

Appendix 1

Corporate Anti-Fraud Team (CAFT) Progress Report: 1 April 2021 – 30 June 2021

EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 April 2021 to 30 June 2021 and represents an up-to-date picture of the work undertaken, 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.

As the Covid-19 restrictions begin to lift, CAFT are slowly returning to business as usual and have recommenced carrying out home visits and face to face interviews, both in the community and in the dedicated interview rooms in Colindale.

Despite these challenges the **Corporate Fraud Team** investigated **94** cases of alleged fraud. These investigations resulted in **6** School places being denied, **7** Covid Grants being denied (valued at £70,000) as well as several recovery cases within the Council Tax department.

CAFT continue to work closely with the Finance unit to offer assurance against the Covid-19 Grant scheme and are currently undertaking both pre-payment checks and a post assurance exercise, to confirm that funds were paid correctly.

The **Concessionary Travel Fraud** Team has investigated **107** 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). There are several cases that are currently being progressed to formal interviews and legal actions, now that Covid-19 restrictions have eased.

The team has also put in a place a new working protocol with Parking Services to ensure that every PCN, issued against a Blue Badge and subsequently appealed, has assurance that the badge was not being misused in the first instance.

The **Tenancy Fraud team** has continued to work in challenging conditions this quarter, however they have still investigated **262** cases of alleged Tenancy Fraud. They were responsible for prosecuting a case of illegal subletting and preventing **4** 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 and prevented **4** succession applications from proceeding. Other cases continue to progress, as the ability to interview suspected offenders gathers pace.

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 the Covid-19 pandemic, 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.

Other information reported as per requirements of policy.

Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	0 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.	0 this Quarter

CORPORATE FRAUD

There have been **94** cases dealt with in **Quarter one** of 2021-22 relating to Fraud against services provided by the Council or within Service Areas

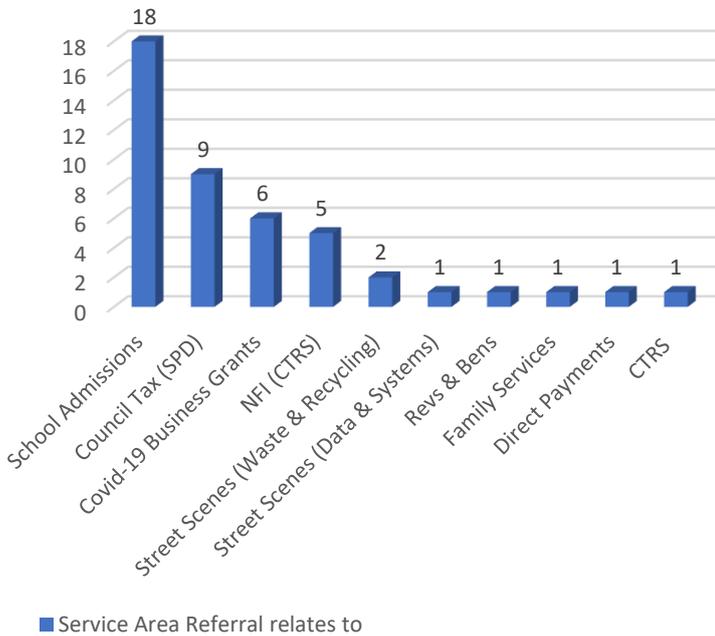
49 cases carried forward from 2020-21

45 New referrals received in quarter 1

46 cases were closed in quarter 1

48 on-going investigations

New Referrals received in Quarter 1

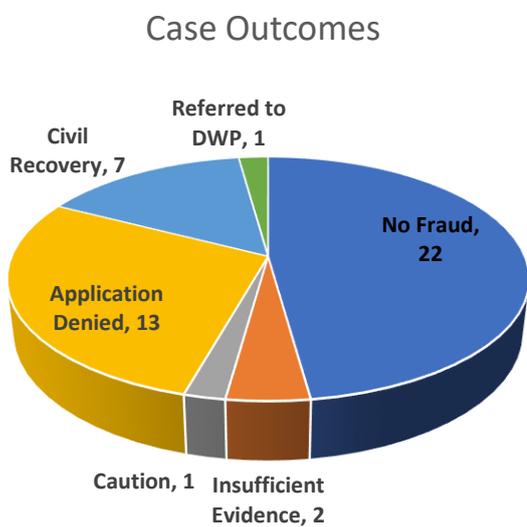


The total number of new referrals in quarter one shows a **28%** increase compared to quarter one of last year

