

Appendix 1

Corporate Anti-Fraud Team (CAFT) Progress Report: 1 October 2021 – 31 December 2021

EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 October 2021 to 31 December 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 **51** cases of alleged fraud. These investigations resulted in **6** recovery cases to the value of £45,369.49 which included a Covid-19 business grant, a recovery within Family services as well as recovery cases within the Council Tax department and **1** internal investigation resulting in disciplinary action being taken against **five** members of staff.

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 **162** 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). These investigations resulted **3** Prosecutions, **6** Cautions being administered and **13** warning letters. There are several cases that are currently being progressed to formal interviews and legal actions.

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 **197** cases of alleged Tenancy Fraud. These investigations resulted in **1** Prosecution for illegal subletting which included the recovery of the Council property and a £10,000 compensation award, **4** Homeless applications being denied, and **1** mutual exchange application denied. In addition to this, Tenancy fraud officers recovered **3** further properties this quarter saving on temporary accommodation costs and bringing those properties back into the Council's Housing Stock. Other cases continue to progress, as the ability to interview suspected offenders gathers pace.

There have been **14 Financial (Proceeds of Crime) Investigations** carried out this quarter. **13** of these are on-going and recovering of confiscation orders continues.

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.

National Fraud Initiative data matching exercises

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and error. Barnet has a statutory duty as do all local authorities to take part in this national exercise and as a result in October and December 2020 Barnet submitted a number of data sets to the Cabinet Office for matching against other public-sector data sets. At the end of January 2021 this matching process returned **108** separate reports containing a total of **9,923** matches to Barnet. Investigation of these matches are still in progress. The Cabinet Office allows 18 months for the exercise to be completed with results being compiled and reported every 6 months. New data runs are being processed with new matches appearing on the reports. CAFT are in the process of signing up to the NFI Fraud Hub which enables the Council to run data sets any time to get more real time and accurate matches. This will also be used to prevent fraud by uploading application data as it comes in.

Fraud Awareness Week - 15 – 19 November 2021

This is a proactive week of action where the work of counter fraud officers is publicised, and advice given to staff as well as members of the public to assist with any concerns they may have. CAFT Officers were assisted by Community Safety Officers in a joint effort to combat fraud and other offences and raise awareness.

On street Blue Badge Operations were carried out during ‘**International Fraud Awareness Week**’ in November 2021 in the areas of Hendon, West Hendon, Burnt Oak, Edgware, High Barnet & Underhill, Golders Green, Childs Hill, Finchley, and Mill Hill. These areas were targeted as intelligence suggested that they were areas with high usage of blue badges. During these Operations in excess of 200 blue badges were checked resulting in **47** new blue badge investigations. **5** of these badges were seized and **14** Penalty Charge notices (PCN) were issued. Out of the **47** cases identified, **34** related to misuse of a valid badge, **6** related to lost or stolen badges, **2** related to the use of a deceased persons badge, **3** were expired badges and **2** related to the use of counterfeit badges.

As well as carrying out Blue Badge Operations throughout the week with police, CAFT officers set up information stalls at the Broadwalk shopping centre in Edgware, at The Spires Shopping Centre in High Barnet and Brent Cross Shopping Centre. CAFT officers were joined at these locations by colleagues from the Community Safety Team where advice was given as well as promotional items such as post-it notes, and pens being distributed to members of the public as well as leaflets.

CAFT Officers carried out tenancy audits throughout the week visiting **340** properties to ensure the correct tenants were in occupation. This covered three different areas, Barnet, EN5, Cricklewood, NW2 and Edgware, HA8, these areas were chosen to coincide with Blue Badge Operations in the same area. As well as these visits, leaflets advising members of the public on how to spot and report tenancy fraud were handed out through letterboxes and placed in communal blocks and in libraries. As a result of these visits **3** cases were opened due to suspected subletting and a further **5** cases due to non-residency. Further to this, **3** cases were referred to the Community Safety Team for other offences relating to fly-tipping and Anti-Social Behaviour issues.

During this week CAFT also promoted the new E-learning fraud awareness training that staff are required to complete.

