

FIGHTING FRAUD LOCALLY

Fighting Fraud Locally 2012 Review



Foreword

I am delighted to present you with this report which takes a look at the initiatives that have been progressed since our *Fighting Fraud Locally* December 2011 event.

In April 2012 the National Fraud Authority (NFA) launched *Fighting Fraud Locally*, the first sector led local government counter fraud strategy. The strategy is the beginning of a partnership approach to acknowledging and tackling fraud by local councils working with partners in other local enforcement agencies, for example, the NHS or Registered Housing Providers.

Much has been achieved in a short space of time. The support provided by the NFA has been invaluable in making this possible. The enthusiastic endorsement by the Local Government Association Finance Task Group has also been much appreciated.

The *FFL* Strategic Board has worked with a number of advisors and partners, from the public, private and third sector, who have offered their help and expertise throughout the year. *Fighting Fraud Locally* is truly a partnership and some of our advisors have been very proactive in engaging with the Board and delivering recommendations.

The *FFL* strategy has been received with great enthusiasm, with focus on acknowledging, combating and defeating fraudsters that target local government. These achievements would not have been possible without the support of key partners and I look forward to the continued development of this work in the future.



Ian O'Donnell
Executive Director of Corporate Resources, London Borough of Ealing
Chair, *Fighting Fraud Locally* Strategic Board



Cllr Sir Merrick Cockell

"Local government fraud represents 3 per cent of the overall figure attributed to fraud across the entire public and private sector. Some councils have developed highly effective measures to combat fraud, saving money which protects spending on vital public services. Fraudsters are not just a burden on the taxpayer, but they can also damage the most vulnerable members of society.

The *Fighting Fraud Locally* strategy was developed by local government, for local government, and provides free and valuable tools and support for even greater prevention, detection and smarter enforcement of fraud.

At the LGA, we have played an active role in delivering the strategy and our Members have received regular updates from the Chair of the *FFL* Strategic Board on the progress being made. We believe this is making a significant contribution to improved council counter fraud activity and as the Audit Commission recently said in their press release on Protecting the Public Purse, 'There is no doubt our findings show councils increasingly out-smarting the fraudsters.' We hope that you will find this report useful."

Fighting Fraud Locally Strategic Board

- Ian O'Donnell** Executive Director of Corporate Resources, London Borough of Ealing
Chair, *Fighting Fraud Locally* Strategic Board
- Rachael Tiffen** Deputy Director, National Fraud Authority
- Warren Leigh** Adviser, Local Government Association
- Colin Sharpe** Head of Finance, Leicester City Council
- Shehla Husain** Deputy Director, Department for Communities and Local Government
- Charlotte Piper** Department for Communities and Local Government



With support from:



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Acknowledgements

The *Fighting Fraud Locally* Strategic Board would like to particularly thank:

Andrew Hyatt, Royal Borough of Kensington and Chelsea

For contributions on the *FFL* incentives project, the Fraud Awareness Campaign Tri-Borough Pilot and 'Track a Fraudster', and for participation in several speaking engagements.

Chris Corney, Carter Lemon Camerons LLP

For contributions to the Compendium of Powers and Penalties, support on the Powers project, and event sponsorship.

Cliff Dalton, CIPFA

For development of the CIPFA *Fighting Fraud Locally* webpage (TISonline), the CIPFA *Fighting Fraud Locally* Counter Fraud Benchmarking exercise and for sponsorship of *FFL* workshops.

John Baker, RSM Tenon

For contributions as Editor of the *FFL* Newsletter, helping to organise venues, sponsoring Procurement workshops and contributions to the Compendium of Powers and Penalties.

James Flannery, Gravesham Borough Council

For contributions to the Information Sharing project group and various pilots.

Les Dobie, Grant Thornton UK LLP

For piloting the *Fighting Fraud Locally* Checklist and organising event venues.

Mike Clarkson, Phil Sapey and Phil Lawson, Deloitte & Touche LLP

For the development of the free E-learning Tool, organising venues and sponsoring Procurement workshops.

Simon Lane, London Borough of Brent

For support on the *FFL* Powers project and representing the Board at the Economic Crime Prevention Group.

The strategic approach

The Local Government Fraud Strategy was introduced in 2012 to provide local authorities with an approach and support in adopting a tougher stance on tackling fraud.

The strategy is the first concerted and collaborative counter fraud approach across local government. The vision is that *'By 2015 Local Government will be better able to protect itself from fraud and corruption and will provide a more effective fraud response'*.

Fighting Fraud Locally is the local government contribution to the national fraud strategy – **Fighting Fraud Together** – a wider collaboration which encompasses public and private sectors' response to fraud in the UK.

The Annual Fraud Indicator (2012) shows an estimated fraud loss of £2.2 billion at stake within Local Government. Already under pressure to make savings, a reduction of losses to fraud would mean taxpayers' money being directed towards the delivery of front line services. This is crucial to the operation of local services, particularly within the current economic climate and with changes local authorities already face in delivering these services.

The strategy recommends a 'three-tiered' approach for local authorities to follow – Acknowledge, Prevent, Pursue ('APP').

Local government will be better able to protect itself from fraud and corruption and will provide a more effective fraud response

Acknowledge

Acknowledging and understanding fraud risks

- Assessing and understanding fraud risks
- Committing support and resources to tackling fraud
- Maintaining a robust anti-fraud response

Prevent

Preventing and detecting more fraud

- Making better use of information technology
- Enhancing fraud controls and processes
- Developing a more effective anti-fraud culture

Pursue

Being stronger in punishing fraud and recovering losses

- Prioritising fraud recovery and the use of civil sanctions
- Developing capability and capacity to punish fraudsters
- Collaborating across local authorities and with law enforcement

Under this approach, the strategy recommends a range of actions to be undertaken to improve local government's resilience to fraud. The main issues faced by local authorities and highlighted by the strategy are:

- The most important issue for central government to address is the removal of perverse incentives that mean that some frauds are not worth investigating by local authorities and to introduce positive incentives for local authorities to tackle fraud, particularly where the main beneficiary is other parts of government or society.
- The second main issue to be addressed is the creation of the right framework to encourage more effective information sharing both within and between local authorities, and between local authorities and central government departments and the private sector.
- Thirdly, professional and trained staff in local authorities must be provided with the powers they need to protect public funds.

The following sections of this report provide an update on activities that are being undertaken to address these issues, including cross sector collaboration and the provision of tools to local authorities to assist them in their fight against fraud.

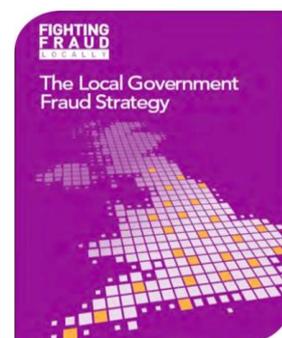
"I'm delighted that the launch of *Fighting Fraud Locally* created a momentum which continues to grow. My place on the Cabinet Office Counter Fraud Taskforce offers a broad perspective of the range of counter fraud work across the public sector and it's great to see that local government is at the forefront of applying strategy and innovation to tackling fraud, with significant benefits to taxpayers."

**Martin Smith, Chief Executive,
London Borough of Ealing**

"Having been part of the development of this strategy it is great to see that a year after the launch that Councils are still taking up the challenge enthusiastically and collaborating to tackle fraud. We put much effort into getting this right and I am pleased it is proving fit for purpose."

**Stephen Hughes, Chief Executive,
Birmingham City Council**

**For a copy of the
strategy visit the NFA
website.**



Delivering FFL in 2012

Section 1: The tools to fight fraud

Fighting Fraud Locally relies on collaboration between a range of organisations. Several private sector organisations have provided support throughout the year and helped to create tools to tackle fraud. Many councils have collaborated to test the tools.

Raising Fraud Awareness

The National Fraud Authority (NFA) has produced two campaign toolkits to assist councils in setting up publicity campaigns; one for internal campaigns within councils and the second for councils to use to promote public awareness.

The internal toolkit, which will be available for free, is based upon the NFA's current Central Government campaign, 'Spot it Stop it'. The external toolkit has been tailored from the successful 'Spot the Cheater' campaign at Stoke-on-Trent City Council. These have been tailored for use by other authorities and the campaign packs include a number of materials:

- Templates for Committee Reports on the campaign
- Letter templates to portfolio holders explaining the campaign
- Briefings for CEOs
- Posters
- Leaflets and other publicity
- A training pack with PowerPoint slides and speaking notes
- A staff induction pack with slides
- Template briefings
- Intranet advice
- Campaign summary for stakeholders and owners
- A campaign project plan
- A senior staff bulletin
- Newsletter text

The NFA have been working closely with local authorities to initiate a campaign pilot, on which further information is provided in Section 2. The toolkits will be available to local authorities and Registered Providers from early 2013.

The FFL Strategic Board would like to thank Paul Bicknell, Stoke-on-Trent City Council, for his assistance in producing the 'Spot the Cheater' toolkit.

