

Appendix 1

Corporate Anti-Fraud Team (CAFT) Progress Report: 1 July 2022 – 30 September 2022

EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 July 2022 to 30 September 2022 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.

The **Corporate Fraud Team** investigated **59** cases of alleged fraud. These investigations resulted in **3** cases where evidence was obtained to enable disciplinary action to take place, **2** Administrative Penalties were given relating to Council Tax Support claims (valued at £1,436.09), **1** Covid Grant being denied (valued at £3,000) as well as **8** civil recovery cases relating to Council Tax payments (totalling **£15,930.09** identified for recovery). A further case was referred to the Police, where CAFT had investigated a mandate fraud in Adults Social Services and recovered **£24,656** back into the council. The team are utilising the Fraud Hub provided by the Cabinet Office to pro-actively upload Council data to identify potential fraud and are co-ordinating investigating the matches with the departments involved. 5619 matches have been identified for further investigation relating to Single Person (SPD) claims.

The **Concessionary Travel Fraud** Team has investigated **95** cases of alleged Blue Badge misuse, fraudulent appeals relating to penalty charge notices (PCNs) and alleged parking permit fraud. These resulted in **4** cautions being administered, and **6** warning letters being issued. The team have been carrying out bi-weekly pro-active on street exercises to identify blue badge misuse in the Borough, in order to increase visibility and maximise new investigations. The team are utilising the Fraud Hub provided by the Cabinet Office to pro-actively upload Blue Badge data to identify any where the badge holder has passed away and are ensuring that the blue badges identified are cancelled.

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** have investigated **186** cases of alleged Tenancy Fraud. They were responsible for recovering **4** properties and preventing **3** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. A further **1** Right to Buy application was denied as Anti-Money Laundering (AML) checks had failed to verify the origin of funds being used. In addition to this, Tenancy fraud officers prevented **1** new Assignment application from going through due to the applicant not being resident at the property for the prescribed 12 months.

There have been **13 Financial (Proceeds of Crime) Investigations** carried out this quarter. **12** of these are ongoing and recovery of confiscation orders continues. **1** case was closed due to insufficient assets being available to continue.

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.

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). | 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 |

CORPORATE FRAUD

There have been **59** cases dealt with in **Quarter two** of 2022-23 relating to Fraud against services provided by the Council or within Service Areas