The highest number of referrals in this quarter relate to **School Admissions Fraud**. This is due to a pro-active review that took place in partnership with School Admissions and Ashmole School due concerns over false applications

There has been an increase in referrals relating to Council Tax Fraud as well as an improved and closer working relationship with the Council Tax team.

Closed cases in Quarter 1



1 Caution * refer to noteworthy cases

13 Applications denied

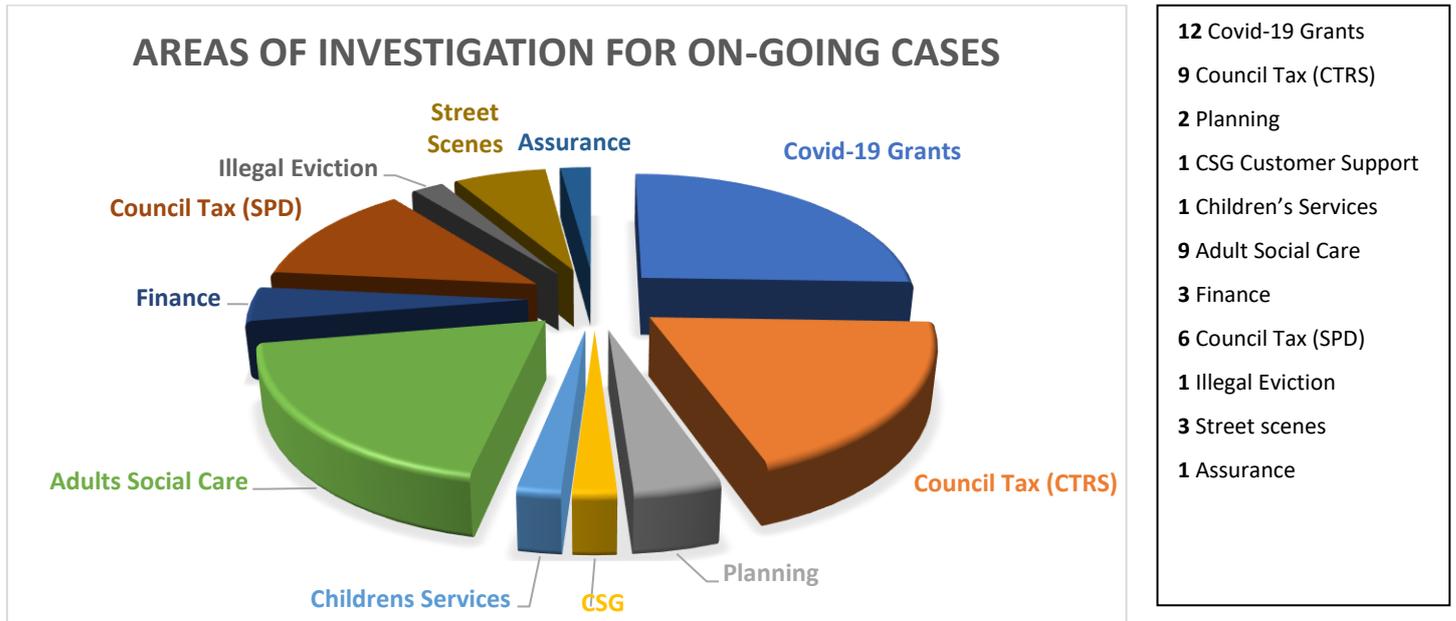
- 6 School Admissions places denied
- 7 Covid-19 Business Grants denied (**£70,000** in Fraud prevented)

7 Civil Recovery

- 5 Single Person discounts (SPD) removed from Council Tax accounts resulting in **£3,988.32** to be recovered
- 2 relate to Council Tax Support (CTRS) (**£11,731.36** to be recovered)

- 22** No Fraud
- 2** Insufficient Evidence
- 1** Referred to DWP

On-going investigations



Noteworthy Corporate Cases

Case 1 – A referral had been received alleging that Barnet refuse Operatives had been loading excess waste for a Business in exchange of items of value. The Business owner had left large amounts of excess trade waste outside his shop contrary to Section 33(1)(a) of the Environmental Protection Act 1990.