**KNOW A
CHEAT
IN YOUR
STREET?**

**SPOT THE CHEATER -
DON'T LET THEM GET AWAY**

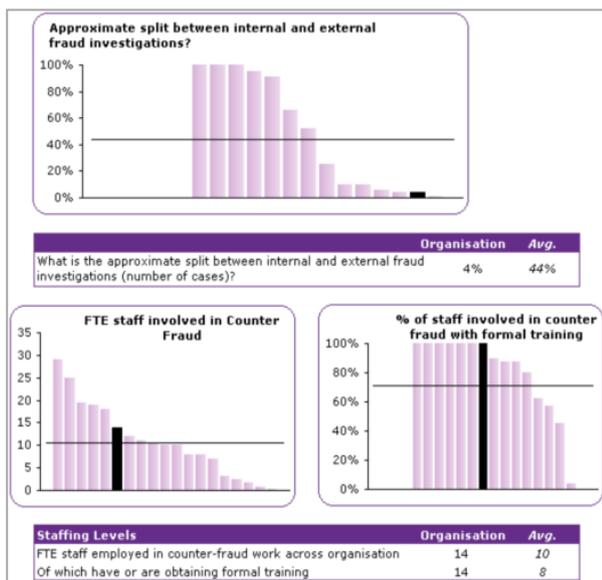
Every year, thousands of pounds of your money is stolen by cheaters, money that should be used to improve your local community.



CIPFA Benchmarking

The NFA joined forces with the Chartered Institute of Public Finance and Accountancy (CIPFA) to put together a series of questions to help councils assess themselves on *Fighting Fraud Locally*.

CIPFA have extensive experience of benchmarking across the public sector. Each year, they undertake more than 70 separate data collection and benchmarking activities, which cover both front line services and back-office functions. Further details, including access to example outputs and questionnaires, can be found at www.cipfabenchmarking.net and www.cipfastats.net.



The benchmarking exercises are designed to answer key questions:

- How are you performing?
- Are you performing better year on year?
- How does your performance compare with peer organisations?
- Are you providing value for money?
- Can we learn anything from other organisations?

- Where exactly does our performance fall short?
- What level of improvement can we realistically expect to make?
- Professional data collection, analysis & reporting, delivered to timetable

Credit Referencing and Fraud Investigation Services

Commercial Services acting for Kent County Council (the Contracting Authority) have created a nationally accessible framework agreement open to any public sector body for the supply and delivery of Credit Referencing and Fraud Investigation Services.

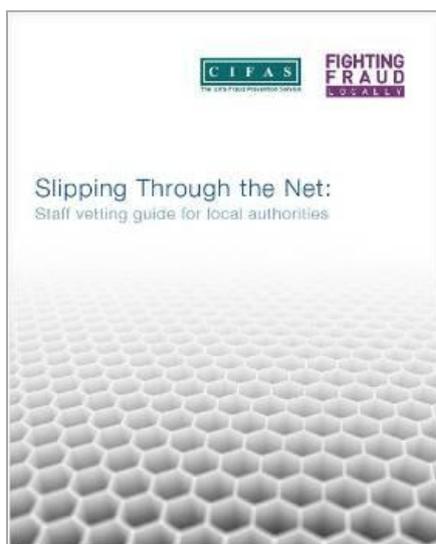
The services available from this framework agreement can assist Contracting Authorities to address:

- Housing allocations and benefits claims
- Procurement of goods and services
- Pre-employment screening
- Council tax fraud
- Trading standards compliance
- Disabled blue badge claims
- Grants and Social Housing applications
- Single Person Discount allowance
- Debt Prioritisation and Collection projects

This Agreement will be accessible until 16th September 2016. For a copy of the User Guide and to gain access to the framework contract contact Commercial Services at psg@kent.gov.uk or telephone 01622 605794 and quote reference number **C12077**

Insider Fraud Guide

The *Fighting Fraud Locally* strategy identified that “one of the strongest defences against employee fraud is ensuring that proper and adequate vetting takes place and that a strong anti-fraud culture is in place to deter employees from committing fraud in the first place. Managers should be made aware of their role in preventing and identifying employee fraud, and clear controls and separation of duties must be in place.”¹



Slipping Through the Net, a staff vetting guide has been published by CIFAS - The UK's Fraud Prevention Service to support local authorities in dealing with insider fraud.

The guide, a collaboration between CIFAS, the *FFL* Strategic Board and NFA, was launched on 9th November and contains guidance for local authorities on the steps that they need to take to ensure that they are not exposed to fraud committed by employees.

The guide is now available on the CIFAS website.

¹ *Fighting Fraud Locally: The Local Government Fraud Strategy*

“CIFAS is pleased to support the work being undertaken under the *Fighting Fraud Locally* banner. While local authorities are constantly faced with providing more for less, combating fraud has never been more important. *FFL* provides a valuable resource that helps to underpin their counter fraud activities.”

Kate Beddington-Brown
Head of Communication, CIFAS - The UK's Fraud Prevention Service

Deloitte Free E-Learning Tool

Fighting Fraud Locally included a commitment to make ‘a common fraud e-learning tool available to local government’. The tool was developed in partnership and with the support of Deloitte, and was sent out to all Local Authorities (Chief Executives) across England at the start of July 2012. The *FFL* publicity campaign toolkit that is being developed will strongly promote this e-learning and will encourage all staff to take up the online training and senior staff to make the training available.

What does it cover?

The package provides general fraud awareness information for staff of all levels, so as to help further embed a counter fraud culture and hence aid the deterrence, prevention and detection of fraud across organisations.

The scale of the problem - full picture



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Fraud by Abuse of Position

Purchases for Personal Use

If an officer with access to the procurement and accounts payable systems made a purchase for their own benefit rather than that of the business, they would be committing fraud by abuse of position.

As with the other types of fraud, even if the attempted fraud was detected and the purchase stopped, this could still be an offence on the basis of intent.



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- Instructions
- Introduction
- Course Map
- Is Fraud a big issue?
- So, what is 'Fraud'?
- What is being done to tackle fraud?**

The approach to tackling fraud in Local Government

You should be aware that a great deal of focus and effort is being applied to tackling fraud across the Local Government sector, as well as across the wider public and private sectors.

If you attempt to commit fraud, it is very likely that you will be detected and then every effort will be made to convict you and to recover the money stolen.

Key initiatives to be aware of are as follows:

The **National Fraud Initiative** is an exercise which matches key data sets across local government, such as comparing pay-roll to benefit claims. Since its introduction in 1996, the programme has helped to identify £664 million in fraud and error.

The Government set up a **Counter Fraud Taskforce** in October 2010, with the aim of saving £1.5 billion by 2014/15.

The **National Fraud Authority** has launched a new strategy, **Fighting Fraud Locally**, which aims to further strengthen the arrangements in place across the Local Government sector for countering fraud.

Please click [here](#) to read more about **Fighting Fraud Locally**



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- Instructions
- Introduction
- Course Map
- Is Fraud a big issue?
- So, what is 'Fraud'?
- What is being done to tackle fraud?
- What should you look out for?
- What should you do to help prevent / detect fraud?
- What should you do if you identify or suspect a fraud has occurred?**

Knowledge check

If you suspect a potential fraud, what should you do?
(Select actions you would be expected to take)



- Approach or accuse any individuals directly
- Try to investigate the matter yourself
- Where possible note all relevant details, such as what was said in telephone or other conversations, the date, time and the names of any parties involved
- Convey your suspicions to someone with the appropriate authority and experience

Select as many **answers** as you wish and then **submit**

Submit

Congratulations, you answered correctly

Under **no** circumstances should you approach or accuse any individuals directly or try to investigate the matter yourself.



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“Deloitte are committed to helping Local Authorities tackle the issue of fraud. We have collaborated with the NFA in a number of areas this year, feeding into the formulation of the *Fighting Fraud Locally* strategy in respect of information sharing; assisting with the implementation of national commitments through the development of the fraud awareness e-learning package, provided free of charge to all Local Authorities; as well as being a technical advisor to the *Fighting Fraud Locally* Strategic Board. We are delighted to be a part of this, and look forward to providing ongoing support in this important and challenging area.”

Deloitte & Touche LLP

Fraud Loss Profile Tool

This tool was released in April 2012 by the NFA and is intended to help local authorities understand the extent of their likely fraud loss in the areas of council tax, housing tenancy, procurement and payroll fraud, all of which constitute a large proportion of local authority spend and revenue. It does not provide an estimate of housing benefit and council tax benefit fraud. The cumulative figure provides a robust estimate of the likely fraud loss exposure the council may be facing. The figures could be used to inform local decisions on priorities to tackle fraud; an indication of where return on investment in counter fraud may be worthwhile; and the likely size of savings that could be achieved by investing in counter fraud work.