Other information reported as per requirements of policy.

Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	1 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

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.

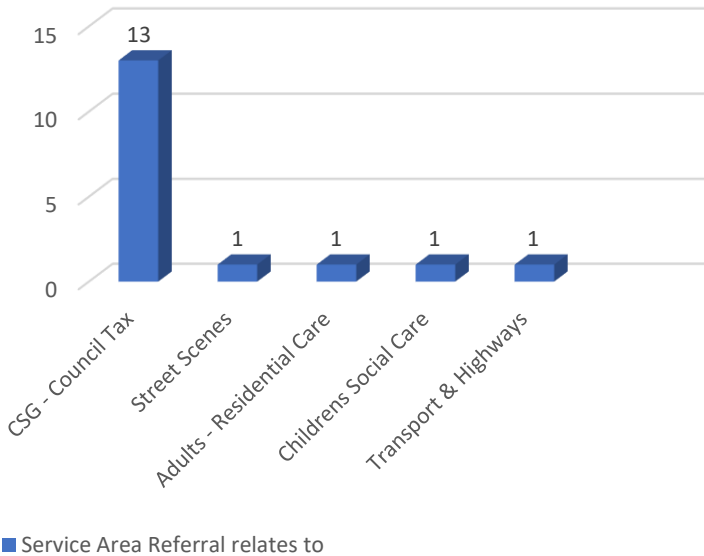
CORPORATE FRAUD

There have been **51** cases dealt with in **Quarter three** of 2021-22 relating to Fraud against services provided by the Council or within Service Areas

34 cases carried forward from Quarter two **17** New referrals received in quarter three

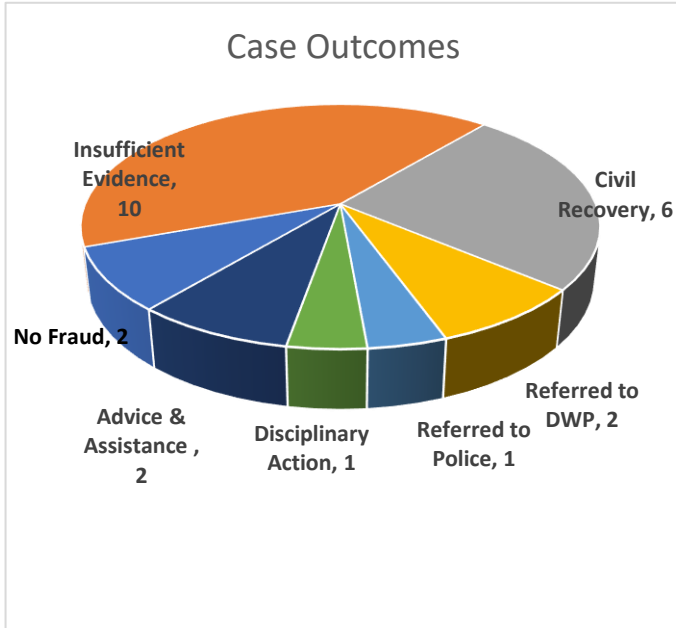
24 cases were closed in quarter three **27** on-going investigations

New Referrals received in Quarter 3



The highest area of new referrals in this quarter related to Council Tax with **76.4%** of investigations in this area. The majority of these matches are as a result of NFI matches

