

To: Audit and Governance Committee

Date: 28th June 2011

Item No:

Title of Report: Investigation Team, Finance, Performance 2011/12

Summary and Recommendations

Purpose of report:

1. To report to Members the Investigation Team performance for the period 2011/2012
2. To update Members on Fighting Fraud Locally

Key Decision: No

Board member: Councillor Bob Price

Scrutiny Responsibility: Value & Performance

Ward(s) affected: None

Policy Framework: Financial stability

Recommendation(s): Members are asked to note the report.

1. Outcome of Benefit Investigations for the period 2011/2012.

- 1.1 2011/2012 was a challenging year with heavy case loads, the introduction of the 2 Tenancy Investigation posts, the Audit Commissions National Fraud Initiative (NFI; a 2 yearly data matching exercise) 10/11 matches, the Fraud Investigation upgrade to a Corporate Fraud Investigation System.
- 1.2 The Council received additional funding from The Department for Communities and Local Government for 2012/13; this has enabled the team to employ a second Tenancy Investigation Officer on a temporary contract until June 2013.
- 1.3. The Investigation Team has several performance measures that are reported to the Department for Work and Pension on a quarterly basis. Two of these performance measures are reported and recorded monthly on the Council's performance system CorVu. The team are also part of a

benchmarking group; members of which are from Oxfordshire, Buckinghamshire and Wiltshire.

- 1.4. The targets for 2011/2012 were reduced to reflect the loss of one Benefit Investigation Officer. There has been little variance in the average number of benefit claimants throughout 2011/2012. The year started with an average case load of 12,564 and ended on 12,558.
- 1.5. On average there have been 2.66 FTE Benefit Investigation Officers and 1 FTE Investigation Assistant working on a total of 1606 referrals received through out the year. 462 of these referrals were not investigated as there was no case to answer or the case was referred onto the Job Centre Plus Investigation Team or to the Council Benefit Visiting Officers for further action.
- 1.6 In total 1052 cases were investigated and closed within the year, 275 cases have been carried forward into 2012/2013.
- 1.7. An additional temporary resource (1 FTE for 18 weeks) was employed to process the 2686 NFI benefit, licensing, market traders and payroll data matches. 55 NFI cases remain under further investigation. A high % of these cases are in connection with undeclared student loans and undeclared income from taxi drivers.
- 1.8 As a result of the work done by the team overpaid Housing and Council Benefit has been realised to the value of £690,016. This overpayment figure attracts 40% subsidy from the DWP giving potential revenue to the Council of £276,006
- 1.9 A further sum of £122,262 has been recorded, to date, as savings on the completed NFI data matches. The Council Tax Single Person Discount matches are on hold pending the outcome of a joint Oxfordshire project outsourcing the un-reviewed Single Person Discount Council Tax accounts. (The 2008/09 NFI realised savings of £82,000).
- 1.10. The team have successfully prosecuted, cautioned or administered penalties against 60 claimants who have been found to have committed offences under the Social Security Administration Act. Those who were prosecuted received a general cross section of sentencing, custodial, community punishment, tags, fines and curfews.
- 1.11. The level of overpayments linked to the sanctioned cases totalled £212,921
- 1.12. In addition the team have investigated other Welfare Benefits either on behalf of Job Centre Plus or in partnership with their Fraud Investigation Team and have realised £90,388 overpayments in other Welfare Benefits.

1.13 The key performance indicators for the Investigation Team as reported to the Chief Executive are:

- **Numbers of completed investigations per 1000 live benefit case load.** The target for the year was 58. The performance achieved for this measure for 2011/2012 was 90.19.
- **Number of sanctions per 1000 live benefit case load.** The target was set at 5.2. This performance achieved for this measure for 2011/2012 was 4.73. The main reasons for not meeting this target are the high case load and forced closure of some potential sanction cases due to time delay.

1.14. Housing Tenancy Investigations are now beginning to see results and in the last quarter of 2011/2012, 5 properties were repossessed, realising a saving of £90,000; the cost of temporary accommodation is currently £18,000 a year per family.

1.15 Two of these properties were sublet whilst the absent legal tenant was claiming both Housing and Council Tax Benefit for the property. The investigation also stopped these payments attracting a weekly benefit saving of £196.34 in Housing Benefit and £37.87 in Council Tax Benefit.

2. Fighting Fraud Locally.

2.1 The Council is always at risk of fraud. In light of the current economic position this risk is heightened. The annual fraud loss for Local Authorities as a whole is estimated to be £2.2 billion a year

2.2 All employees are aware of the Councils Avoiding Bribery, Fraud and Corruption and Whistle Blowing Policies. A poster raising awareness is due to be displayed in all Service Areas imminently (see Appendix 2 attached).

2.3 Fighting Fraud Locally is a strategy, published by Government in 2012 and provides a blueprint for a tougher response to tackling fraud. It is a strategy developed in conjunction with local government. The vision for Fighting Fraud Locally is that by 2015 the Council will be better able to protect itself from fraud and will have in place a more effective fraud response by raising the awareness across service areas and building more resilience to the fraud threat. The aim is to be better placed to estimate the level of individual fraud loss and to have a better understanding of where we are at most risk. Once known and/or identified we will be able to use this information to target resources more effectively.

2.4 At present the Investigation Team predominately work on suspected Welfare Benefit Frauds and Housing Tenancy Frauds. In the next 12-18 months the objective is to utilise the investigative resource and skills and to proactively look for potential loss due to fraud in other Service areas.

- 2.5 The Head of Finance, as part of the group formed to consider the implications of the localisation of Council Tax Benefit, is also considering the potential for fraud within the new scheme.
- 2.6 Oxfordshire Councils are currently working together to gather financial data, across their service areas in order to establish the potential fraud loss.
- 2.7 During 2011/2012 three Investigation Officers in the Team attained their professional qualification in investigation skills. All Investigation Officers in the Team are now qualified Counter Fraud Investigation Officers accredited by Portsmouth University. Three Officers have received training in Corporate Fraud Investigations covering; Procurement, Grants, Direct Payments, Insurance, Staff Investigations and Debt Enforcement. Three Officers have received training on Housing Tenancy Fraud. Consequently, the Investigation skills within the team are broader and the team is better equipped to deal with any corporate fraud issues including issues within Council Tax, Business Rates, and Trade Waste for example.

3. The Single Fraud Investigation Service – Update

- 3.1 The Department for Work and Pensions have announced further detail on the proposed operation of the new Single Fraud Investigation Service (SFIS) which will affect the majority of the team.
- 3.2 The new SFIS organisation is due to be in place from 01/04/2013. Between 2013 and 2015 officers working under SFIS will remain employees of Oxford City Council, with no changes to their conditions of employment. The officers will be managed by the Investigation Manager; the allocation of investigation work and the monitoring of performance will be carried out by an SFIS Task Manager; all investigations will be conducted in accordance with SFIS Policies, Procedures and Systems. It has been decided that the delegated powers Local Authorities were due to lose under the Welfare Reform Act will remain, at least until the next staged change which is to take place in 2014/2015. There remains uncertainty at this time in respect of DWP grant/funding to Oxford City Council for 2013/2014 and 2014/2015 supporting the SFIS Officers and investigation administration processes. The finer detail of how the new SFIS service will operate is yet to be announced.

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