The excess waste was collected by Barnet refuse employees in exchange for food and drink. CCTV evidence is available from the refuse lorry showing the crew loading up large amounts of excess waste which was not in accordance with the Trade Waste Agreement in place with the Business over a period of two months. The Business had a trade waste agreement for one 1100 litre bin to be collected twice a week.

CAFT Officers attended the Business premises and had witnessed excess waste being collected and the Barnet employees taking food and drink without payment. The shop owner had advised when questioned that this arrangement had been in place with Barnet Council refuse workers for over five years. It was happening prior to him taking ownership. He admitted that this was wrong and co-operated with the investigation against the LBB employees by providing a statement confirming the arrangement.

A new Trade Waste agreement has been assessed and the business now has three bin collections per week, generating an extra income of £1,045.62 per year to the London Borough of Barnet. The defendant was issued with a **formal caution** and had paid £250 in investigation costs. A separate investigation into the conduct of the refuse workers is on-going.

Case 2 – Mr R had applied to a Barnet Secondary school for his son to attend, providing evidence of residency within the catchment area of the London Borough of Barnet. As part of a review of applications made, working in conjunction with School Admissions and the school, this application was highlighted as suspicious. The CAFT investigation found that Mr R had supplied a counterfeit Tenancy Agreement and had changed his driving licence to make it appear that he was residing in the Borough. Mr R and his son lived outside of the Borough and therefore did not meet the requirements to attend the school. The application was denied.

There were a further 5 school admission cases with similar outcomes.

Case 3 – An application for a Covid-19 discretionary Business Grant had been received in relation to a Business in the Borough. Proof of profit and loss and bank statements had been provided as well as a tenancy agreement for the office address. The application was checked and the CAFT investigation found that the agreement was fictitious and the accounts and bank statements did not show a financial loss from the Business since the lockdown on 23 March 2020, and as this was one of the criteria for a company to be eligible for the grant, the grant was denied resulting in a maximum saving of £10,000 to the Council

There were 6 further covid grant cases with similar outcomes.

CONCESSIONARY TRAVEL FRAUD

This section details the investigation of Blue Badge Misuse, Blue Badge, Parking permits fraud and fraudulent appeals for Penalty Charge Notices (PCN's). 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.

There have been **107** cases dealt with in **Quarter one** of 2021-22 relating to Concessionary Travel Fraud