Closed cases in Quarter 3



6 Civil Recovery

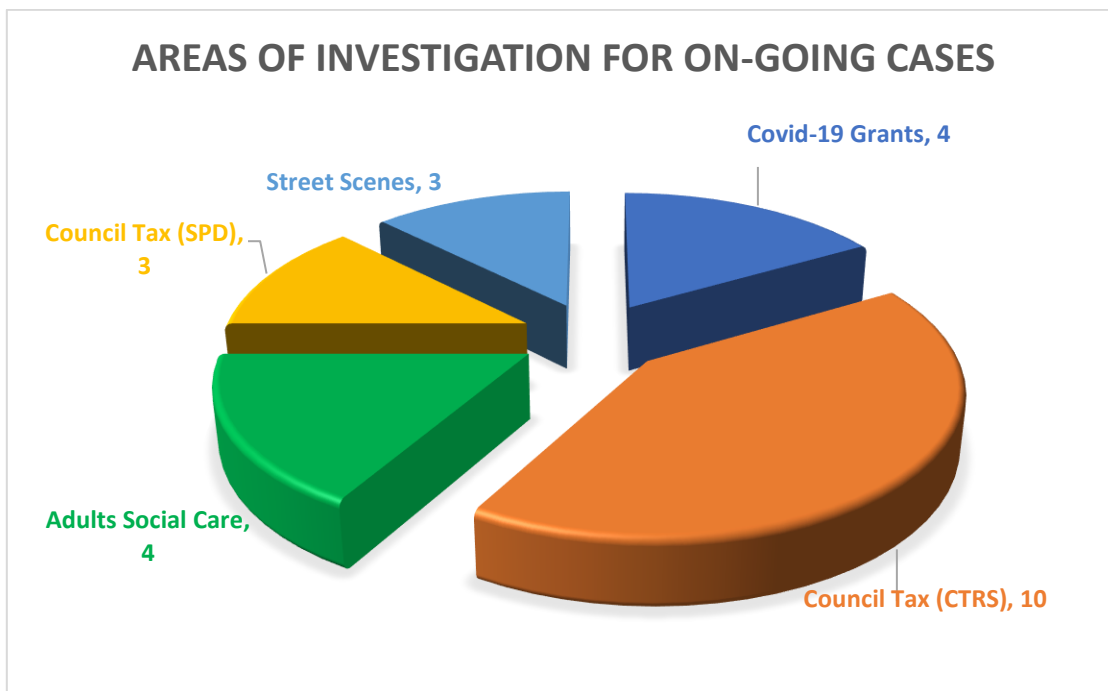
- 1 relates to a Covid Business grant (£10,000) to be recovered
- 4 relate to Council Tax Support (CTRS) (£6,051.49 to be recovered)
- 1 relates to an invoice payment in Family Services (£29,318 being recovered)

1 case relates to disciplinary action taken against five employees as a result of a CAFT Investigation

*Refer to noteworthy cases

- 10 Insufficient Evidence
- 2 No Fraud
- 2 Referred to DWP
- 2 Advice & Assistance given to other departments
- 1 Referred to Police

On-going investigations



- 10 Council Tax (CTRS)
- 3 Street scenes
- 3 Council Tax (SPD)
- 4 Covid-19 Grants
- 4 Adult Social Care
- 1 Public Health & Prevention
- 1 Children's Services
- 1 Growth, Development & Economy

1 case is currently with Legal services awaiting prosecution action relating to a false application for a Covid-19 Business Grant

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.

CCTV evidence was collected 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.

Three members of staff were interviewed by CAFT Investigators which was used to assist a disciplinary case against them. After a full investigation, the evidence collated was passed to the Street Scenes Department to pursue disciplinary proceedings against them. **Two** employees had resigned during the disciplinary proceedings, and **one** had received a written warning. A further **two** temporary agency workers involved in the above offending had resigned following this investigation.

Case 2 – An investigation began following concerns over a request made by a care provision company who were providing care for an individual placed and funded by Barnet Council’s family services team, the request was relating to a change of payment details, as a result a payment of £29,318 was released under the new payment information provided, This payment was later identified as having been paid incorrectly, the investigation confirmed that the company was a family run business and following an internal dispute it had been divided up between family members, however the payment in question had gone to the incorrect family member who believed they were entitled to receive the payment, as there was no fraudulent intent identified the money is now being recovered civilly.

