

## **Appendix 5: Supporting summary regarding investigative work**

### **Introduction**

This appendix provides more detailed information about the investigative work the Directorate has done this year to date with some detailed individual case studies.

### **Parking Fraud**

23 Disabled Persons Parking Badge cautions have been issued for first instance of misuse. The misuse includes where a person had used the badge to park without the badge holder present.

Records of these cautions are held within the Directorate and contain details of the misuse and an acceptance by the user that if they misuse a badge again they may be prosecuted.

One Badge has been seized as it belonged to person who died in May 2015. This User has been interviewed under caution and fully admitted to 'routinely using the badge'. A prosecution file is to be sent to Legal Services for consideration of criminal prosecution action.

### ***Awareness Training & Improvements***

Previously the evidence of misuse being provided by Civil Enforcement Officers (CEOs) was not up to the criminal standard (as defined by the Criminal Procedures & Investigation Act) to enable it to be used as part of a criminal prosecution.

The Directorate has now developed a new training and a witness statement pro-forma for CEOs to use when they suspect misuse of a badge. This ensures that 'best evidence' is obtained and it can be used where a prosecution for offences of parking fraud is deemed appropriate.

### ***Proactive Work***

A programme of engagement with the Department for Place has seen an increase in reports of person's fraudulently obtaining resident parking permits to trade them for personal gain. These are currently under investigation.

The Directorate has also formulated an action plan to proactively data match parking permit records against single person discount on council tax in order to identify indicators of fraudulent applications or council tax fraud. It is anticipated that this work will take place in Q1 and Q2 of 2016/17 but is dependent on assistance from the other business areas.

### **Housing Benefit Fraud**

On 2 November 2015, responsibility for preventing and detecting all housing benefit and historical council tax benefit fraud relating to the Council was transferred to the Department for Work and Pensions (DWP) under new legislation. So all:

- current investigations and new reports were transferred to the new DWP Single Fraud Investigation Service (SFIS)
- prosecution action was transferred to the Crown Prosecution Service.

Prior to the 'transfer date' on 2 November 2015, the Directorate identified more than £220,000 in benefit fraud. These fraud detections resulted in eight prosecutions that are being conducted by the DWP on behalf of the Council.

The Directorate has met with SFIS to ensure that these prosecutions still go ahead. SFIS has advised that it is dropping 'most prosecutions' that are transferred to it from any Local Authority nationally. The Directorate has requested that any decision not to prosecute is referred back to it, so the Council can continue the prosecution.

## **Appendix 5: Supporting summary regarding investigative work**

The Directorate conducted three prosecutions in relation to benefit fraud itself. These include one where the claimant pleaded not guilty but was found guilty on 8 out of 9 charges after a three day trial.

The Directorate identified one claim for benefit where the overpayment was calculated as more than £50,000. Due to the claimant's health conditions it was deemed not to be in the public interest to conduct a prosecution. The Directorate did however identify assets which resulted in the full overpayment of benefit being repaid to the Council.

The Directorate currently has one person circulated as being wanted after absconding in relation to a benefit fraud totalling £4,388.53.

### **Council Tax**

The Directorate has a gateway set up with the Council Tax service to refer suspected fraud. Currently referrals to the value of £13,333.78 are under investigation. These suspected frauds include single person discount, empty properties and student exemption.

There have also been three proven investigations where single person discount has now been removed.

### **National Non-Domestic Rates**

NNDR or 'business rates' is an emerging area of fraud risk where the main opportunities exist by businesses or landlords presenting false information to avoid paying liable rates. The Directorate is involved in the national programme to increase the controls around the standards for the quality of data submitted by business owners and landlords.

There are two ongoing enquiries that involve a number of businesses who are suspected of producing false tenancy agreements to avoid liability using businesses and banks registered in overseas territories. This is the first time that enquiries can actually be progressed with these foreign territories due to the unique powers held by the Directorate.

