

To: Audit & Governance Committee

Date: 29 June 2015

Report of: Head of Financial Services

Title of Report: Investigation Team's Performance and Activity Briefing

Summary and Recommendations

Purpose of report:

To appraise Members of the activity and performance of the Corporate Investigation Team for the period 1 April 2015 to 30 May 2015

Key decision No

Executive lead member: Councillor Ed Turner

Policy Framework: Corporate Plan Priority – Efficient & Effective Council

Recommendation(s): That the report be noted

Background

1. Following the introduction of the Single Fraud Investigation Service SFIS, the remit of the Investigation Team has moved away from tackling Housing Benefit fraud to a corporate orientated approach aligned to our services' fraud risks and the priorities identified by the Audit Commission.

The aims and objectives of the team are to provide high quality professional corporate fraud investigation services to the Council to prevent and detect fraud and error within the Council and partner organisations, and to assist cross border agencies where possible.

Performance

2. There are three Service Performance Indicators which are used to track performance on a monthly basis. Performance against these targets is shown in the table below.

Measure	Annual Target	April	May	Comment
Number of properties returned to housing stock	20	5	1	A good start with 30% of the annual target achieved in the first two months of the financial year
Income raised and payments prevented from non welfare benefit fraud	£200,000	£237,341	£252,342	Total £489,683 245% of annual target achieved. See Table 2 for breakdown
Users Satisfied with Investigation Service	95%	100%	100%	7 Interviews Under Caution conducted over April and May, all with 100% satisfaction feedback.

3. The performance measure relating to income raised and payments prevented consists of both tangible income, i.e. that is identified for recovery or physically recovered and losses avoided based on government national standard calculations. The table below breaks this down.

Table 2 – Breakdown of Income & Savings achieved in April & May 2015			
	Income	Loss	
	Recovered	Avoidance	Comment
	£	£	
Council Tax Reduction Scheme	24,186	5,897	Achieved through investigation of benefit claims. Notional savings are based on a standard 32 week entitlement which is the average number of weeks a claim would have continued without intervention
Council Tax Discount / Exemption adjustments	683		Investigation has determined that a discount or exemption entitlement is inaccurate.
Non Domestic Rates	308,939		Investigation work has resulted in the discovery of unregistered business premises and the identification of reductions where no entitlement exists
Properties Recovered		108,000	The cost of keeping a family in temporary accommodation for one year as determined by the Audit Commission - £18,000 per property for each of the 6 social houses recovered
Housing Application		18,000	General Register Housing Application stopped through investigation activity preventing temporary accommodation costs or property allocation
Compensation from Proceeds of Crime Investigations	23,978		From capital identified during the course of a criminal investigation, bank accounts frozen and funds confiscated after successful prosecution
Totals	357,786	131,897	489,683

4. Other areas of activity during April and May 2015 included:
 - a. 1 caution administered in respect of Council Tax Reduction Scheme offences
 - b. 4 successful prosecutions relating to residual Housing Benefit cases and Council Tax Reduction Scheme cases. Press releases prepared and issued for all prosecutions.
 - c. In April, recommendations for improvements were made in the Housing Application process where a potential vulnerability was identified.
 - d. In May, Procurement revised the new creditor set-up process and the Investigation team devised a secure approach for ensuring information provided by suppliers is accurate.

Department for Communities and Local Government Grant (DCLG) Funding / Fraud Hub

5. A number of actions connected to the implementation and project plans have taken place to develop the service. Some notable components of this are:
 - Fixed Term part-time Legal Officer appointed within Legal Services
 - Intelligence Officer recruited within the Investigation Team
 - Training delivered to enhance the generic skill sets of the Investigation Team, with further training booked
 - Business Agreement developed and issued to South Oxfordshire District Council and Vale of White Horse District Council for provision of corporate investigation services
 - Meeting with Oxfordshire County Council set for 2nd July 2015 to agree work streams and service standards for the provision of investigation services
 - Test Case Management system installed and training delivered prior to planned go-live date of 29 June 2015

Fraud and Error Reduction Incentive Scheme (FERIS)

6. The Council were successful in bidding to the Department for Work and Pensions for funds connected to start-up activity in relation to the FERIS scheme. Specifically, this relates to engaging the services of a visiting resource and a benefit processing resource to review Housing Benefit claims.
7. The aim of the FERIS scheme is to reduce the overall level of Housing Benefit spend by identifying errors and unreported changes in customer circumstances that may have gone undetected without intervention.
8. An application to the FERIS Maintenance fund was submitted to the DWP in June to support the continuation of activities bid for in start-up funding.

9. South and Vale District Councils are awaiting the outcome of maintenance fund bid applications and if successful, Oxford City Council Investigation Team will be asked to manage and deliver the FERIS visiting activity on their behalf for which South and Vale will be invoiced.

Legal Implications

10. The continuing work of the Investigation Team, coupled with the Council's Avoiding Bribery, Fraud and Corruption, Whistle Blowing and Money Laundering policies and procedures give assurance that the Authority is compliant with the Bribery Act 2010, the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002. Failure to adhere to the Policies would impact on the legal and reputational risk to the Council.

Financial Implications

11. The budgeted net cost of the team excluding income from the Housing Revenue Account is £220,370 for 2015/16 and the team are charged with making identifying error and loss to recover these costs as an indication of value for money. The Team were able to achieve this objective in the first month of the financial year.

Risk Implications

12. The risk of fraud both from within the Councils business and impacting on the Councils business may be significant. The maintaining of a fraud investigation resource will act as a deterrent to fraudulent activity and the saving; both cashable and non-cashable has already more than offset the cost of running the Investigating Team.

Environmental Impact

13. The majority of visits undertaken by staff in the Team are done using the Council pool vehicles. All staff are conscious of the environmental implications of service delivery and will always seek the lowest impact route where possible.

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