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 **162** cases dealt with in **Quarter three** of 2021-22 relating to Concessionary Travel Fraud

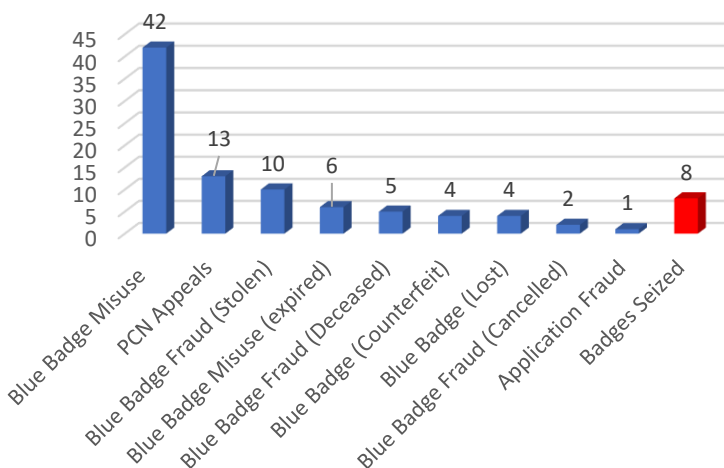
75 cases carried forward from quarter two

87 New referrals received in quarter three

34 cases were closed in quarter three

128 on-going investigations

New Referrals received in Quarter 3



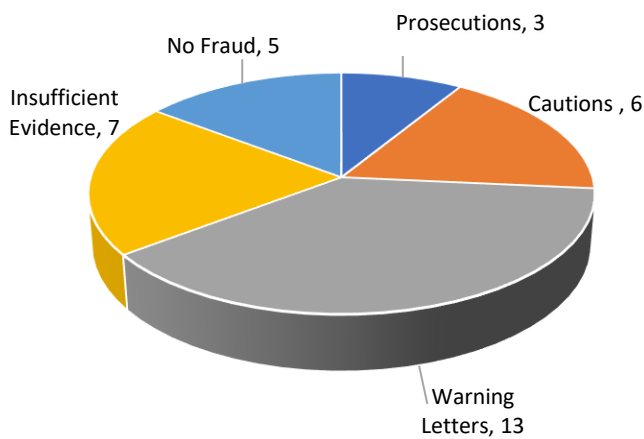
48.3% relate to Blue Badge misuse, this is where a valid badge is being misused in the holder’s absence by someone known to them

20.7% of referrals in quarter three related to the use of stolen, lost, and counterfeit Blue Badges and **15%** related to the use of cancelled, expired, and deceased persons badges and **16%** related to PCN Appeals and application Fraud




The number of new investigations relating to Blue Badge Misuse more than **doubled** compared to quarter two. This was most likely due to Fraud Awareness Week, a week where five days of on street operations took place