### **Housing Fraud**

The Directorate leads the Essex Tenancy Fraud Forum where all social housing providers across Essex, including Housing Associations and councils share best practice and resources to combat the issues.

Two members of the Directorate are Executive Committee Members and sit on the Executive Board of the National Tenancy Fraud Forum providing a lead in the direction of this type of work.

So far 48 properties have been recovered in Southend-on-Sea where fraud has been proven. These include instances of subletting, key selling and abandonment. Given the notional cost of tenancy fraud as £18,000 per year per property (National Fraud Authority) this equates to a saving of £864,000.

The majority of these recoveries have been without the need for costly legal process but utilise new legislation. Less than 5% have required civil court action. This is due to the levels of experience and expertise within the service and the evidential standards that the Directorate applies to its investigation. As a result of this, most fraudsters have returned the property once challenged instead of South Essex Homes / the Council having to obtain court orders.

The Directorate has also:

- forwarded one Unlawful Profit Order application to legal services
- sent one prosecution file to legal services. This will be one of the first prosecutions in the country under the new Prevention of Social House Fraud Act 2013.

## **Appendix 5: Supporting summary regarding investigative work**

Four other prosecutions are currently being considered.

The Directorate has provided four training sessions to South Essex Homes, where around 20 staff attended each session. These sessions covered:

- types of tenancy fraud (sublet, key selling, abandonment, false right to buy/succession, misuse of premises)
- indicators of fraud
- how to record concerns correctly
- general fraud awareness advice
- case studies showing the types of evidence that the Directorate can obtain (utilities, full bank statements and history, mortgage accounts, vehicle registration, phone call data and subscribers and much more)
- how to report an allegation of fraud and what information is required.

### **Insurance Fraud**

The Directorate has formed a great working relationship with the Insurance section where the Insurance service refers any suspicion in relation to an insurance claim to the Directorate. There are currently three claims under investigation and one claim is awaiting trial at criminal court. The total figure of these cases is in excess of £200k.

### **Social Care Fraud**

Social Care fraud is an emerging risk to Local Authorities around the UK. The Directorate has successfully concluded an investigation elsewhere into one service user who defrauded five local authorities out of £439,168 by claiming direct payments from them all at the same time. Whilst the Council didn't fall victim to this fraud, the learning from investigating this matter has been shared with its partners to ensure the same offending doesn't happen at the Council.

There are currently five cases under investigation, including misuse of personal budget direct payments by adults in Southend-on-Sea. These allegations include where Personal Assistants have defrauded the Adult by submitting false invoices.

### **Schools**

Nationally schools are targeted by criminals to take advantage of their contracts and suppliers. There have been a number of attempts to commit mandate fraud against schools. This is where an organised crime group send a false invoice or letter claiming to be a legitimate supplier and that they have changed their bank account details. The criminals then submit inflated invoices for payment as that supplier, receiving the fraudulent money. All of these instances have all been intercepted at source and fraud prevented.

The Directorate publish monthly (or more frequent when urgent) 'fraud alerts' giving details of known fraud scams to schools and other payment areas within the Council. This intelligence comes into the Directorate from other accredited agencies including Police, National Crime Agency and other local authorities.

One of the Directorate's Investigation Managers is a permanent member of the National Anti-Fraud Network, now known as NAFN.gov, Executive Board and has an oversight of new and emerging trends in these areas of fraud.

This engagement ensures that the Directorate provides a lead on Local Authority investigations especially given the upcoming legislative reforms in relation to obtaining data

## **Appendix 5: Supporting summary regarding investigative work**

under the Regulations of Investigatory Powers Act, where the use of NAFN will be mandatory for Local Authorities.

### **Other Fraud & Economic Crime**

The Directorate is one of the only agencies in the country that has officers accredited by the National Crime Agency to receive Suspicious Activity Reports for suspected money laundering. These alerts identify where persons or business may be attempting to misuse Council services to 'launder' the proceeds of crime. This engagement ensures that potential illegal activity is stopped at the outset.