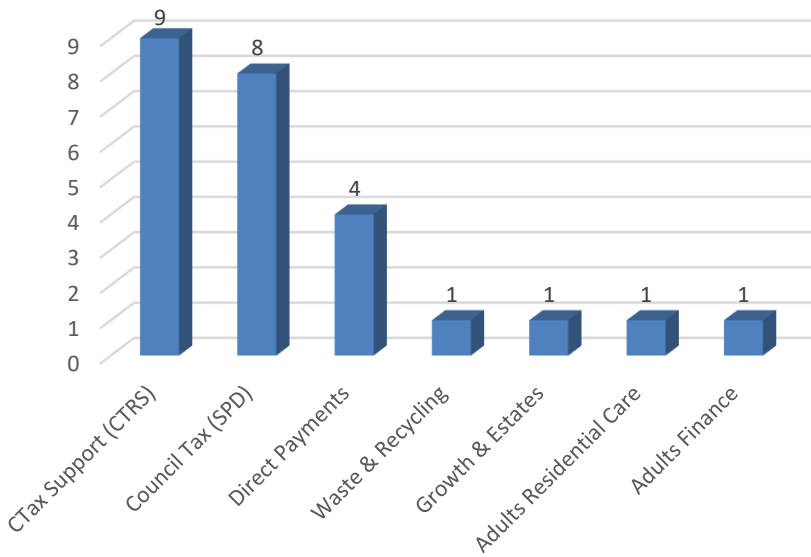
34 cases carried forward from Q1

25 New referrals received in Q2

27 cases were closed in Q2

32 on-going investigations

New Referrals received in Quarter 2



■ Service Area Referral relates to

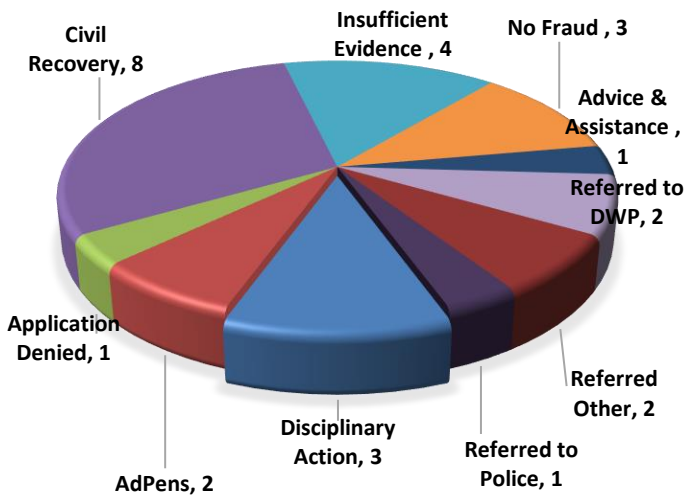
The majority of referrals in this quarter relate to **Council Tax Support (CTRS)** and **Single Person Discount Fraud (SPD)** with this being **68%** of all new referrals.

The number of new referrals received this quarter is consistent with last quarter

A further 5619 data matches have been identified through the NFI Fraud Hub relating to Council Tax SPD for further investigation in co-ordination with the Council Tax team

Closed cases in Quarter 2

CASE OUTCOMES



3 Referred to HR for Disciplinary Action

2 Administrative Penalties (*generating £1,436.09 in income*)

1 Application denied: Covid-19 Business Grant denied (**£3,000** Fraud prevented)

8 Civil Recovery

- 4 Single Person discounts (SPD) removed from Council Tax accounts resulting in **£5,282.61** to be recovered
- 4 Council Tax Support (CTRS) (**£10,647.48** to be recovered)

4 Insufficient Evidence

3 No Fraud

2 Referred to DWP

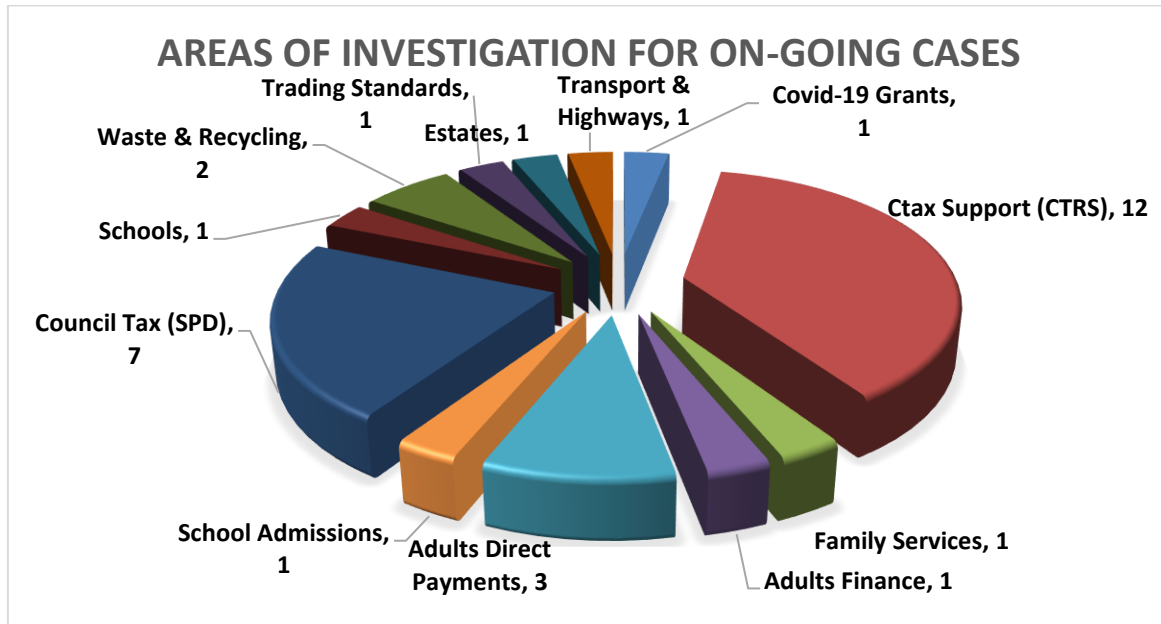
1 Referred to HMRC

1 Referred to Police (*following recovery of £24,656*)

1 Advice & Assistance

1 Referred to Bank fraud department

On-going investigations



- 12 Council Tax (CTRS)
- 7 Council Tax (SPD)
- 3 Adults Direct Payments
- 2 Waste & recycling
- 1 Estates
- 1 Covid-19 Grants
- 1 Adults Finance
- 1 Family Services
- 1 School Admissions
- 1 Trading Standards
- 1 Schools
- 1 Transport & Highways

1 case has been approved for prosecution and will be processed by our legal team

Noteworthy Corporate Cases

Case 1 – A claim for a Business Support Grant was received in respect of a residential property. The Business rates team had concerns because another person had already made a claim at that address and had submitted utility bills in their name. The suspect had provided utility bills which were investigated further by CAFT, and evidence was obtained that he had supplied altered documents. An attempt was made to interview the suspect under caution in relation to Fraud Act offences; however, he had moved abroad and was not contactable. The grant application was denied preventing a loss to Barnet of **£3,000**.