8 Blue Badges were seized from offenders

Closed cases in Quarter 3



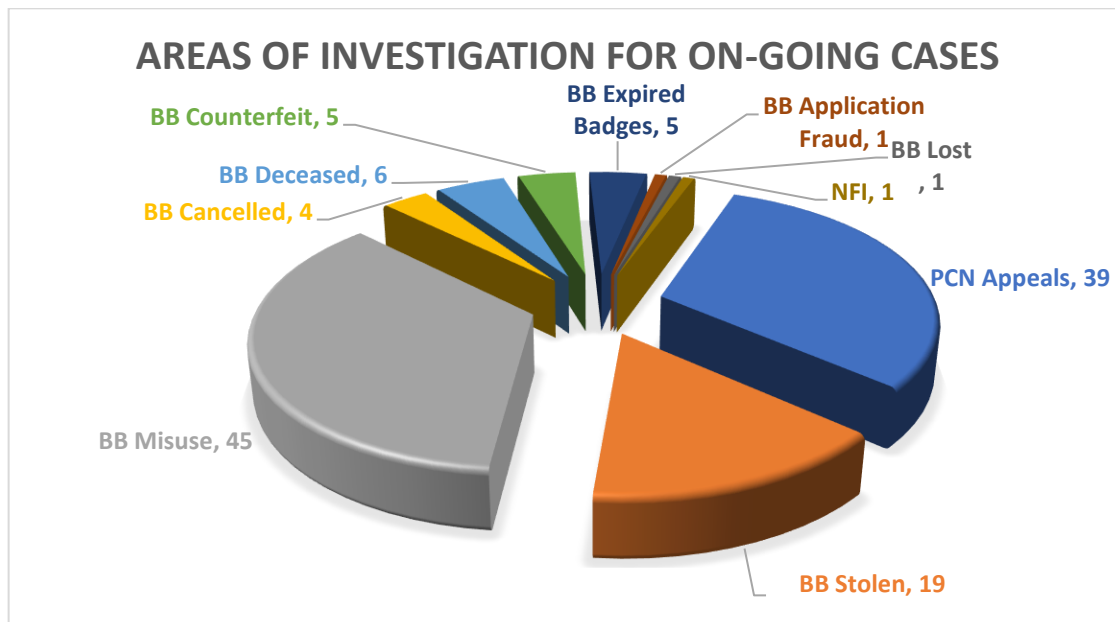
Outcomes

- 3** Prosecutions  * refer to noteworthy cases
- 6** Cautions 
- 13** Warning Letters 

* Where the circumstances of the misuse are such that criminal sanction is not appropriate, an example would be a badge holder using their own expired badge whilst waiting for a new badge to be issued

- 7** Insufficient Evidence
- 5** No Fraud

On-going investigations



- 39 PCN Appeals
- 19 BB Stolen
- 45 BB Misuse
- 4 BB Cancelled
- 6 BB Deceased
- 5 BB Counterfeit
- 5 BB Expired Badges
- 1 NFI
- 3 BB Lost
- 1 Application Fraud

4 cases are currently with Legal services awaiting prosecution action. **1** relates to the use of a deceased persons badge and **3** relates to the use of a stolen badge

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.

6 Simple Cautions were administered by the Concessionary Travel Team in Q3

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. All of the cases that were cautioned 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 and in accordance with our policy the council can issue a simple caution rather than pursue the matter through the courts.

Noteworthy Concessionary Travel Cases

Case 1- relates to the use of a counterfeit disabled badge originally belonging to a family member. Further investigation revealed that the badge holder had passed away approximately a year prior. The offender admitted to the misuse of a blue badge but stated she had no knowledge the badge was counterfeit. The offender attended Willesden Magistrates Court and pleaded guilty of wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984, she was sentenced to a fine of £600, ordered to pay costs of £761.57 and a victim surcharge of £60.

Case 2- relates to the misuse of a deceased family member's disabled badge. The offender failed to attend interviews under caution and failed to attend at Willesden Magistrates Court on 7 October 2021 and was found guilty in absence to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £1000, ordered to pay costs of £689.61 and a victim surcharge of £90.

Case 3 - relates to the misuse of a family member's disabled badge. Further investigation revealed that the badge holder was deceased. The offender admitted to the misuse at interview. He attended Willesden Magistrates Court on 18 November 2021 and pleaded guilty to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £129, ordered to pay costs of £129 and a victim surcharge of £34.

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 **197** cases dealt with in **Quarter three** of 2021-22 relating to Tenancy Fraud

90 cases carried forward from quarter two

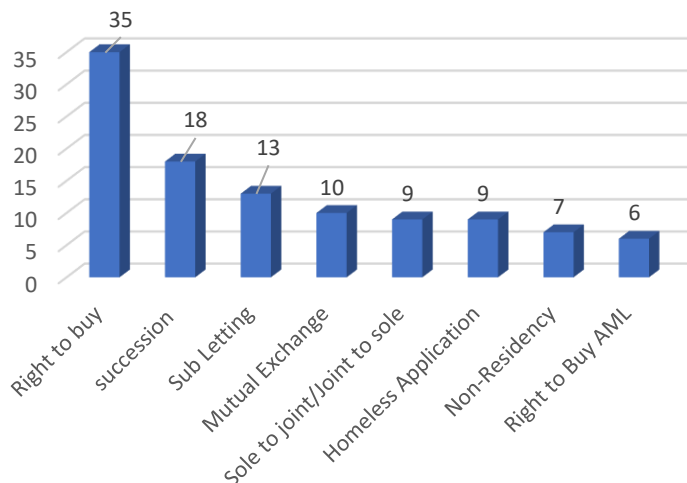
72 New Fraud referrals received in quarter three