The measures are broad brush estimates based on the best available evidence and so we encourage local authorities to consider measuring their own fraud losses more accurately, especially where local conditions differ markedly from the average loss figures

used. The extent of real losses will depend upon the resilience that each local authority has to fraud. If the authority has a high degree of fraud resilience and a work-plan around tackling the highest risks, the fraud loss is likely to be at the lower end of the range of the estimate.

The CIPFA Good Practice Bank

During the development of *Fighting Fraud Locally* councils told the NFA that there was no single, central point where they could access good practice information and so the strategy gave a commitment to create a ‘one stop shop’. CIPFA offered to provide this resource and created a dedicated fraud section on the TISonline Risk Management information stream.

Since its launch, the Fraud section has received **5489** hits and is the most popular section on the stream.

The good practice bank is updated regularly and currently holds numerous case studies and information on different types of fraud, including:

- Main Fraud Types in Local Government
- Benefit and Tax Credits Fraud
- Insurance Fraud
- Tackling Fraud in Local Government
- Counter fraud Checklist
- *Fighting Fraud Locally*
- Protecting the Public Purse
- Fraud Loss Profile
- London Public Sector Counter fraud Partnership
- Wheel of Fraud
- Bribery Act 2010 - Protecting your Interests
- Sources of Further Information

Good Practice Guides

The NFA is producing good practice guides on a range of topics, which will be available on the CIPFA best practice bank in early 2013.

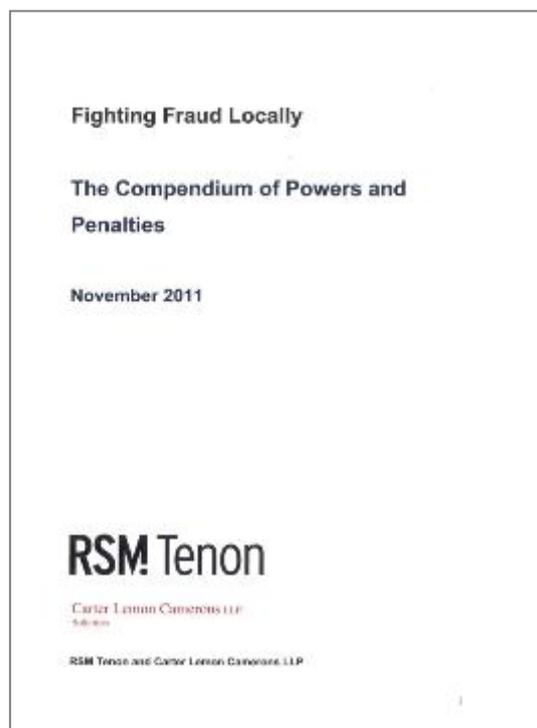
The NFA has visited a number of local authorities throughout the year to hear about their good practice in fraud recovery, fraud risk, working with enforcement agencies, and case building (i.e. the process a fraud case goes through and how it is presented for prosecution).

The National Anti Fraud Network (NAFN) and Rushmoor Council have been particularly supportive of this work by kindly circulating messages on behalf of NFA, encouraging local authorities across the country to provide examples of their good practice. The feedback received has been significant, providing a plethora of examples which will be included in the guides.

The Compendium of Powers and Penalties

Councils told the NFA that there was no one place where all the powers they have and all the penalties they can apply are held.

RSM Tenon and Carter Lemon Camerons provided pro-bono work to create a *Compendium of Powers and Penalties*. An updated version is currently being developed, to be available in 2013.



Section 2: Collaboration

Powers and Information Sharing

The *Fighting Fraud Locally* Strategy discussed the issue of providing an appropriate set of powers to enable local authority staff to protect public funds.

Whether a criminal or civil sanction is to be pursued, investigators need to access information and premises for the purposes of collecting evidence in support of an investigation. Currently local authority investigators only have access to specific information from third parties, such as banks or the utility companies, in relation to the investigation of benefit fraud, whereas some of the most significant and costly frauds occur in other areas of local government, such as procurement or housing tenancy fraud. The lack of powers to obtain information increases the chances that fraudulent contractors, clients or staff will destroy incriminating evidence and hide stolen assets. This means that serious internal and major frauds by contractors, clients and staff are less likely to be successfully investigated.

Local authorities currently do not have any statutory powers of access to information or premises to investigate non-benefit fraud cases without police intervention. Moreover, where a case is sufficiently serious to involve the police the likelihood of case acceptance is low without the presentation of substantial evidence that has been legally obtained and secured. In order to ensure that local authorities are using their existing powers effectively a review is being conducted into the powers that local authorities have and how they could be used to best effect in tackling fraud. So far a number of key stakeholders have been interviewed and local authorities have submitted a series of case studies where they believe a lack of

powers has prevented cases from being progressed.

The Department for Communities and Local Government (DCLG) has consulted on proposals to allow tenancy fraud such as unauthorised subletting and key selling to be pursued as a criminal rather than a civil offence where the landlord considers the seriousness of the fraud merits that approach. The consultation sought views on whether local authorities should be able to bring criminal prosecutions for subletting on behalf of other social landlords and whether new powers for investigators to require organisations such as banks, building societies and utility companies to share data for this purpose should be introduced.

The Prevention of Social Housing Fraud Bill, currently before Parliament, contains important provisions that will increase social landlords' ability to tackle fraud in their stock. Included in the Bill are measures that would create new criminal offences of subletting, allow landlords greater access to data for social housing fraud investigation purposes, and allow a court to award to the landlord any profit the tenant has made from subletting.

There will be instances where the same individual is suspected of committing benefit and non-benefit fraud against council tax as well as other types of fraud, such as benefit fraud, and/or the same investigator will conduct investigations for both the Single Fraud Investigation Service (SFIS) and the local authority. With this in mind, DCLG is working with the Department for Works and Pensions (DWP) to look at how local authority fraud teams and SFIS can work together, including what data can be shared and for what purposes

The *FFL* information sharing working group, chaired by DCLG, is looking at information sharing issues in the round and what could be done to address them.

In the response made to consultation on the draft Audit Bill published in October, DCLG acknowledged the importance of ensuring that the National Fraud Initiative (NFI) – and tools such as Protecting the Public Purse – are continued in the most appropriate way.

The *FFL* Strategic Board would like to thank Kevin Campbell-Scott, London Borough of Southwark, and Jill Norton, Basildon Borough Council, for their contribution to the Information Sharing Group.

Incentives

The *Fighting Fraud Locally* Strategy identified that the most important issue for central government to address is the removal of perverse incentives that mean that some frauds are not worth investigating by local authorities and to introduce positive incentives for local authorities to tackle fraud, particularly where the main beneficiary is other parts of government or society.

For example, localising council tax support will give councils a stronger incentive to reduce fraud. From April 2013, councils will be working with a fixed financial amount, so if they reduce losses from fraud and error, councils will see a positive impact on their own budgets.

A working group was formed and has just completed a list of potential incentive issues and possible solutions. The output from this will be raised with central government in the New Year.

“The Royal Borough of Kensington and Chelsea have been a part of *Fighting Fraud Locally* since the early days, many of the NFA pilots we have taken part in have resulted in a good return and this success has meant we continue to support and volunteer for similar initiatives. Our most recent has been the collaborative pilot with our neighbouring boroughs, Westminster and Hammersmith & Fulham to trial the *Fighting Fraud Locally* publicity toolkit and run a fraud awareness month”

Nicholas Holgate, Town Clerk and Executive Director for Finance, Information Systems and Property, Royal Borough of Kensington and Chelsea

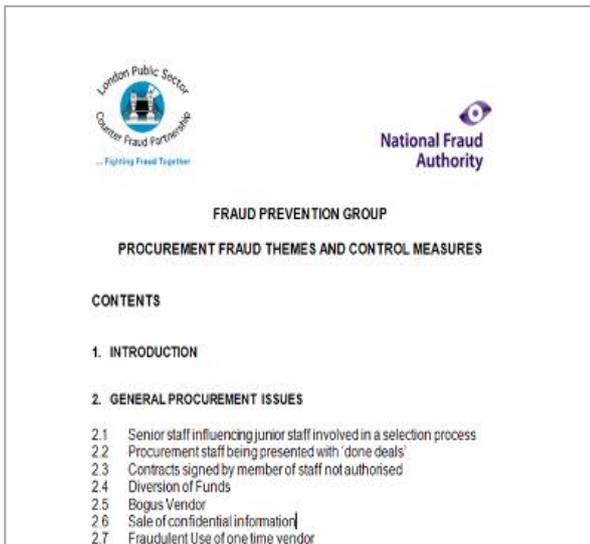
Procurement

The *Fighting Fraud Locally* Strategy identified that procurement fraud was the second highest risk to local government. Current estimates suggest that local government could be suffering losses of around £855 million a year to procurement fraud. “Procurement fraud is any fraud relating to the purchasing of goods and services. It covers the entire procure-to-pay lifecycle, including fraud in the tender / bidder selection and contract award stages (for example, illicit cartel activity or bribery of an official to influence the tendering process) as well as fraud occurring during the life of the contract (for example, false, duplicate or double invoicing).”²

A Fraud Annex is being proposed to DCLG's Transparency Code, setting out clear messages about anti-fraud measures that local authorities should be taking to prevent mandate fraud.