Case 2 – Mr A was receiving Council Tax Support due to being in receipt of a low income. The benefits team had highlighted that Mr A had a second income that he failed to declare. An investigation commenced for a failure to promptly notify the Council of this change. This resulted in an overpayment of council tax support of **£872.18**. CAFT issued an Administrative Penalty to Mr A resulting in him paying a penalty amount of **£436.09** as well as the overpaid council tax support.

Case 3 – A referral had been received relating to a member of staff in Waste & Recycling who had allegedly been taking cash in return for collecting waste from a commercial premises. The Collection crew were not permitted to collect at this address as they were on a residential collection round. CAFT commenced an investigation and identified the refuse vehicle in question and the crew members on that round. CCTV evidence captured from the refuse vehicle showed two crew members loading waste from the shop into the refuse vehicle. All crew members were interviewed, and the agency member of staff was dismissed from his role. The evidence in this case has been passed to the service and a full disciplinary investigation is taking place. The commercial premises did not have a trade waste agreement in place, this has since been rectified and a subsequent trade waste agreement was arranged for a weekly collection generating income for LBB of **£790.14** per year. Evidence shows that trade waste was collected from the shop by refuse loaders for at least 6 weeks which totals £91.17 in lost revenue to the Council, and an un-quantifiable amount pertaining to any contaminated recyclable waste as a result. This shop has never had a trade waste agreement in place and therefore the Council had a loss of revenue for the collection of waste totalling approximately **£1,276.38**.

Case 4 – CAFT commenced an investigation following a referral from the adult's finance department. The Council had become victim to a mandate Fraud where the suspect had intercepted emails and requested a change of bank details for a supplier (care home). All of the due diligence checks were carried out but this was a sophisticated fraud involving them taking on the identity of the care home and **£24,656** was paid out as a result. CAFT had established the bank account where the funds were paid and took steps to recover the money due to bank flagging the transaction as suspicious. The evidence gathered was referred to the Council's bank via their fraud team and the Police to commence criminal action against the fraudsters who had supplied false addresses to open the account. There was no loss to Barnet due to the funds being recovered.

CONCESSIONARY TRAVEL FRAUD

This section details the investigation of Blue Badge Misuse, Blue Badge, Parking permit 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 **95** cases dealt with in **Quarter two** of 2022-23 relating to Concessionary Travel Fraud