35 Right to buy applications for verification

101 Cases were closed in quarter three

96 on-going investigations

New Referrals received in Quarter 3



The level of new referrals remains consistent with the last quarter, in particular a large number of Right to Buy applications

New referrals this quarter were most prevalent in Edgware, Hendon & Mill Hill wards with **33.6%** of new cases in these areas

Closed cases in Quarter 3

1 Prosecution (including recovery of property)  **see noteworthy*

3 Properties Recovered (Keys Returned) **see noteworthy*

5 Insufficient Evidence

5 Housing Application verified

9 Sole to Joint / Joint to Sole verified

4 Homeless Applications denied

8 Mutual exchanges verified

1 Mutual Exchange denied

13 Succession verified

36 Right to Buy Applications Verified

1 Assignment verified

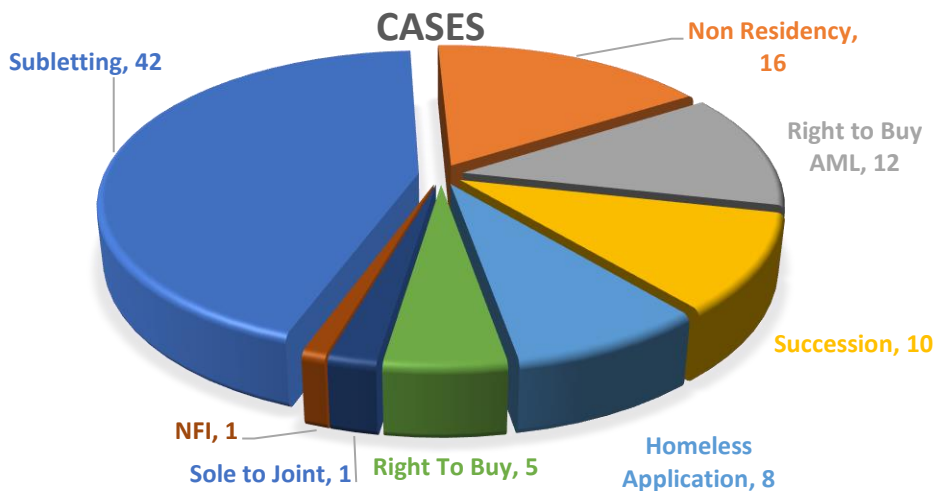
15 No Fraud

On-going Investigations

Three properties (2 x 1 bed and 1 x 2 bed) were recovered during Quarter three. This equates to an **£82,399.98** saving in temporary accommodation costs

A successful prosecution relating to subletting took place during Q3, the defendant was ordered to pay Barnet Council **£10,000** compensation and £1500 legal costs. The property concerned was recovered by the CAFT in Q1 but due to the delay in court proceedings

AREAS OF INVESTIGATION FOR ON-GOING CASES



42 Subletting
12 Right to Buy AML
5 Right to Buy
16 non-residencies
10 Successions
8 Homeless Applications
1 NFI
2 Mutual Exchange

6 Cases are currently with legal services awaiting Prosecution Action through the courts
9 Cases are currently with legal services awaiting Civil recovery Action

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 J had a one-bedroom flat in Muswell Hill, a referral was received from Barnet Homes following a Right to Buy application. Initial checks showed the tenant was linked to another address. The resulting CAFT investigation found the tenant had been living with his partner in Enfield. The tenant was interviewed under caution where he denied the allegation, however returned the keys and the property was recovered.

Case 2 – Miss M had a two-bedroom flat in Barnet, a referral was received from a member of Barnet Council's staff who lived on the same road, they stated that the tenant and family had not been seen at the property for some time. The resulting CAFT investigation found evidence to suggest the tenant was living in Luton with her partner and children. During an interview under caution the tenant denied she had been living solely in Luton, however returned the keys and the property was recovered.

Case 3 – Ms G made a succession application to her mothers-in-law’s 1 bedroom property in East Finchley claiming she had been resident for the required 12 months to succeed a tenancy. Following a CAFT investigation evidence showed the applicant had not been living at the property and was living elsewhere. The keys were returned, and the property recovered. No further action was taken due to the applicant having mental health issues.

