   |
| <b>Total number of cases dealt with 2020-21</b>  | <b>29</b> |   |
| Number of closed Financial investigations  | 14        | <p>11 were closed as Proceeds rRecovered</p> <p>1 was closed due to insufficient assets</p> <p>1 Closed Fraud Prosecution relating to Pensions (Proceeds recovered)</p> <p>1 Closed Fraud Prosecution (2 x defendants) relating to Barnet Homes - Insufficient assets</p> <p><i>Please see noteworthy cases</i></p>   |
| <p><b>Total number of Compensation orders awarded during 2020-21</b> (<i>these funds were awarded by the courts and recovery of these will commence within the next 12 months</i>)</p> <p>Proceeds of Crime recovery amounts received.</p> <p>Under the Governments incentivisation scheme funds confiscated from criminals is shared as follows:</p> <ul style="list-style-type: none"> <li>• 50% is allocated to the Treasury</li> <li>• 12.5% is allocated to the courts</li> <li>• 1.5 % is taken by the asset recovery</li> <li>• <b>36 % is allocated to LBB as the investigating authority</b></li> </ul> <p>In addition to this scheme and in relation to the 36. % CAFT have local agreements in place with Re and other Local Authorities with regard to each investigation, therefore some of this share is split further dependent on the agreement in place.</p> <p>For POCA cases relating to LBB services the full 36% share is retained.</p> | 3         | <p>1 order was awarded for <b>£11,561.31 - Op Falcata</b> (CAPITA Pensions see noteworthy cases)</p> <p>1 order was awarded for <b>£53,866.29 - Op Gladius</b> (Housing Tenancy Fraud see noteworthy cases)</p> <p>1 order was awarded for <b>£5,600 Op Claymore</b></p> <p><b><u>Total of compensation orders granted to LBB £71,027.60</u></b></p> <p><b><u>POCA cases concluded in 2020-21 with recovery of Funds received</u></b></p> <p><b>FI Case 3: £13,000 Op Epee (Haringey)</b><br/>(£4,745.00 to investigating Authority)<br/><b>LBB received £1,300.00</b> (plus costs) LBH received £3,352.19</p> <p><b>FI Case 4: £12,500 Op Firangi (Re)</b><br/>(£4,593.75 to Investigating Authority)<br/><b>LBB received £2,296.87</b>, Re received £2,296.87</p> <p><b>FI Case 5: £125,000 Op Tolar (Re)</b><br/>(£45,056.25 to Investigating Authority)</p> |

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|   |            | LBB received <b>£22,528.12</b> , Re received £22,528.12)<br><br><b>FI Case 6: Op Pound (Haringey)</b><br><b>£310,000</b> ( <del>£111,600.00</del> to investigating authority) LBB received <b>£31,000</b> and LBH received £80,600<br><br>See Financial investigation noteworthy cases                   |
| Total amount of POCA funds recovered this year financial by LBB ( <i>these could include previous year's confiscation orders</i> )  |            | <b>£165,994.00 in Confiscations orders</b>   |
| Total Number of on-going Financial investigations carried forward in 2021-22  | <b>15</b>  | Of these ongoing investigations: -<br><b>4</b> relate to Tenancy Fraud<br><b>5</b> relate to Planning Enforcement<br><b>1</b> relates to Trading Standards<br><b>4</b> relate to investigations undertaken on behalf of L.B Haringey<br><b>1</b> relates to investigation undertaken on behalf of Harrow |
| <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 previous year   | 107        |  |
| Number of new Tenancy Fraud Cases referred to CAFT  | 237        |  |
| Number of new Right to Buy applications where information submitted was verified by CAFT  | 146        |  |
| <b>Total number of cases dealt with 2020-21</b>   | <b>490</b> |  |
| <b>Number of Tenancy cases closed resulting in a property being recovered</b>   | <b>3</b>   |  |
| <b>Number of Tenancy cases closed with no fraud being identified</b>  | <b>226</b> | These cases were all investigated. All were closed due to no fraud being identified or insufficient evidence to continue to substantiate allegations.  |
| <b>Number of Housing Applications refused because of CAFT verification process</b>  | <b>1</b>   | CAFT work closely with the Housing Options Team and carry out verification exercises for identifying inaccurate information being submitted on housing application forms.  |
| <b>Number of Succession Applications refused of CAFT verification process</b>   | <b>1</b>   |  |
| <b>Number of Right to Buy cases closed due to applications being denied</b>   | <b>2</b>   | £226,500 in RTB discounts as well as the loss of the asset itself from the housing stock was prevented by refusing the sale of the properties due to the application being withdrawn because of CAFT investigations.   |