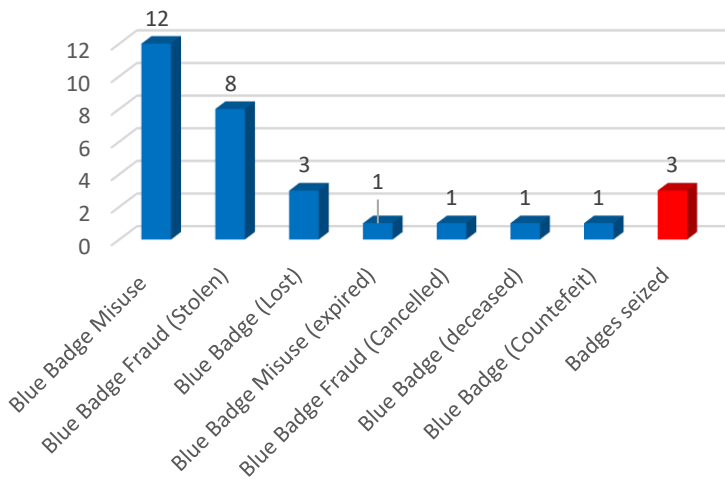
67 cases carried forward from Q1

28 New referrals received in quarter 2

28 cases were closed in Q2

67 on-going investigations

New Referrals received in Quarter 2

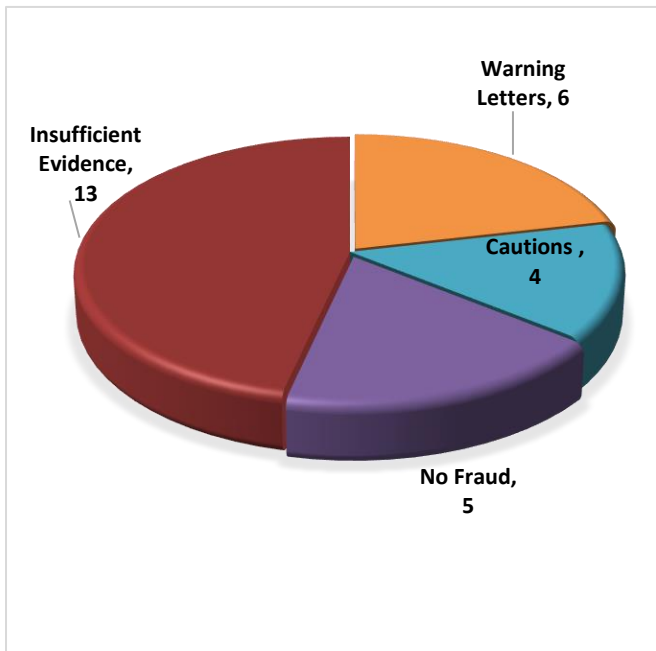


The highest number of referrals related to blue badge misuse / fraud in the area of Finchley Church End with this accounting for **21%** of all new referrals received this quarter. This is due to a pro-active intelligence led exercise in this area

28.5% of new cases related to the use of stolen blue badges

A further **429** data matches have been identified through the NFI Fraud Hub relating to deceased badge holders for further investigation in co-ordination with the Assisted Travel team

Closed cases in Quarter 2



Outcomes

4 Cautions  (total costs recovered £85)

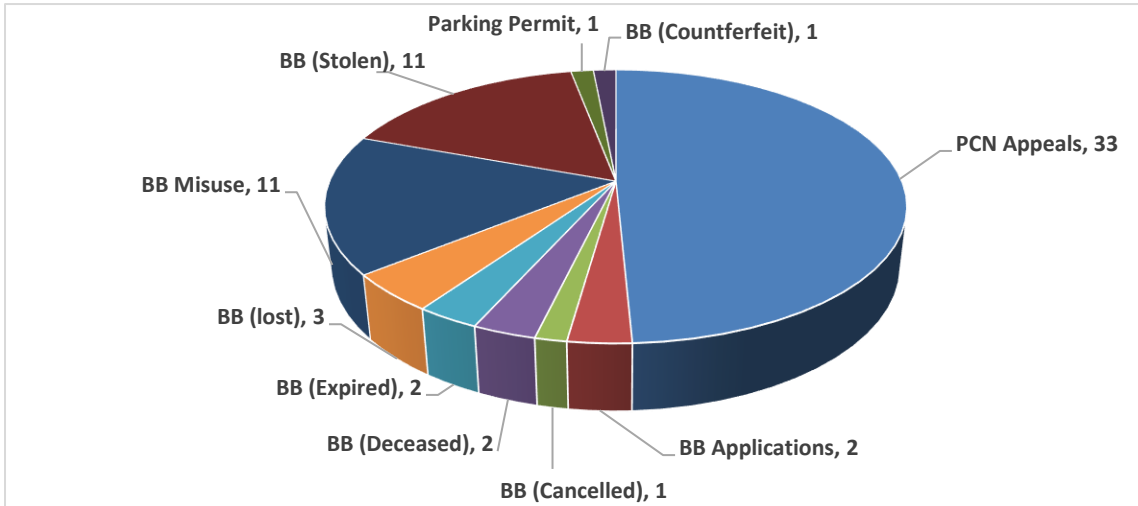
6 Warning Letters 

* 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

13 Insufficient Evidence

5 No Fraud

On-going Investigations



1 case is with our legal team for prosecution relating to the use of a deceased persons blue badge

Four Cautions were administered by the Concessionary Travel Team in Quarter one

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 misuse of a blue badge. Ms S was initially using the badge legitimately in the presence of the badge holder; however, the badge holder then left the location of where the vehicle was displaying the badge and returned home. Due to sudden illness Ms S stated that she had forgotten that the badge was still on display however she admitted that it had still remained on her vehicle parked in a space where a concession is available to blue badge holders and that therefore she had misused the badge. As a result and having considered her mitigation it was decided to issue her with a simple caution which she duly accepted.