Case 4 – Outcome from Q1 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 was prepared for legal to prosecute under the Prevention of Social Housing Fraud Act 2013 for sub-letting the property. On the 11 November 2021 Mr E pleaded guilty to the offence of sub-letting, he was ordered to pay Barnet Council £10,000 compensation and £1500 towards legal costs.

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 **14** cases dealt with in **Quarter three** of 2021-22 relating to financial investigation

14 cases carried forward from quarter two

0 New FI Cases opened in quarter three

1 FI cases closed in quarter three

13 on-going FI investigations

Under the Government's incentivisation scheme funds confiscated from criminals is shared as follows:

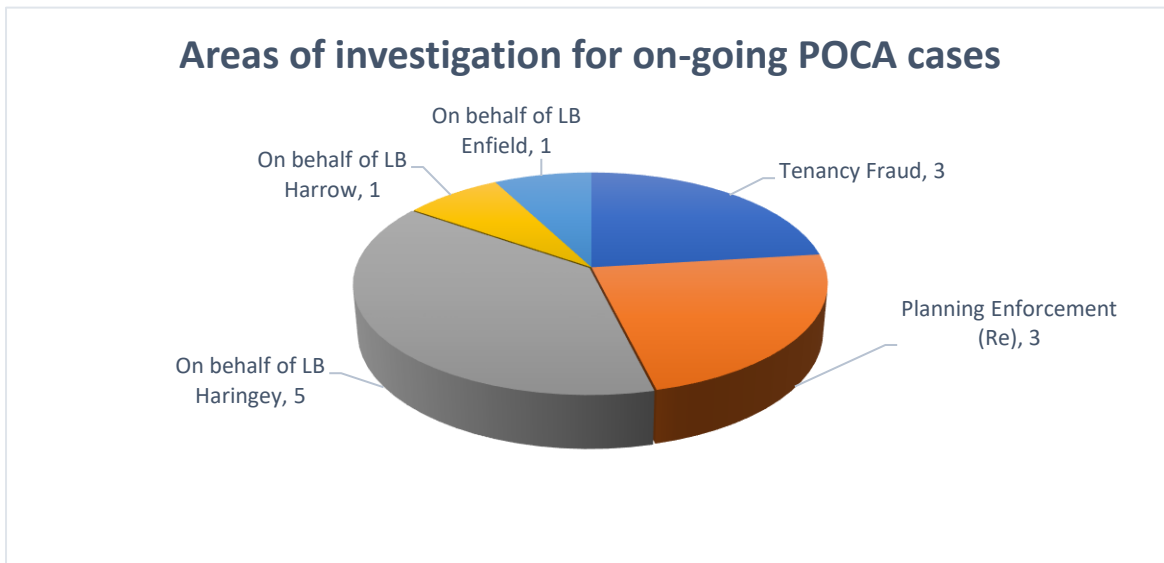
- 50% is allocated to the Treasury
- 12.5% is allocated to the courts
- **37.5% is allocated to LBB as the investigating authority**
- From this allocation, **7.5%** is taken by the Asset Recovery Agency for the administration of the funds

In addition to this scheme and in relation to the 37.5%, 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 37.5% share is retained after the deduction of the Asset Recovery Agency's administration costs.

Closed cases in Quarter 3


1 Referred to Police

On-going investigations



3	Tenancy Fraud
3	Planning Enforcement (Re)
5	On behalf of LB Haringey
1	On behalf of LB Harrow
1	On behalf of LB Enfield

Amount of POCA Funds Recovered and received into LBB Accounts this Quarter



Amount of POCA funds recovered this quarter by LBB from outstanding confiscation orders and prior to any incentivisation split with partners



£142,393.12

(£66,800 OF THIS TO BE PAID TO OTHER LOCAL AUTHORITIES AS PER MOU'S WITH £13,800 TO TRADING STANDARDS AND £24,800 TO PLANNING) LBB CAFT RETAIN £37,000