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| Number of Right to Buy cases closed after the application was validated by CAFT as being genuine   | 117  | All Right to Buy applications 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 |
| <b>Total number of cases closed 2020-21</b>  | <b>350</b>   |   |
| Total number of on-going Tenancy Fraud Investigations.   | 85   |   |
| Number of cases with legal awaiting court action   | 13   | 7 relate to Civil action and 6 relate to criminal Prosecutions being pursued  |
| Total number of on-going Right to Buy Investigations.  | 42   |   |
| Number of cases being carried forward into 2021-22   | 140  |   |
| <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).  | 0 this year. This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners. |   |
| <p>Number of referrals received under the council's whistleblowing policy.</p> <p>In March 2021 – we commissioned <b>Protect</b> - the UK's Whistleblowing Charity to provide bespoke virtual training to many officers across the council.</p> <p>We also commissioned Protect to further provide advice on our policy and arrangements to ensure we remain compliant with best practice and continue to offer the best whistleblowing service we can. As such we will review our Policy and arrangements in Q1 of 2021-22 accordingly.</p> | <p>1 in Q1 closed referred to HR<br/>2 in Q4 on-going investigations</p>   |   |

### 3. Noteworthy investigations summaries for 2020/21

#### Corporate Investigations

**Case 1** – A referral was received from within the Street Scenes area in relation to a member of their staff who was off sick at the time due to a work-related knee injury but had been seen on two separate occasions by other colleagues at a car garage where it appeared that he was working whilst off sick. A CAFT investigation was carried out. A disciplinary case was brought against the member of staff and on 22 February 2021, they were dismissed due to the evidence obtained during the investigation.

## Blue Badge Prosecutions

**Case 1** relates to the use of a stolen disabled blue badge; the defendant was found guilty on 15 February 2021 at Willesden Magistrates Court of one offence under the Theft Act 1968 and one offence under the Road Traffic Regulation Act 1984. She was given a 6-month conditional discharge.

## Financial Investigations

Under the Governments incentivisation scheme funds confiscated from criminals is shared as follows:

- **50% is allocated to the Treasury**
- **12.5%** is allocated to the courts
- **1.5 %** is taken by the asset recovery
- **36% is allocated to the investigating and prosecuting authority**

In addition to this scheme and in relation to the 36 % CAFT have local agreements in place with Re and other Local Authorities with regard to each investigation, therefore some of this share is split further dependent on the agreement in place.

For POCA cases relating to LBB services the full 36% share is retained.

**Op Firangi** and **Op Tolar** relate to partnership working with Regional Enterprises planning department. Both cases are in connection with breaches of planning enforcement notices where houses have been unlawfully converted into flats which are then rented out. The breach of the enforcement notices makes the offences criminal in nature and as a result any income received is subject to Proceeds of Crime legislation.

These 2 cases have generated **£49,650.00** of income for Barnet council and Re.

- **Op Tolar:** confiscation order amount £125,000 (36% split = **£22,528.12 for LBB** and £22,528.12 for RE)
- **Op Firangi:** confiscation order amount £12,500 (36% split = **£2,296.87 for LBB** and £2,296.87 for RE)

**Op Epee** and **Op Pound** relate to partnership working with the London Borough of Haringey's planning departments. Both cases are in connection with breaches of planning enforcement notices where houses have been unlawfully converted into flats which are then rented out. The breach of the enforcement notices makes the offences criminal and as a result any income received is subject to Proceeds of Crime legislation. These 2 cases have generated **£42,300.00** of income for Barnet council.

- **Op Epee:** confiscation order amount £13,000 (36% split = **£1,300 for LBB** and £3,352.19 for LBH)
- **Op Pound:** confiscation order amount £310,000 (36% split = **£31,000 for LBB** and £80,600 for LBH)

## **Op Falcata**

This case relates to a fraud by a CAPITA employee who was working as a Senior Pensions Administrator at the CAPITA Darlington Office.

In May 2019, during the collation of standard transaction reports to support the 2018-19 LBB Pension Fund, CAPITA identified several unusual payments. Further scrutiny of these transactions led CAPITA to suspect that these were possible fraudulent transactions and therefore referred (in accordance with agreed arrangements) their concerns regarding these transactions to LBB/CAFT, who immediately initiated a criminal and financial investigation.

The CAFT led criminal investigation was supported by CAPITA Group Financial Crime Team's internal investigation. Scrutiny of the pensions systems identified that the defendant had created these payments and authorised them

using a secondary user profile in his name. By having two user profiles linked to the system the defendant was able to bypass the systems 'role segregation rules'.