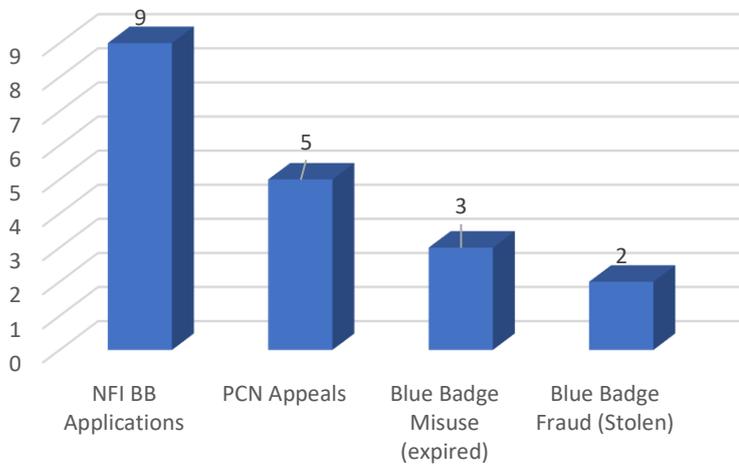
88 cases carried forward from 2020-21

19 New referrals received in quarter 1

6 cases were closed in quarter 1

101 on-going investigations

New Referrals received in Quarter 1

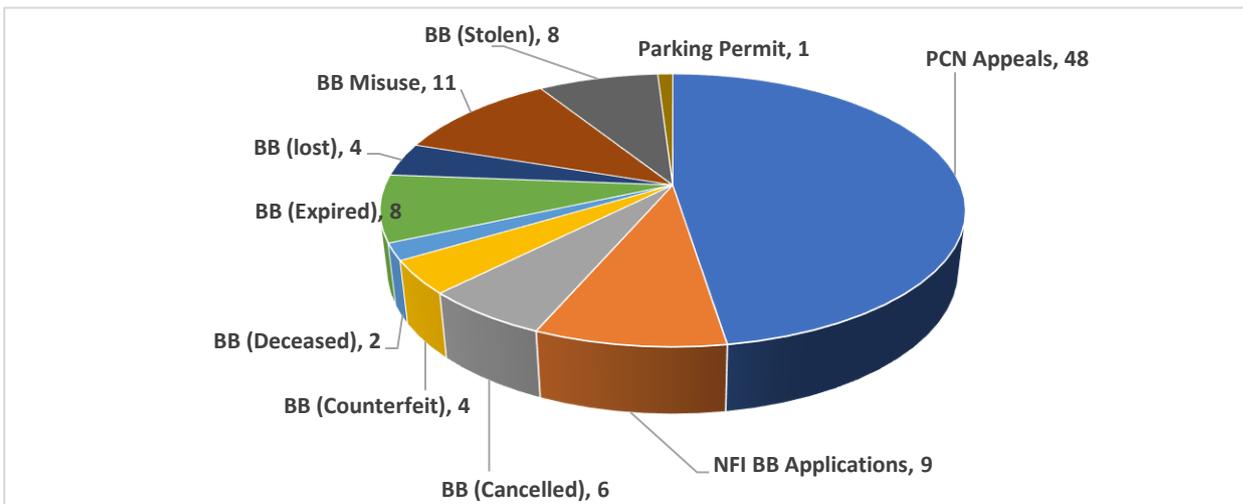


47.4% of new referrals in quarter 1 related to NFI matches identifying potential fraudulent applications for Blue Badges.

26.3% of new referrals in quarter 1 related to Blue Badge misuse or Fraud

26.3% of new referrals in quarter 1 related to PCN Appeals, this a newer area of fraud where appeals against parking fines are submitted using fraudulent documents to have fines cancelled

On-going Investigations



Closed cases in Quarter 1

5 cases were closed Insufficient evidence

1 case closed no fraud

TENANCY FRAUD

The Tenancy Fraud team prevent, identify, investigate, deter, and sanction persons that commit Tenancy Fraud in Barnet, ensuring a maximum return of properties back to the Council and Social Housing Partners where Tenancy Fraud has been proven.

There have been **262** cases dealt with in **Quarter one** of 2021-22 relating to Tenancy Fraud

140 cases carried forward from 2020-21

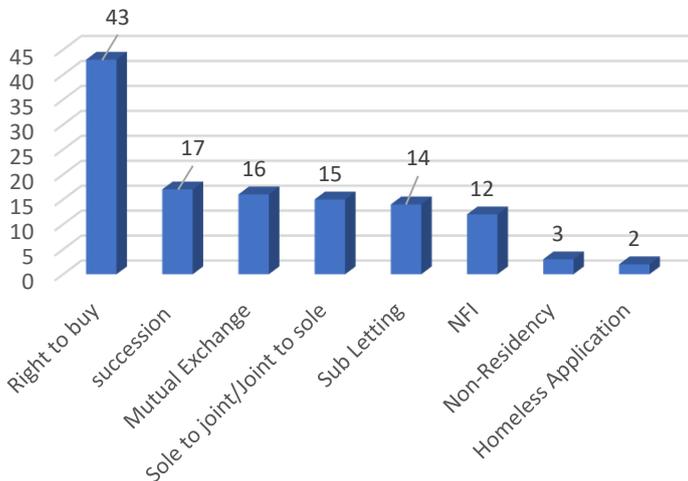
79 New Fraud referrals received in quarter 1