² *Fighting Fraud Locally: The Local Government Fraud Strategy*

A project on procurement fraud began in November in partnership with RSM Tenon and Deloitte, the first of three workshops has been held and a number of ideas have been raised that will be taken forward. In addition, the NFA collaborated with the London Public Sector Counter Fraud Partnership to create the Procurement Themes Checklist which now sits on the CIPFA *Fighting Fraud Locally* webpage.



FRAUD PREVENTION GROUP
PROCUREMENT FRAUD THEMES AND CONTROL MEASURES

CONTENTS

1. INTRODUCTION

2. GENERAL PROCUREMENT ISSUES

2.1 Senior staff influencing junior staff involved in a selection process
 2.2 Procurement staff being presented with 'done deals'
 2.3 Contracts signed by member of staff not authorised
 2.4 Diversion of Funds
 2.5 Bogus Vendor
 2.6 Sale of confidential information
 2.7 Fraudulent Use of one time vendor

Hubs

Fighting Fraud Locally identified that local authorities should collaborate closely to tackle fraud and referred to previous work by the NFA on regional partnerships, intelligence hubs and information sharing hubs. Since the strategy was released a number of authorities have approached the NFA about these ideas and have begun to form groupings to tackle fraud. At the time of writing this report, there are at least 4 groups considering setting up hubs. Authorities are tailoring these to their own local needs but most are considering a mixture of Local Authority investigators, other local enforcement (e.g. NHS), Registered Providers, police support and using intelligence led tools.

Launch of Fraud Awareness Campaign

On 8th November the Tri-Borough (Royal Borough of Kensington and Chelsea, London Boroughs of Hammersmith and Fulham, and Westminster City Council) launched a month long fraud awareness campaign to pilot the internal and external publicity campaign toolkits developed by the NFA.

Hosted by the Royal Borough of Kensington and Chelsea, and chaired by Nicholas Hellen, Assistant Editor of the Sunday Times, the audience heard from a number of speakers including Baroness Hanham, Parliamentary Under Secretary of State and Cllr Sir Merrick Cockell, Leader of Royal Borough of Kensington and Chelsea and Chair of the Local Government Association (LGA), who all encouraged local authorities to promote fraud awareness as a key step in preventing and deterring fraud.



Baroness Hanham
Parliamentary Under Secretary of State

The pilots covered all areas of fraud, but had a specific Housing Fraud element. Housing Fraud can be closely connected to other types of fraud, so the councils were keen to

ensure all links were identified. Therefore, for this pilot the 3 councils used Action Fraud, the national reporting centre for fraud and internet crime. This means that all fraud reports would be channelled into the National Fraud Intelligence Bureau (NFIB) overseen by the City of London Police, the national lead force on fraud. This will mark the first time that local authorities have used Action Fraud and the NFIB in this way.



LGA Housing Tenancy Fraud Pilot

Within Local Government, the largest cost to the public purse relates to Housing Tenancy Fraud. While many authorities have developed innovative approaches to help

tackle this, with some notable success, it is estimated that there remains **98,000³** unlawfully occupied properties in England. Many families are denied access to social housing by unoccupied properties and have to live in temporary accommodation, often unsuitable to their needs.

The LGA wish to accelerate the improvements already being delivered by councils and is seeking to fund two groups of pilot authorities. We expect the pilots to lead to a significant increase in the number of properties recovered in those areas and encourage a sustainable approach to counter fraud activity across council boundaries.

The deadline for bids is 14th December 2012. If you would like to hear more about the pilot, please contact: Warren Leigh, Adviser, Local Government Association at warren.leigh@local.gov.uk

Bribery Act 2010 – Protecting your Interests

The Bribery Act 2010 reforms criminal law to provide a new, modern and comprehensive scheme of bribery offences that will enable courts and prosecutors to respond more effectively to bribery in the UK and abroad.

RSM Tenon have produced *The UK Bribery Act – Protecting your Interests*, giving information and tips on how the provisions of the Act can be met.

Fighting Fraud Locally Newsletter

The FFL Strategic Board published its first edition of the *Fighting Fraud Locally* newsletter in July. The quarterly newsletter,

³ Protecting the Public Purse

a collaboration with a private sector partner (RSM Tenon) and published by the LGA, provides updates on important work that *FFL* partners are developing including counter fraud tools, techniques and good practice examples that can help defeat fraudsters who target local authorities.

The Board encourages local authorities to use the newsletter to communicate their news to other authorities and *FFL* partners.

“RSM Tenon has engaged positively with the *Fighting Fraud Locally* Strategic Board throughout this year providing proactive support for the newsletter and events and acting as technical advisor. I am pleased to see this level of take up for the strategy.”

**John Baker, Partner,
RSM Tenon**

Stakeholder Feedback

“I have received a copy of your first newsletter, which I have found very informative and useful. I have circulated it to colleagues.”

Meeting the LGA Finance Task Group

In July Ian O’Donnell, accompanied by Andrew Hyatt, Head of Investigations at RBKC, met with the LGA Finance Task Group for the second time to provide an update on *FFL* work underway since publication of the strategy.

Chaired by Cllr Sir Merrick Cockell, Chairman of the LGA, the task group’s role is to provide oversight to the LGA’s work on the key finance issues facing the sector. The group has been supportive and encouraging of *FFL* work and will continue to monitor progress.

Public Sector Fraud Awards



December 2012 will see the first Fighting Fraud Awards take place at 1 Drummond gate after the 2nd *Fighting Fraud Locally* conference. The strength of the entries demonstrates the enthusiasm and commitment that local government has to tackling fraud. The Judges Panel was chaired by Stephen Harrison from the NFA and included: Ian O’Donnell, Chair *Fighting Fraud Locally* Strategic Board, Councillor Ruth Cadbury, LGA, Prof Alan Doig and Lesley Hume CO.

There were over 100 entries and local government featured strongly in the nominations and this is the opportunity to praise them. We wish our Local Government colleagues well on the awards night.



The second annual conference held for counter fraud staff working in local government.

Keynote speaker:

**Baroness Hanham
Minister for Local Government**

Section 3: Case Studies

Acknowledge

Prevent

Pursue

Many councils checked the Fraud Loss Profile on the CIPFA Good Practice Bank and have taken steps to tighten their counter fraud activities, showing that they acknowledge the risk posed by fraud and resulting problems.

Health Checks Pilot

Grant Thornton is the largest Local Government Auditor in the UK and in 2011 the firm assisted the NFA in developing the *Fighting Fraud Locally* campaign.

In a new initiative implemented earlier this year the firm's Forensics practice teamed up with their audit colleagues to pilot a series of governance 'Health Checks' on a number of their Local Authority clients. The Health Checks were designed to review how Authorities addressed governance issues, particularly in the areas of fraud and corruption.

Les Dobie, one of Grant Thornton's Forensics Associate Directors who was involved in the reviews commented, "As a result of the radical changes occurring within the sector, Local Authorities are facing immense challenges, one of which is dealing with the increased fraud risk that accompanies change on this scale. The work we did last year with the NFA helped conceptualise our Health Checks and we were delighted to be given the opportunity to 'road test' the *FFL* voluntary checklist with our clients. We discovered that of the Authorities we reviewed, all their counter fraud functions displayed a good awareness of *FFL* with some already using the checklist to benchmark performance. In terms of compliance, though, the picture was more mixed with some authorities demonstrating much higher levels of compliance than

others. Nevertheless, the consensus was that the checklist was a big step forward, not only as a useful benchmarking tool but also as a means of supporting and articulating the case for counter fraud resources in an environment where budgets are heavily constrained."

FIGHTING FRAUD LOCALLY Checklist

This guide is a voluntary checklist for Local Authorities to use as a standard to measure themselves against when creating an effective counter fraud culture and response.

- The Council has made a proper assessment of its fraud and corruption risks and has an action plan to deal with them and regularly reports this to its senior board and its members.
- The Council has undertaken an assessment against the risks in Protecting the Public Purse and has also undertaken horizon scanning of future potential fraud risks.
- There is an annual report to the Audit Committee or equivalent detailing an assessment against the Local Government Strategy Fighting Fraud Locally and this checklist.
- The Council has put in place arrangements for monitoring compliance with standards of conduct across the council covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality
- The Council undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking checks to prevent potentially dishonest employees from being appointed.

Grant Thornton's pilot was judged a success and the service is being rolled out to other Local Authority clients. Les added, "Strategically, a consistent counter fraud approach across the sector is vital as fraudsters, especially serious and organised fraudsters, are very adept at 'arbitraging' the gaps created by variance in practice between different Authorities. Helping our many Local Authority clients adopt the *FFL* approach presents a real opportunity to

develop the consistency required to make Local Government a hostile environment for fraudsters to operate in."