Case 2- Ms C was found using a blue badge belonging to her disabled husband. When first approached by CAFT officers she stated that the badge holder was in a nearby shop, but upon being challenged she admitted that he was in fact at home and admitted fully to having used the badge in his absence. Given her personal circumstances the decision was made on this occasion to conclude the matter by way of a caution being given, which she accepted, and she also contributed towards the cost of the investigation

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 **186** cases dealt with in **Quarter two** of 2022-23 relating to Tenancy Fraud

94 cases carried forward from Q1

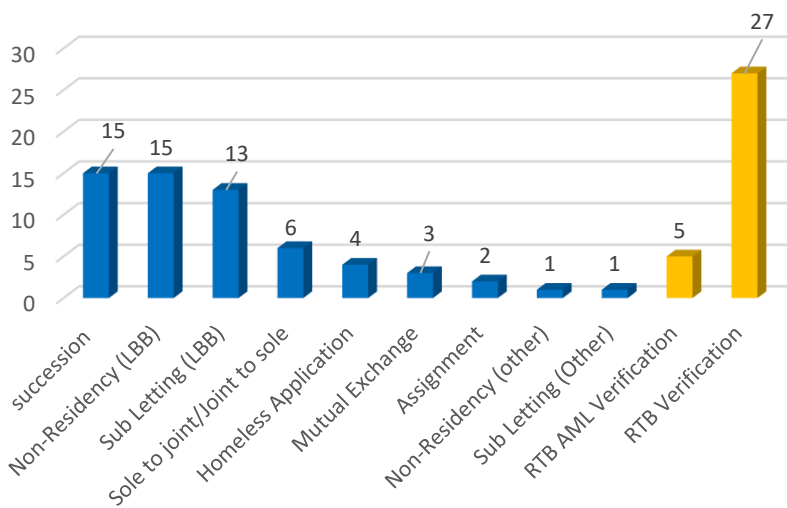
65 New Fraud referrals received in Q2

27 Right to buy applications for verification

87 Cases were closed in Q2

99 on-going investigations

New Fraud Referrals / Verification Requests received in Quarter 2



The majority of new fraud referrals related to properties in the area of Colindale with a total of **12.3%** new cases in that area