In total 7 fraudulent payments were made. The total fraudulent amount paid over this period was **£70,596.62**.

The council's financial investigators identified that the defendant subsequently transferred some of the payments he received into a separate ISA account. He also used the money to purchase personal items and to support his lifestyle. Because of our investigation a quantity of the money had been restrained in the defendant's ISA account since May 2019 subject to ongoing Proceeds of Crime recovery action.

On 14th January 2020 the defendant appeared at Harrow Crown Court and pleaded guilty to one offence contrary to section 4 Fraud Act 2006 (Abuse of position). The suspect was sentenced to 24 months imprisonment, suspended for 24 months.

A final Proceeds of Crime confiscation hearing took place on **30<sup>th</sup> July 2020** where a compensation order was awarded to Barnet council for **£11,561.31** this being the value of the ISA. The remainder of the funds have been recovered from CAPITA.

### **Op Claymore**

This case began due to a Council tenant raising suspicions when he requested a rent refund and was told he had already been paid. Further investigation revealed that a request was made purporting to be from the tenant providing a different bank account. The bank account details belonged to an ex-employee of Barnet Homes, offender 1. Further investigation into his bank accounts revealed that he had received payments from Barnet Homes totalling approx. £44,000. All rent refunds were analysed which revealed a second ex-employee of Barnet Homes, offender 2, had also received rent refunds approx. £22,000 was paid into his bank account.

The fraud was committed by offender 1 telephoning the rents department and purporting to be the genuine tenant. He had details of the tenants as he was an employee within the rental income team at Barnet Homes. After he had left his employment, he took these tenants details with him and continued his offending. Both suspects were arrested and at interview offender 1 gave a full admittance confirming that he conspired with offender 2 and one other person. Offender 2 denied knowledge of the fraud and just assumed the funds were a mistake and spent them anyway.

On 31st July 2020 offender 1 pleaded guilty to many counts of Fraud by False representation (Fraud Act) and offender 2 pleaded guilty to 8 counts of retaining a wrongful credit (Theft Act). On 18th August 2020.

Offender 1 was sentenced as follows:

2 years imprisonment suspended for 2 years. 250 hours unpaid work, 5 months electronically monitored curfew with compensation awarded to London Borough of Barnet totalling **£5,000**

Offender 2 was sentenced as follows:

8 months suspended for 12 months, 150 hours unpaid work with compensation awarded to London Borough of Barnet totalling **£600**.

All funds that were stolen from tenants rent accounts have been reimbursed by Barnet Homes. Steps to mitigate the risk of Fraud in the department have already been put in place during the investigation.

### **Op Gladius**

Miss P had a three-bedroom house in North Finchley, a referral was received from a housing officer of ASRA (Paragon) Housing Association stating they believed the tenant was not resident and sub-letting to other people, the CAFT investigation identified the tenant owned a property in Leicester and had been living with her husband in South West London from 1 November 2011. Further investigation found she had been receiving a rental income from the sub-tenants for the period 1 May 2016 to 19 February 2018. The matter went to Harrow Crown Court where the tenant pleaded guilty to two charges, one under S3 of the Fraud Act 2006 and one under S1(2) Prevention of the Social Housing of Fraud Act 2013. She received a sentence of 2 years imprisonment suspended

for 2 years with 250 hours unpaid work. The Judge also awarded compensation to Barnet Council in the sum of £53,866.28 and costs of £6,554.49. This has been paid in full.

### **Tenancy Fraud Investigations**

**Case 1** – Ms B had a two-bedroom house in Friern Barnet. A referral was received from a neighbour stating the tenant was no longer living in the property. The resulting CAFT investigation found that the tenant was in fact living abroad and had been since 2019. The matter went to civil court where outright possession was granted and an eviction took place to recover the property.

**Case 2** – Mr S had a one-bedroom flat in Colindale belonging to Notting Hill Housing Group (NHHG). A referral was received from NHHG who stated that they were concerned that the tenant had large rent arrears and that they had been unable to contact them. A CAFT investigation found that the tenant had not been resident for some time. NHHG served a Notice to Quit, the tenant to not make contact and a peaceful possession took place, the property had been abandoned.

**Case 3** – Ms S had a two-bedroom flat in East Finchley. A referral was received from an anonymous call on the Fraud Hotline. It was alleged the tenant had left the country in March 2020 and not returned. A CAFT investigation found that the tenant was in Nigeria, she was contacted, she confirmed she had flown to Nigeria on 17 March 2020 and could not confirm a return date. The tenant returned the keys and the property was recovered.