Top Tips for Tackling Expenses Fraud

Grant Thornton has produced free guidance for tackling expenses fraud, which is available on the CIPFA TISonline website.

The guidance covers advice such as maintaining a clear and comprehensive expenses policy, and the importance of providing original supporting documentation.



Housing Tenancy Fraud Stoke-on-Trent City Council

Stoke-on-Trent City Council has a housing stock of 19,300 and a waiting list of over 3000. With funding from DCLG to tackle Tenancy Fraud, the Council set up a joint working project involving all internal stakeholders - Housing Services, Legal Services and Corporate Fraud - from the outset.

The objective

The Council aimed to identify if there was a Tenancy Fraud problem in Stoke and based

on their findings undertake any investigative action needed, working closely with Housing Officers.

The results

The first 12 months saw a return of:

- 54 properties recovered
- 3 prosecutions including the first in the UK for 'Non-Residency Tenancy Fraud' using the Fraud Act 2006
- £250,000 of fraudulently claimed benefits

At 23rd November 2012 the figures stood at:

- **103** properties recovered
- **8** prosecutions
- **£425,000** Benefit Fraud

The outcomes

Not only did the Council identify Tenancy Fraud, but the joint working approach introduced has been embraced by Housing Officers who are now more motivated to make referrals. The project has changed the culture around Tenancy Fraud and raised the profile of Tenancy Fraud issues significantly - referrals from the public almost tripled within the first 12 months.

The Council is now recognised as one of the leading Authorities, particularly outside of London, in tackling Tenancy Fraud. Since running the project, they have engaged with 12 Local Authorities and Housing Associations seeking advice and guidance to enable them to take forward their own Tenancy Fraud investigations.

Further to this, the Council has signed up to Service Level Agreements with 3 local Housing Associations to do their investigations for them on a 'pay as you go' basis.

“The work at Stoke stands out as an excellent, and still rare, example of what can be achieved by non-London housing providers in the fight against tenancy fraud. Starting from scratch, Stoke has managed in one year to recover more council houses from tenancy fraudsters than whole regions of the country have until recently been able to achieve.”

Audit Commission

“The exercise to investigate and recover social properties undertaken at ‘City of Stoke-on-Trent’ is one of the most effective, dramatic and positive I have come across in the last two years.”

Huntingdonshire District Council

SNAP Pilot NFA and London Borough of Ealing

Data matching and the distillation of a collection of data-sets from London Borough of Ealing databases and databases held by external partners enabled them to derive a synchronisation and cross-reference between property and people. The resulting matches and cross-referenced data-set have been used to derive property occupancy intelligence for the purposes of detecting and preventing fraud.

Previous initiatives such as the National Fraud Initiative (NFI) exercise indicated that more extensive use of intelligence already held within the Council's databases, combined with public domain data (such as Companies House) would result in a more robust verification of discount applications and probably a significant additional reduction in the level of ineligible discounts awarded.

The objective

To protect the public purse both locally and nationally by increasing the level of verification and checking of household occupancy in relation to council tax single person discount and Housing Benefit undeclared partners, as well as providing intelligence relating to other types of fraud.

The Strategy

- Challenge perceptions that data protection legislation prevents the legitimate sharing of data-sets for the purposes of detection and prevention of fraud.
- Obtain extracts of Internal/external data-sets.
- Create a data-warehouse, data-mining and Intranet application to ensure that intelligence within the data indicating possible fraud can be quickly and easily utilised to identify and prevent fraud.
- Liaise with the NFA in order to make findings available to local authorities nationally.

Financial Benefits

The data matching has identified approximately ten times the number of anomalies than identified by the current year's NFI exercise for the same geographical area.

This has been due to an extended range and quantity of customer record intelligence being cross referenced and more sophisticated in-house developed 'Fuzzy Matching' and data-cleansing techniques being utilised across the data.

Potentially ineligible single person discounts (SPD) can now be challenged with the support of evidence, often going back several years.

Discount Corrections

About 25% of the identified SPD anomalies have been investigated so far. This has resulted in:

- 1916 accounts having had the discounts removed.
- 846 accounts where the discount is currently undergoing challenge

- Backdated account adjustments of **£1,468,263**
- Annual value of discounts removed **£595,197**

Additional Untaxed Properties

- 213 additional previously untaxed properties
- 57 more currently awaiting inspection
- Backdated account billing of **£120,949**
- Annual charge list increase of **£105,166**

Additional Targeting of Student Exemptions using SNAP Intelligence

- Backdated Adjustments **£358,463**
- Additional Annual Income **£123,264**

Total Additional Income Generated (as at November 2012)

- Backdated Adjustments **£1,947,675**
- Additional Annual Income **£589,047**

Insider Fraud CIFAS and London Borough of Ealing

The London Borough of Ealing is conducting a CIFAS staff fraud database pilot. The data-sharing scheme enables responsible employers to file proven cases of staff fraud in order to prevent the perpetrator moving unchallenged to a new employer to commit further fraud.

The Council can access the database in order to check staff fraud records filed by other CIFAS members and file data about identified staff fraud cases.

The database has been developed and approved by a number of leading organisations and authorities, including consultation with the Information Commissioner's Office among others. The *FFL* strategy recommends that local authorities consider membership to the database.⁴

Identity Fraud: ID Document Checks

Two councils are piloting identity document checking technology to deal with the ever increasing risk that local authorities face from identify fraud.

The London Borough of Ealing is piloting an identity document checker which instantly verifies documents such as passports and driving licences. The scanner provides a Red, Amber, Green status for each scanned document. The scanner allows officers to scan, inspect, authenticate and archive domestic and international ID documents electronically.

The system is currently being used within Customer Services and Human Resources, including supporting the Council's Enhanced Vetting process. It has helped to combat document fraud and identity impersonation fraud.

The London Borough of Camden has recently purchased a number of scanners that interrogate the security features of documents issued by Governments, organisations or regulatory bodies. The scanner confirms whether dates are valid and if document security or number algorithms are matched.

The scanners verify documents such as passports, driving licences, work and

⁴ *Fighting Fraud Locally*: The Local Government Fraud Strategy; www.cifas.org.uk/CIFAS_Staff_Fraud_Database

residency permits, and any other documents with in-built security features. All scanned data is digitally stored

Initially the scanners will be used to check the documents of all new Camden employee's and those producing identity documents in order to renew Criminal Records Bureau checks.

The Council will also promote the scanner during the recruitment process as a preventative measure. Once individuals are aware that documents are scanned to confirm authenticity a percentage will discontinue with their application, thus saving time on wasted interviews and administration.

Data Matching London Borough of Southwark

The London Borough of Southwark entered into a data matching exercise to evaluate the student discounts awarded for council tax purposes. The review was a new pilot initiative developed for free with the NFA and Fujitsu.

This exercise identified 750 possible matches. It has resulted in the student awards being ended for 423 (56.4%) which represents, potentially, an additional £500k of income for the Council.

This pilot involves 5 councils and further results are awaited.

Council Tax Exemption Fraud London Borough of Hounslow

The London Borough of Hounslow reduced council tax exemption fraud and identified £47,000 worth of council tax in less than 6 weeks, delivered with an efficient and cost effective solution for targeting occupied vacant properties thanks to GB groups Identity Management Services.

The challenge was to identify the citizens of Hounslow applying fraudulently for council tax on vacant properties in the most efficient manner. As a result of such applications, the Council's remaining population would have to cover the charges for these fraudulent citizens.

How was this done?

Firstly, vacant properties which were in fact occupied were identified using information such as existing live telephone numbers. These were then separated from those vacant properties claiming council tax exemption which were definitely unoccupied. The benefit of this was to reduce council tax exemption fraud and identify additional council tax revenue.

Fraud Awareness Campaign Stoke-on-Trent City Council

Stoke-on-Trent City Council has developed and is running a 'Spot The Cheater' high publicity, Council wide anti-fraud awareness campaign that built on previous fraud awareness work on benefit fraud. The aim is to increase public and staff awareness, change the general perception of local authorities handling only benefit fraud, and increase referrals to the Corporate Fraud Team.

The campaign was designed to concentrate on:

- Tenancy Fraud
- Benefit Fraud
- Blue Badge Fraud
- Council tax Fraud

The campaign commenced in mid May 2012 and has received extremely positive reactions from the public and Council staff alike.

Early results

From 1 April 2012 to 30 September 2012 there were a total of 1074 referrals:

- 291 referrals (27%) for Living Together Fraud
- 214 referrals (20%) for Tenancy Fraud
- 12 referrals for Blue Badge fraud
- 21 referrals for council tax fraud

These figures show that the campaign is having a positive effect because not only has there been a 22 per cent increase in referrals for the same period in 2011, but there has been a surge in referrals for the main areas that the campaign is focussing on i.e. Tenancy, Blue Badge and council tax, which the Council has not seen before. It is really interesting that Tenancy Fraud has overtaken 'Undeclared Work' referrals, so it would appear that the message is getting through.