Closed cases in Quarter 2

4 Properties Recovered (Keys Returned)

3 Right to Buy Applications cancelled

1 Assignment Application denied

18 No Fraud

1 Referred to DWP

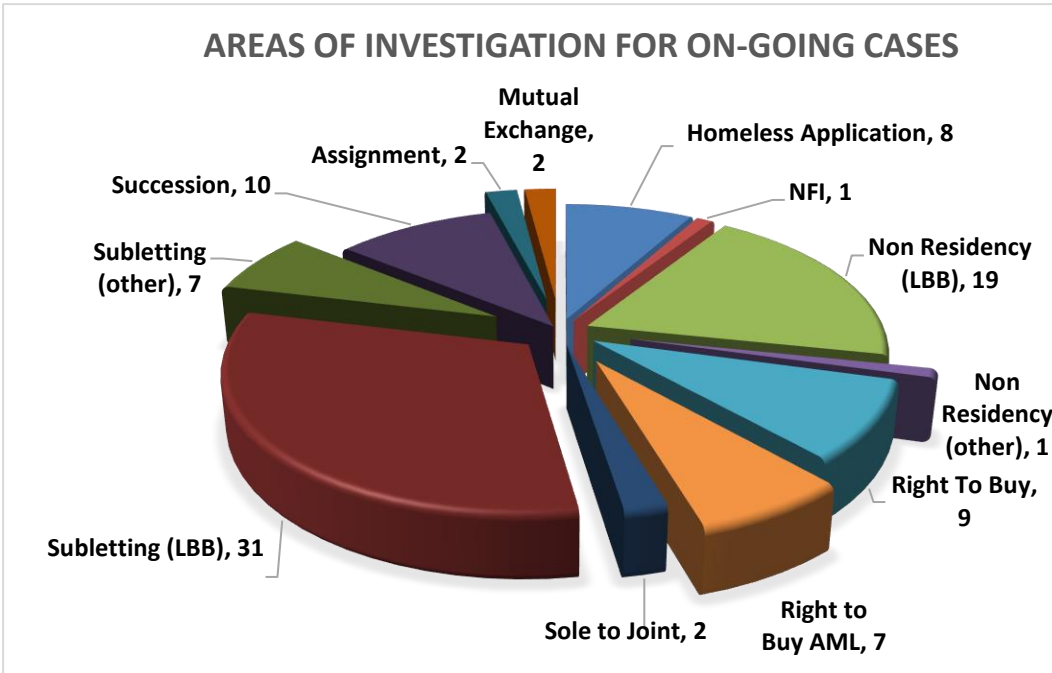
23 Right to Buy Applications Verified

26 Applications verified

1 RTB AML checks not satisfied

10 Insufficient Evidence

On-going Investigations



- 31 Subletting (LBB)
- 19 Non-residency (LBB)
- 10 Successions
- 9 Right to Buy
- 8 Homeless Applications
- 2 Assignment
- 2 Mutual Exchange
- 7 Subletting (other)
- 7 RTB AML
- 2 Sole to joint tenancy application
- 1 non-residency (other)
- 1 NFI

As a result of CAFT investigations **three** 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 £116,200 on each property. This equates to the authority retaining an asset value of **£348,600.**

4 properties (1 x 1 bed, 2 x 2 bed and 1 x 3 bed) were recovered during Quarter two. This equates to a saving in temporary accommodation costs of **£54,945.**

19 Cases are with legal.
9 of which are awaiting civil action.
2 are for both civil and criminal action.
2 prosecution cases for sub-letting.
1 prosecution for a false housing application
5 possession orders granted by the court awaiting eviction dates.

Noteworthy Tenancy Fraud Cases

Case 1 – Ms B had a two-bedroom flat in East Finchley, a CAFT investigation was started due to a referral received from a Barnet Homes Housing Officer, they had received information from a neighbour of tenant stating she was not resident and was allowing her son to live at the property. The resulting investigation found that the tenant had been living in the Islington area for at least 12 months. The tenant was interviewed under caution where she at first denied the allegation, however when showed the evidence she admitted she had been living with her mother in Islington. There was no evidence of sub-letting, therefore no prospect of a prosecution. The tenant returned the keys, and the property was recovered.

Case 2 – Mr M had a two-bedroom house in Mill Hill. The investigation started due to a succession application received by the London Borough of Barnet. The applicant wished to succeed the tenancy to his father’s property. Evidence obtained following the investigation suggested the applicant was in fact living in Birmingham and not eligible to succeed the tenancy. The applicant was asked to attend an interview under caution, however once disclosure had been given to his solicitor the keys were returned and the property recovered. Prosecution has been considered, however the applicant had stated on the form he lived at both properties and therefore difficult to prove he has made a false representation. With this in mind the recovery of the property was the best outcome.

Case 3 – Ms D had a three-bedroom house in Colindale, an investigation started due to a referral received from a housing officer of Habinteg Housing Association, it was alleged the tenant was no longer living at the social housing property and living with her partner in Stevenage. The following investigation found that the tenant had purchased a property in Stevenage on 27 January 2021 and evidence showed she has been living there for at least the last year. The investigation also showed how the tenant tried to hide the fact she had been living in Stevenage by returning back to the social housing property after she became aware of the investigation. The tenant was interviewed under caution and denied the allegation, however returned the keys and the property was recovered.

Case 4 - Mr H had a one-bedroom flat in Colindale, an investigation started due to a referral received from Barnet Council's Gas Safety Team. They stated despite writing to the tenant and carrying out numerous visits there was never any reply and were unable to gain entry. Therefore, a forced entry took place, the locks were changed and a notice was put on the door for the tenant to contact Barnet Homes to collect the keys, however they had not received any contact from him and the property remained empty. The resulting CAFT investigation found that the tenant was living in Sheffield and had been for 9 months. The tenant was written to at his new address requesting he relinquish the tenancy, he signed and returned a Notice of Termination of Tenancy form and the property was recovered. Prosecution was considered, however due to a number of mitigating circumstances it was felt it was not in the public interest and the recovery of the property was the best outcome.

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 **13** cases dealt with in **Quarter two** of 2022-23 relating to financial investigation

11 cases carried forward from Q1

2 New FI Cases opened in quarter 2

1 FI cases closed in quarter 2

12 on-going FI investigations

New Referrals received in Quarter 2



1 New referral relates to Barnet Planning Enforcement

1 New referral relates a corporate investigation into Direct Payment Fraud

Closed cases in quarter two

1 Insufficient Assets

On-going investigations

AREAS OF INVESTIGATION FOR ON-GOING POCA CASES

