

## Counter Fraud Update Report - January 2020



## **1 Introduction**

The purpose of this report is to provide the Audit and Risk Assurance Committee with an interim update on the recent counter-fraud activities undertaken by Audit Services' Counter Fraud Unit.

The council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the council's Anti-Fraud and Corruption Policy, which states:

'The council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the council.'

## **2 Counter Fraud Unit (CFU)**

The Counter Fraud Unit continues to develop and lead in raising fraud awareness across the council and in promoting an anti-fraud culture. The Unit is responsible for carrying out investigations into areas of suspected or reported fraudulent activity and carries out both pro-active and re-active work.

## **3 Counter Fraud Update**

### **Annie Lennard School**

In a recently highly publicised case the Counter Fraud Unit, working in conjunction with council's Legal Services team, have successfully prosecuted former employees and associates of Annie Lennard School for their part in a large-scale fraud against the school and the council.

Michelle Hollingsworth, the school's former Head Teacher and Deborah Jones, former school Secretary, colluded to defraud the school of over £500,000 between 2009 and 2015. Family members and building contractors known to Mrs Hollingsworth were also part of the fraud which saw the school purchase luxury goods which were fabricated on the financial system as school items, and to pay for building work that was either grossly inflated in price or simply was not done at all.

Ten charges were brought against eleven defendants during a 14-week trial between June and September 2019 at Wolverhampton Crown Court. Offences included fraud, conspiracy to defraud and perverting the course of justice. Sentencing took place on 26 November 2019. Details of the defendants are as follows:

Defendant	Offences	Sentence
Michelle Hollingsworth Former Head Teacher	Charged with 9 counts, found guilty of 7.	5 years 6 months imprisonment
Deborah Jones Former Secretary	Charged with 3 counts, pleaded guilty to 1, found guilty of the remaining 2.	4 years 3 months imprisonment
Joseph Hollingsworth Builder and husband of Michelle Hollingsworth	Charged with 3 counts, found guilty of all 3.	1 year imprisonment
Robert McKeown Former fiancé of Michelle Hollingsworth's niece	Charged with 1 count, Pleaded guilty	6 months' imprisonment suspended for two years, 12 months supervision, 120 hours unpaid work
Andrew Feltham Former owner of AB Windows and Owner of Burntwood Aluminium Systems	Charged with one count, pleaded guilty	To be sentenced at a later date.
Nathan Cooper Partner of Michelle Hollingsworth's other niece	Charged with 1 count, found guilty.	14 months' imprisonment, suspended for two years, 200 hours unpaid work;
Stephen Roberts Builder and kitchen fitter	Charged with 1 count, found guilty.	9 months' imprisonment, suspended for two years, 120 hours unpaid work;
Michael Dewsbury Brother-in-law of Michelle Hollingsworth	Charged with 1 count, found guilty.	3 months' imprisonment suspended for 18 months, 100 hours unpaid work.
Fiona Dewsbury Sister-in-law of Michelle Hollingsworth	Charged with 1 count, acquitted.	-

Elaine Dewsbury Niece of Michelle Hollingsworth	Charged with 1 count, acquitted.	-
Daniel Feltham Owner of AB Windows	Charged with 1 count, acquitted.	-

## In the News

The case received coverage from the Express and Star throughout the trial, with articles also appearing in the Daily Mail, Independent, Daily Mirror, Metro and Birmingham Mail.

<http://bit.ly/35500Fm>  
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### Headteacher stole £500k from 'deprived' school for designer clothes and antiques

Annie Lennard Primary School in Smethwick gave headteacher Michelle Hollingsworth, 55, a career for nearly 30 years - and she repaid it by fleecing it of hundreds of thousands

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### Fraudster headteacher and secretary jailed over £500k school fraud

By John Scott | Smethwick | Crime | Published: Nov 26, 2019

A corrupt headteacher, who was the "lynch pin" of a massive fraud that cost the school she ran in a deprived area over £500,000, has been jailed for five and a half years.



Former school headteacher Michelle Hollingsworth and secretary Deborah Jones have been jailed for their roles in the fraud

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### Corrupt head teacher and secretary are jailed for almost 10 years after defrauding school of £500,000 and going on huge designer boutique shopping sprees - before telling staff to buy their own supplies

- Head teacher Michelle Hollingsworth systematically syphoned off cash
- She was helped by secretary Deborah Jones and the pair pocketed the cash
- Staff at the Annie Lennard Primary School were forced to buy school supplies

By TERRI-ANN WILLIAMS FOR MAILONLINE  
 PUBLISHED: 19:10, 26 November 2019 | UPDATED: 06:44, 27 November 2019

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A corrupt head teacher and a school secretary have been jailed for almost ten years after defrauding their school out of £500,000 that they splurged on oil paintings and shopping sprees.