"The work is extremely relevant to the Local Authority in order for it to fulfil its obligations under its Anti-Fraud and Corruption Strategy. I commend you for getting this up and running"

PHF Training

"The Spot the Cheater publicity is very simple, effective and eye catching. Excellent stuff."

Lichfield District Council

NFA Pilot 'West London Track a Fraudster'

In order to tackle subletting, the London Borough of Ealing and Royal Borough of Kensington and Chelsea separately undertook pilot programmes in conjunction with the NFA and entered into a data matching exercise with a private sector provider (Call Credit).

Both Councils provided their tenancy details to Call Credit and these were matched to financial information held by Call Credit to form a financial footprint of each property and each tenant.

Where the financial footprint between the property and the tenant did not match a further analysis was carried out and anomalies classified as Red, Amber or Green.

Each anomaly was risk assessed and investigated where required to identify cases of subletting.

The Councils then expanded the pilot by inviting other London boroughs to join a fraud hub and to share data which would be collated centrally by Call Credit. Eight local authorities agreed to collaborate and formed the London Fraud Hub.

The London Fraud Hub will identify subletting of council properties, individuals claiming benefit in more than one borough, individuals who have a council property in more than one borough, individuals claiming benefit in one borough and have a council property in another borough.

The London Fraud Hub will also focus upon prevention allowing interrogation of the data prior to allocation of council housing to check that the applicant is not already housed, registered or claiming benefit in another borough.

The London Fraud Hub

The project has two separate stages:

Stage 1 – Identifying & tracking existing fraudsters

To identify fraudsters currently claiming benefits and/or social homes in multiple boroughs a one off data matching exercise

was undertaken. This exercise contains the following components:

Data Transfer – Each participating authority transfers a file containing all Housing Benefit records, records of those claiming social homes and the housing waiting list.

Data Matching – Call Credit cross-matches all records through a bespoke system and flag records that are present across multiple boroughs using unique identifiers.

In addition a match is also carried out using credit records for all financially active individuals living in the UK. This will identify instances where an individual active at an address is different to those believed to be the occupants. A traced address for the original occupant will also be provided where available.

Stage 1 provides an output containing a targeted hit list for tracking fraudsters using a Red, Amber and Green rating.

Stage 2 – Preventing fraudsters

To help prevent housing fraud from occurring all members of the London Fraud Hub have unlimited access to a database containing a monthly feed of housing data.

This can be used as both an investigative tool and as a preventative check by each authority, the most obvious being at the point of application or allocation of a social home.

Benefits to London Fraud Hub members

By working collaboratively the members of the London Fraud Hub gain a number of benefits, including:

- The provision of a targeted list of cases for investigators to examine.
- Cost savings from identifying and stopping fraudulent benefit claims.

- Cost savings from preventing benefit fraud by identifying it at the point of application.
- A further check prior to allocation of social housing.
- Increased revenue from recovery and fines.
- Cost saving through allocating recovered social homes to individuals currently in temporary accommodation.
- A potential reduction in the number of individuals on the housing waiting list.

Data Matching Update – November 2012

A reported data match of 7,500 tenancies has been completed. Outputs of the exercise were:

- 6352 green matches (all financial records showed tenant resident)
- 1030 amber matches (most financial records showed tenant resident, but some links to an alternative address – these will inform future tenancy audits)
- 121 red matches (pass for further investigation)

Of the red cases identified:

- 7 – properties recovered and returned to RBKC for allocation
- 19 – ongoing investigations linked to addresses out of borough
- 10 - on going investigations linked to addresses in borough
- 21 – closed no fraud after investigation
- 64 – closed no fraud: Housing Department data cleansed and records updated

Benefits to the citizen

- There will be more social homes available to those citizens with genuine housing needs.
- An increased level of confidence for tax payers around protection of the public purse

Tenancy Fraud Bristol City Council

Bristol City Council's Internal Audit Department set up working arrangements to identify Housing Tenancy Fraud.

Government funding was used to undertake a City wide advertising campaign, launching a dedicated Tenancy Fraud hotline number and email address where people could report any concerns they had about tenancy fraud and abuse.

To date there have been over 400 referrals from the Public, Staff and other agencies. Referrals are mainly concerning Council stock, but concerns regarding social housing have been received and passed to RSLs.

A total of 53 properties have been recovered to date, 3 applications cancelled and a mutual exchange refused and one case is with Solicitors for prosecution consideration. Some interesting cases include:

- A property recovered, where the tenant owned 3 other properties in the area.
- A Bristol tenant, also living and claiming benefit in London, admitted to subletting her Bristol property in return for an amount equal to the weekly rent.
- A right to buy surrendered, costs and lost rents totalling £4,000 recovered as the tenant was living in a 50%

shared ownership property, while also claiming to be a BCC tenant.

- A re-housing application cancelled, where two children had been used on 2 separate applications. A new application meant the applicant could be considered for a smaller size property.
- A Bristol tenant obtained their property by failing to mention on their application the two properties they owned elsewhere and they also submitted forged documents to support their application. As soon as they obtained the council tenancy they immediately sublet it out. The property has been recovered but this case is also being considered for prosecution.

It is recognised that tenancy fraud is not only an issue in local authority housing stock so the Council is working with RSLs to maximise the information available to them to help tackle any concerns and developing data sharing protocols and procedures to help support their work.

As well as investigating referred cases; a programme of proactive audits is underway. An exercise has already been undertaken where deceased data was analysed to help identify properties that should have been surrendered and come back into circulation or where unlawful succession may exist and a wider exercise is planned to use credit reference data to identify possible irregularity and fraud.

The funding provided to undertake tenancy fraud investigation has been invaluable and allowed the Council to allocate a dedicated resource to this area of work. It has produced good results and brought much needed properties back into circulation.

The Tenancy Fraud Forum

The Tenancy Fraud Forum (TFF) is a not for profit, free organisation aimed at those who wish to combat tenancy fraud in the social housing sector.

TFF launched at DCLG in April 2012 and was supported by The Right Hon Grant Shapps MP. The Forum has now expanded to include several regional groups who meet on a regular basis to discuss data sharing between housing associations and local authorities, joint working, provision of sample documents and advice on how to identify and tackle tenancy fraud, among other matters.

The free regional and London meetings are also attended by guest speakers to present on such areas as unjust enrichment and how to draft Notices for subletting.

The Executive Committee of TFF comprises social landlords as well as the Chartered Institute of Housing (CIH), the NFA and the Audit Commission.⁵

Direct Payments Fraud

A service user was assessed by the Council's Social Work Team as requiring a significant amount of care. A Direct Payment Agreement was set up to pay for the service user's care package and her mother was appointed to administer the payments on her daughter's behalf.

Over a four year period direct payments totalling nearly £150,000 were paid into the bank account set up specifically to pay for the service user's care. The Council requires the person administering the funds to submit a quarterly return outlining how the monies

were spent, however, in this case, no returns were provided, despite reminders being sent. The Direct Payments were eventually suspended. The service user's mother then provided copies of the bank statements in order to get the payments reinstated. This highlighted that funds were being spent on other items unrelated to her daughter's care, such as on-line bingo, X-Box and various retail outlets.

Following investigation it was determined that the service user's mother had provided false information about the level of care provided to her daughter, raising safeguarding concerns. It was calculated that only £20,000 had been spent on care, in the four year period that Direct Payments were made. It was also discovered that the Social Work Team had failed to carry out any review of the Direct Payments, but despite this, increases were made in the payments, some of which were backdated.

The Council has implemented changes to the way in which it administers Direct Payments as a result of this case. The matter was also referred to the police, and the Council are seeking to recover the payments which were fraudulently used.

London Borough of Camden Concessionary Fares Address Verification Scheduled to Save £1m in 2013

The Concessionary Fares scheme requires pass holders to be resident in the administrative area of the issuing authority. Hence, every two years a "renewal" exercise to check residency has been undertaken. In 2012, London Borough of Camden developed a new, customer focussed facility to streamline and automate the process for 34,500 pass holders. This included information extracted from the NFI dataset.