43 Right to buy applications for verification

166 Cases were closed in quarter 1

96 on-going investigations

New Referrals received in Quarter 1



The total number of all new referrals in quarter one shows a **6%** increase compared to quarter one of last year

The total number of Right to Buy referrals in quarter one shows a **45%** increase compared to quarter one of last year

10% of new referrals in quarter one has been generated from the 2021/22 NFI program which was received at the end of March 2021.

Closed cases in Quarter 1

1 Prosecution  **see noteworthy*

5 Insufficient Evidence

4 Right to buy applications refused

3 Referred to other

2 Sole to Joint applications prevented

61 Right to Buy Applications Verified

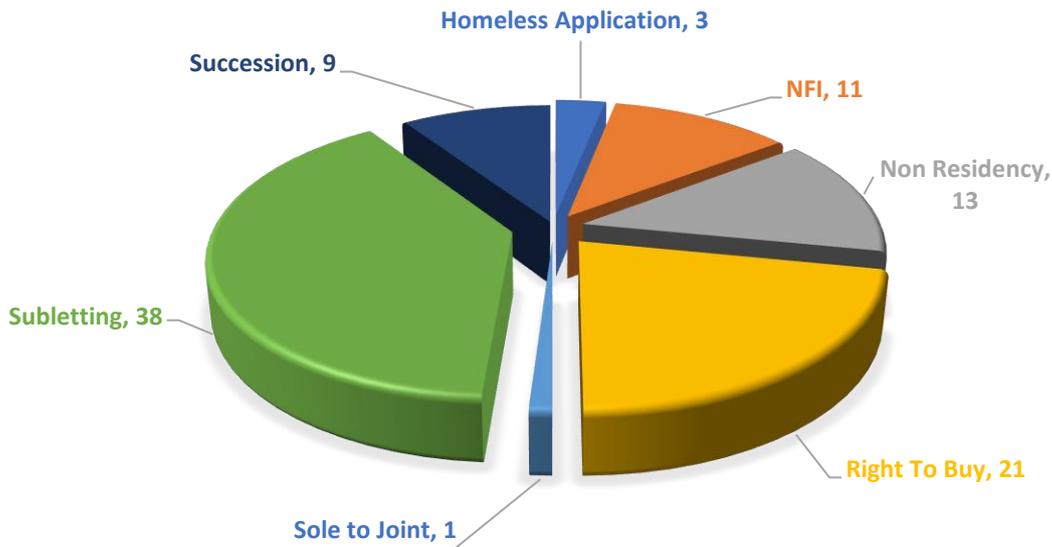
1 Homeless application

85 No Fraud

4 Succession Applications refused

On-going Investigations

AREAS OF INVESTIGATION FOR ON-GOING CASES



- 38 Subletting
- 21 Right to Buy
- 13 Non-residency
- 11 NFI
- 9 Successions
- 3 Homeless Applications
- 1 Sole to joint tenancy application

2 on-going investigations have had Properties recovered and are awaiting further action in the courts

Four Succession Housing applications were refused, resulting in a cost saving in temporary accommodation costs of **£126,029.18**.

This figure is broken down as follows:

Property 1 is a 1 bed unit. Savings = **£19,045.26**

Property 2 is a 1 bed unit. Savings = **£20,510.28**

Property 3 is a 1 bed unit. Savings = **£22,463.64**

Property 4 is a 3 bed unit. Savings = **£64,010.00**

(please see explanatory note below)

As a result of CAFT investigations four right to buy applications were stopped resulting in the properties being retained in council housing stock. Had the purchases been allowed to continue, LB Barnet would have offered a discount of £112,800 on each property. This equate to the authority retaining an asset value of **£451,200**.