Michelle Hollingsworth systematically syphoned off cash from Annie Lennard Primary School in Smethwick, Staffordshire, for five years.

While she was pocketing the cash she told staff at the school they had to buy their own supplies and refused requests



## Recovery of loss

Following the crown court convictions, work will now be undertaken to recover the fraud loss. Restraints have already been applied to several bank accounts and charges have been laid against two properties to prevent assets being disposed during the recovery process. Several assets have also been recovered, with the intention to sell the items via an auctioneer who specialises in selling criminal assets.

The Counter Fraud Unit and Legal Services will now work together to recover monies defrauded under the Proceeds of Crime Act (POCA). A timetable has already been set, proceedings will begin at Wolverhampton Crown Court in January 2020 and a judgement should be concluded by June 2020.

## CIPFA Annual Fraud and Corruption Tracker 2019

Earlier in the year local authorities were asked to respond to CIPFA's annual fraud survey, which Sandwell participated in. The information obtained from the survey was used to produce the national Fraud and Corruption Tracker and a copy has been included to this report at Appendix A.

The report identified that in 2018/19 fraud to the value of £253m was detected or prevented by local authorities. This figure is a reduction from the previous years, however the average value per fraud remained at £3,600.

Council Tax Fraud, including false single occupancy discounts and Social housing fraud, such as subletting and false housing applications were estimated to be the highest value of fraud. The four main types of fraud were identified as Council Tax, Social Housing, Disabled Parking (Blue Badge) and Business Rates. These four main areas remain unchanged from last year's Fraud and Corruption Tracker.

Contained within the report are several CIPFA recommendations, these include ensuring there are sufficient Counter Fraud resources in place, maximising opportunities to share data, having effective practices in place to detect and prevent fraud, and that organisations continue to remain vigilant in identifying and preventing fraud. It is felt that Sandwell meet these recommendations.

## Adult Social Care Fraud

Fraud within Adult Social Care was an issue previously discussed by the Audit and Risk Assurance Committee. The chair asked further information to be provided surrounding the keys risks within Adult Social Care.

CIPFA's 2019 Fraud and Corruption Tracker identified that fraud investigated within the area of Adult Social Care for 2018/19 was valued at £13.7m, a significant rise from the previous year's report where the value was £6.7m.

A significant risk is considered to be Direct Payment fraud due to large amounts of money being managed within personal budgets by service users. The purpose of is to allow users with more control over how they receive support and who from. While this level of independence removes administration work away from the council, it provides additional risk and vulnerability to potential fraud.

Additional measures have been put in place to mitigate the risk. There is now a much closer working relationship between the Direct Payment Team and Counter Fraud Unit, allowing information to be shared quickly. A new system has been put in place allowing the Direct Payment Team to raise concerns of fraud in a detailed and timely manner. Officers within the Direct Payment Team are now much more aware of the signs of potential fraud and how to report them. Also, Investigation Officers within the Counter Fraud Unit have received specialist training in order to be able to conduct Direct Payment investigations.

Other fraud risks within Adult Social Care are considered to be false claims for times by Care Workers, financial abuse of vulnerable Service Users and residential and non-residential adult social care, involving false information being supplied for financial assessment purposes.

## Partnership Working

Audit Services have a partnership working arrangement with the City of Wolverhampton Council and West Midlands Fire Service. As part of the arrangements the Counter Fraud Unit continue to provide a service to both organisations when required. This joint approach also sees an increase in shared best practice, working arrangements and counter fraud initiatives.

The Counter Fraud Unit continue to host and chair the Midland Fraud Group which presents the opportunity for midland based fraud officers from councils to meet, share information and discuss best practice in all areas of fraud.

Efforts to tackle social housing fraud continue to be a large feature of the work carried out by the Counter Fraud Unit. The team's Tenancy Fraud Officer has been part of the council's recent Safer 6 Campaign in order to build stronger relations between the council and residents of Sandwell. It raises the profile of the anti-fraud work being undertaken in this area and also makes local residents how they can report social housing fraud.

### National Anti-Fraud Network (NAFN)

The council is a member of NAFN. This is a not-for-profit, non-incorporated body. It was set up by the Home Office to offer local authorities an approved single point of contact to a whole range of data and intelligence that central government and other key bodies hold. It is mainly used by regulatory and investigative services within the public sector. The Head of Audit at the council is an Executive Board Member and the Treasurer for NAFN. This allows the council to play a key part in the organisation's continued success in driving forward the anti-fraud agenda.