⁵ www.tenancyfraudforum.org.uk

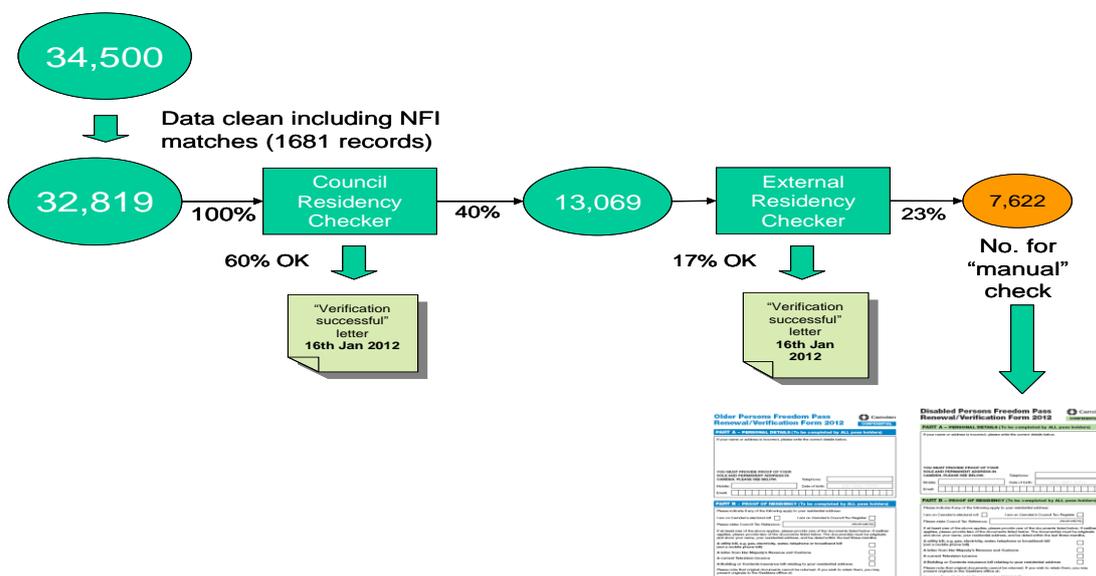
The in-house Tranzacct system was the main Customer Records Management (CRM) repository. The process is described below with accompanying diagram:

1. All pass holders were checked for residency against an internal address checking database which cross referenced Council Tax and Housing Benefit data.
2. Those failing this check, sometimes due to poor data matches, were passed to an external agency (Unicard) to be checked using other data sources. Unicard used Experian as part of their process.
3. Finally, only those failing this check were asked to provide documentary evidence of their sole and primary residence in Camden – circa 7600 people.

Additionally, electoral roll checks and more detailed examination of council tax records where undertaken where there was ambiguity or required documents could not be supplied. This process revealed anomalies that challenged claims of 'permanent residential status' (or other possible elements of fraud). These included:

1. Use of global or "shell" addresses where properties were actually sub-divided;
2. Single person discount claims where more than one adult pass-holder is registered as living at an address;
3. Second home discount claims (yet claiming a Freedom Pass as sole/primary residence);
4. No electoral roll entries;
5. Use of commercial premises as a residential address.
6. Landlord and tenant using address to apply for Freedom Pass

The ability to cross-check the Council's own data has significantly improved the customer journey and the administrative burden on the Council. It is expected that, as a consequence of this initiative, the Borough will avoid approaching £1m of inappropriate expenditure on Concessionary Fares, with £131k attributable to NFI exercise. The facility to undertake automated address verification at the time of application has now been imbedded across other accessible transport schemes. This will further expedite online applications, such as the Council's online Older Persons Freedom Pass scheme.



The Experian Social Housing Data-matching Service

Social Housing Tenancy Fraud is a well understood issue that Experian is doing something about, and from which some great successes have been published:

- £750,000 savings at London Borough Hammersmith and Fulham
- Many more properties revoked than would otherwise be the case
- Individuals living in New Zealand, sub letting social housing in Harrow
- Sub letting in Richmond whilst mortgaged elsewhere in London
- Use of mobile and email addresses to trap social housing fraudsters
- Hillingdon resource targeted on just the high risk cases
- Evidence of organised fraud from Experian's Social Housing hub

This recently developed service is underpinned by Experian's extensive expertise in the provision of hub based services and facilitates the comparison and reference of RSL data with Experian's unique data sets. Use of Experian data is crucial to optimise outcomes.

Experian is working with local authorities, housing associations, RSLs and government agencies to support nationwide information sharing and data-matching service for all UK providers.

How the Experian Social Housing Hub works:

As social housing applications are made, the hub system searches for fraudulent or suspicious connections to historic data. When suspicions are flagged, each RSL affected is warned via an alert. A queue of cases is created highlighting to key staff where and what the problems may be. It also provides users with details of principal contacts within other authorities, so it can be quickly determined if it is in fact fraud.

Known fraudsters, and the personal or unique information used by fraudsters, including mobile phone numbers and email addresses can be recorded on the hub system and shared with the other contributors.

The hub system also uses the information to generate referrals and reference discrepancies to highlight potentially high-risk fraud data.

Experian is the first private company to have been awarded Specified Anti-Fraud Organisation (SAFO) status by the UK Government Home Office under the Serious Crime Act 2007, which came into force on 1st October 2008. The Act allows public authorities in the UK to share data for fraud prevention purposes via sharing schemes run by a SAFO, solely for the purposes of detecting and preventing fraud.

Acknowledge

Prevent

Pursue

There are many examples of Councils embracing recovery of assets and making sure that crime does not pay.

Court orders housing fraudsters from Peckham to pay back £38,000

14 November 2012

A couple found guilty of committing housing fraud in Peckham have both been ordered to pay back £38k to Southwark Council.

Councillor Ian Wingfield, cabinet member for housing, said "I am extremely pleased with this result and we hope it sends a clear message to anyone thinking of obtaining a property by false means in Southwark..."

www.southwark.gov.uk/news/article/1051/court_orders_housing_fraudsters_from_peckham_to_pay_back_38_000

London Borough of Croydon

Juliet Ubiribo and Ovo Nelson Mayomi thought that their case was over when they were sentenced in August 2010 following a joint investigation by the Council's Corporate Anti-Fraud Team (CAFT) and the UK Borders Agency.

Ubiribo was charged with 10 Theft Act offences, 4 Fraud Act offences and 2 immigration offences. On 13th August 2010 she was sentenced to 12 months in prison suspended for 2 years, she had to complete 200 hours of community work and had to wear a tag for 4 months while under curfew from 9pm – 6am.

Mayomi was charged with 9 Theft Act offences, 1 Fraud Act offence, 2 immigration offences, 2 offences under the Criminal Justice Act and 1 perjury offence. On 13th August 2010 he was sentenced to 30 months in prison.

However, Croydon's Financial Investigator continued to investigate the couple's financial affairs to establish how much they had obtained from their criminal lifestyle and the extent of their available assets. Assets were restrained in the UK and Nigeria using the Proceeds of Crime Act.

In September 2012 Mayomi was ordered by Croydon Crown Court to pay £1,197,743.54 in a confiscation order, to be paid by March 2013. Failure to pay would result in 6 years imprisonment.

On 20th July 2012 Ubiribo was told to pay £9,357.42 in a confiscation order.

Eventually Croydon Council should receive around £400,000 as a share of this confiscation.

Partnership in Sanctions (NFA pilot): London Borough of Enfield and Enfield Police Payback Team

The London Borough of Enfield's Counter fraud Team (CFT) is tasked with investigating fraud and created a partnership with Enfield Police Payback Team (EPPT) who specialise in financial investigations to investigate, combat, and recover funds from acquisitive crime.

The initial aim of the two teams working together came about as a result of a joint interest in using Proceeds of Crime Act (POCA) legislation as an additional tool to detect and prevent crime, and as a deterrent to others already committing or considering committing crime in the borough.

This provided the opportunity for both teams to maximise resources, reduce duplication of work share the costs related to investigation, pool a diverse skills base, share intelligence, gain and share investigative knowledge and techniques

Outcomes

The collaboration resulted in the following examples of sanctions:

- The prosecution of individual benefit claimants who failed to declare ownership of properties, a computer business, bank accounts resulting in confiscation orders being granted for £5,000, £8,496.96 and £7,489.61.
- The prosecution and conviction of three people for housing benefit fraud valued at £11,917.01. The financial investigation uncovered offending worth £2,583,376.87 through buying and selling properties using false identities. A confiscation order secured monies held in accounts and properties in London and St Kitts which when realised will give both teams a percentage share of £300,000.
- The prosecution and jailing of a person who used two identities to claim benefit in Enfield and Waltham Forest resulting in a confiscation order for £543,000 of which Enfield received £48,000.

A share of the recovered proceeds has been received by CFT. With the support of EPPT mentoring a CFT investigation officer has

become a fully accredited financial investigator, with a second undergoing the same training.

This pilot demonstrates the value of joint working and could be easily replicated in other councils. EPPT and CFT have since advised the NFA in their *FFL* research on the formulation of joint investigation teams.

Both teams have been asked to be part of a pilot exercise aimed at sharing the good practice which could be replicated in other local authorities.

“The work for the Local Government Strategy and the examples in this report underline the value of collaboration that leads to measurable reductions in crime levels and opportunities. Focussing on common interests allows institutions to map risks and overlaps, pool resources, powers and expertise, learn from each other to improve performance, and/or build up the information jigsaw. Such bases may be used, as the literature on retail development or hi-tech clusters illustrates in other contexts, for the incremental but planned promotion of mutually beneficial relationships over time.”