Two properties (1bed and 2bed) were recovered during Quarter one. This equates to a saving in temporary accommodation costs of **£39,556.54**

One criminal prosecution was concluded in quarter one *see noteworthy

Taking into consideration the below figures, a calculation can be made which represents the saving to the Public Purse by securing the property back to stock and letting it to those in temporary accommodation.

The average weekly cost of Temporary Accommodation per bedroom size unit and average time to be accommodated in a secure tenancy within LB Barnet are:

1 bed = £244.17 @ 94 weeks = £22,951.98

2 bed = £297.94 @ 108 weeks = £32,177.52

3 bed = £346.00 @ 186 weeks = £64,356.00

4 Bed = £469.00 @ 194 weeks = £90,986.00

The following is an example:

1 bed tenancy, which is kept out of circulation due to denied succession = 12 weeks (taken from point in time that the lawful tenant passes away through to the eviction of the unlawful occupant).

Total cost of housing 1 bed unit for 12 weeks in TA = £2,930.04 (£244.17 x 12 weeks)

Saving = £20,021.94 (£22,951.98 (average cost) - £2,930.04(actual time the TA would have been required).

Noteworthy Tenancy Fraud Cases

Case 1 - Mr B had been a Barnet council tenant since 2004. The property is a one bedroomed flat. A referral was received which stated that the tenant had moved out and was living with his partner and child in out of the Borough, whilst subletting the property to another male.

Evidence was obtained that showed that the tenant had been living at various addresses other than the Barnet tenancy since at least 2014. The evidence confirmed that his partner had purchased a house in 2017 and that this was where they were both resident. Credit information indicated that someone else was resident at the Barnet property. Bank statements obtained showed that the Barnet tenant was receiving £580 per month in rent.

The defendant was invited to attend an interview but declined, stating that there was no evidence against him. In December 2018, the property was recovered by way of eviction after the rents team had pursued a possession order based on the arrears. The defendant had previously avoided eviction by paying towards the arrears at Court, however CAFT provided a statement to support the rents team advising that a criminal investigation was also under way for subletting and that a stay of eviction should not be granted.

On 17th June 2021 Mr B pleaded guilty to an offence under Section 1 (2) Prevention of Social Housing Fraud Act 2013 (POSHFA) and was ordered to pay a total of £2904.86 which included a £500 fine, £50 victim surcharge and £2,354.86 prosecution costs.

Case 2 - Mr E had a two bedroom flat in Barnet, a referral was received from Metropolitan Thames Valley Housing advising that they suspected the tenant was subletting the property to a couple. The resulting CAFT investigation found that the tenant was in fact living elsewhere and had been since 2014, a family member was living at the social housing property and paying the rent to the tenant, from 2020 the tenant sub-let to another couple of paid him rent. The tenant was interviewed under caution where he admitted to living elsewhere and sub-letting. The matter is now being prepared for legal for prosecution under the Prevention of Social Housing Fraud Act 2013 for sub-letting the property. The loss to Barnet for the offence is £97,608.00 which we will look to recover.

Case 3 - Mr J had a one bedroom flat in Muswell Hill, a Right to Buy application was received from the tenant, however following background checks into the application someone other than the tenant was identified as linked to the address, whilst the tenant was linked to an address in Enfield. The resulting CAFT investigation found that the tenant was sub-letting the social housing property and receiving a monthly rent into his bank account. The tenant became aware of the investigation and returned the property. The investigation is ongoing, and the tenant will be interviewed under caution.

FINANCIAL INVESTIGATIONS (FI)

A Financial Investigation under the Proceeds of Crime Act 2002 (POCA) ensures that any person(s) subject to a criminal investigation by Barnet do not profit from their criminal actions.

There have been **16** cases dealt with in **Quarter one** of 2021-22 relating to financial investigation

15 cases carried forward from 2020-21

1 New FI Cases opened in quarter 1

0 FI cases closed in quarter 1

16 on-going FI investigations

New Referrals received in Quarter 1



1 New referral has been received under the joint working agreement with London Borough of Haringey

No Confiscation or Compensation orders were awarded in quarter one

On-going investigations

AREAS OF INVESTIGATION FOR ON-GOING POCA CASES