Prof. Alan Doig

Social Housing Fraud Birmingham City Council

Birmingham City Council, working in partnership with a local Housing Association, data matched their Housing records and found that Miss X was holding a council tenancy at the time that she was granted a tenancy with the Housing Association. As a result the Housing Association issued a Notice Seeking Possession and the tenancy was ended.

Miss X was interviewed under caution and confirmed that she had held two social

housing tenancies at the same time. She also confirmed that she had failed to declare on her housing application a previous address, which had she declared, would have revealed that there were rent arrears outstanding. If these rent arrears had been identified she would not have been allocated a further social housing tenancy. Miss X had previously been prosecuted for benefit fraud.

Miss X was successfully prosecuted with two charges under Section 2 of the Fraud Act 2006. She was given a 12 month Community Order to include 140 hours of unpaid work.

Cashback Scheme - Single Person Discount and Benefit Fraud London Borough of Ealing

The London Borough of Ealing conducted a Value for Money £50 cash back payment to council tax payers. One payment was made in respect of each eligible property. If someone owned more than one property only one payment was made. Payments were made by direct debit or via post office vouchers.

As a result of data matching bank details, the Council identified six properties owned by a single landlord who was falsely claiming for the single person discount while it was found that there were numerous tenants at each property.

The post office vouchers could be cashed at any post office in the country and the post office supplied details of where each voucher was cashed. This highlighted that some benefit claimants were cashing vouchers outside the borough, some as far as Scotland and Northern Ireland. Using the information of where vouchers were cashed allowed further investigations to be made and several benefit claims were cancelled.

Subletting Fraud Westminster City Council

There is increasing activity within the subletting fraud arena with plenty of activity in recovering properties, data-sharing and moves to bring in a specific offence. Two cases have recently been prosecuted by Westminster City Council under the Fraud Act 2006 s.2 and s.3 offences of 'False Representation' and 'Failure to Disclose'.

Case 1

The breakthrough case results in a tenant being sentenced to 16 weeks in prison for subletting a council house property whilst living with his partner in a property they jointly own in Crawley, Sussex. The Council was awarded £7,100 in legal costs and full compensation for the case, and the property was recovered.

Case 2

The second case was that of an individual who had been allocated housing on the basis of being a priority need by the Council.

The Council's counter fraud provider was alerted to a referral received via the reporting hotline. On investigation a tenancy agreement was discovered in support of the subletting allegation that had been made.

Charges were brought under s. 2 and Sec. 3 the Fraud Act 2006. The profit made amounted to £24,000 through rental income. On 4 July 2012 at Southwark Crown Court, the individual was convicted and sentenced to nine months imprisonment, suspended for two years, and 140 hours community service.

The role of housing vetting procedures in fraud prevention London Borough of Southwark

Through its anti-fraud service the Council has been working on ways to help prevent fraud against itself. One of the core aspects is the vetting process.

Whilst the importance of strong vetting procedures has been traditionally associated with the field of recruitment, Southwark has extended their use to fighting fraud in the provision of services, such as housing. In line with *Fighting Fraud Locally* the Council has picked up on a number of activities in relation to each housing fraud referral, applying the 'Acknowledge, Prevent, Pursue' approach in each case.

*"Fighting Fraud Locally is making a real difference on the ground in Southwark. It is becoming more and more embedded within our operational work and I am pleased to say we are starting to see the practical outcomes that can improve the lives of our residents. Southwark were an early participant of NFA pilots for *Fighting Fraud Locally* and this has made important contributions to our work on student exemptions"*

**Duncan Whitfield, Strategic Director,
Finance and Corporate Services
London Borough of Southwark**

Council seizes 140 properties in fraud crackdown

dash.com Published by Max Salisbury for 24dash.com in Housing and also in Communities, Legal, Local Government

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A council has managed to seize 140 properties since April in a major crackdown on fraud.

Southwark Council - which manages 54,000 homes - has launched a number of initiatives to tackle housing fraud, such as 'Operation Bronze', which has so far recovered 17 properties, 16 of which have already been re-let to people previously living in temporary accommodation. The operation targets those that have obtained tenancies using fake documents.

Meanwhile, 'Operation Silver' has recovered 21 properties, with "significant progress" made on a further 18. The operation has also been successful in the area of Right to Buy, with the council responding to the heightened risk of fraud since the rate of discount was increased to £75,000 earlier this year. Operation Silver has already managed to block three Right to Buy sales.

Confiscation hearing of Mohammed and Nasim Tariq Slough Borough Council

The Tariqs applied to Slough Borough Council to purchase their council property. A review of the Council's systems revealed the couple to be long term benefit claimants on low income.

The property purchase completed at a purchase price given as £185,000 with a right to buy discount of £38,000. The purchase was not in keeping with the couple's known circumstances.

Financial enquiries revealed the couple held savings in excess of £30,000 which had never been declared in the course of claiming benefits. It was also established a mortgage had been obtained to fund the purchase for £147,000.

Enquires with the mortgage lender revealed that to obtain the mortgage Mr Tariq inflated his true income and a completely false income was manufactured for Mrs Tariq who had not worked for over 15 years.

Due to their failure to declare savings Mr and Mrs Tariq had obtained benefits to which they were not entitled, to the value of £10,116.95.

The couple pleaded guilty to benefit fraud offences and one charge of money laundering when they used the fraudulently obtained mortgage loan to facilitate the purchase of the council house under right to buy.

Following their sentencing, confiscation orders were issued and will result in the total compensation payable to the Council of £39,860.83. £10,116.95 will go to cover the benefits obtained fraudulently; the remaining £29,743.88 will be encapsulated in the 'right to buy discount' of £38,000, they obtained using the fraudulently obtained mortgage to complete the purchase.

Fighting Fraud Locally in 2013

- Fraud awareness campaign toolkits will become available to local authorities early next year.
- The Compendium of Powers and Penalties is being updated and will be become available in 2013.
- Good Practice Guides to be added to the CIPFA Good practice bank.
- As a result of the positive comments received regarding the general awareness package, together with more specific feedback regarding key fraud risk areas, Deloitte are considering the development of further modules in 2013.
- A Whistle-blowing helpline pilot will run for three months in early 2013 in line with the *FFL* strategy recommendation, “Ensuring that staff and the public have access to a fraud and corruption whistle-blowing helpline, and assure themselves that it conforms to the British Standard for whistle-blowing arrangements.”
- NFA to work with *Fighting Fraud Locally* Strategic Board on the development of regional hubs.
- Completion of the research and reporting on information sharing, powers and incentives.
- Projects and pilots on new emerging risks, for example grants and business rates.
- Continued delivery on the remainder of the *FFL* recommendations
- Closer links to Fighting Fraud Together and working more with the private sector
- Results from pilots and pathfinders

“NAFN is working with the *Fighting Fraud Locally* Delivery Board to help deliver collaborative working across the country and support Councils to implement *Fighting Fraud Locally* at an operational level. The “Local Government Fraud Strategy” Delivery Plan set NAFN specific actions and we have recently updated the Board on our progress. Including:

- Meeting with key stakeholders to support the development of the “virtual” Local Government Centre of Fraud Intelligence
- Developing our web-site to provide secure links to Authorised Financial Investigators
- Upgrading our intelligence system for delivery in early 2013
- Increased the number of organisations which receive our Intelligence Bulletins
- Exploring how to best support partners to develop intelligence and information sharing warehouses.”

National Anti-Fraud Network

Further Information

Fighting Fraud Locally: The Local Government Fraud Strategy

www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/fighting-fraud-locally-strategy/strategy-document?view=Binary

Slipping Through the Net

CIFAS – The UK's Fraud Prevention Service

www.cifas.org.uk/research_and_reports

CIFAS Staff Fraud Database

www.cifas.org.uk/CIFAS_Staff_Fraud_Database

CIPFA TISonline Risk Management Stream

www.tisonline.net/riskmanagement/

'Court orders housing fraudsters from Peckham to pay back £38,000'

Southwark Council, 14 November 2012

www.southwark.gov.uk/news/article/1051/court_orders_housing_fraudsters_from_peckham_to_pay_back_38_000

'Council seizes 140 properties in fraud crackdown'

24dash.com, 16 November 2012

www.24dash.com/news/housing/2012-11-16-Council-seizes-140-properties-in-fraud-crackdown

Protecting the Public Purse

www.audit-commission.gov.uk/fraud/protecting-the-public-purse/Pages/protecting-the-public-purse-2012.aspx

Fighting Fraud Locally 2012 conference

www.fightinglocalfraud.co.uk/

Fighting Fraud Awards

www.fightingfraudawards.co.uk/

Tenancy Fraud Forum

www.tenancyfraudforum.org.uk

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John Baker, Partner, RSM Tenon

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