

To: Audit & Governance Committee
Date: 01 March 2016
Report of: Head of Financial Services
Title of Report: Investigation Team Performance and Activity Briefing

Summary and Recommendations

Purpose of report:

1. To appraise Members of the activity and performance of the Corporate Investigation Team for the period 1 April 2015 to 31 January 2016

Key decision No

Executive lead member: Councillor Ed Turner

Policy Framework: Corporate Plan Priority – Efficient & Effective Council

Recommendation(s): That the report be noted

Appendices

Appendix 1- Investigation Team Structure chart

Appendix 2 - Protecting the English Public Purse Fraud Briefing 2015

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.

Table 1 - Investigations Team Performance from 01 April 2015 to 31 January 2016			
Measure	Annual Target	Total to date	Comment
Number of properties returned to housing stock	20	17	95% target achieved. On track to achieve target.
Income raised and payments prevented from non welfare benefit fraud	£200,000	£3,337,162 (£547,109 income recovered & £2,790,053 losses prevented)	1661% of annual target achieved. See Table 2 for breakdown
Users Satisfied with Investigation Service	95%	100%	*100% satisfaction feedback. (see explanatory note below)

*41 satisfaction surveys issued on conclusion of interviews under caution. 29 responses, 100% of which are either satisfied or very satisfied with the service.

3. Table 2 below provides an analysis of the income recovered and loss avoided by the Team.

Table 2 – Breakdown of Income & Savings achieved 1 April 2015 to 31 January 2016			
	Income	Loss	
	Generated	Avoidance	Comment
	£	£	
Council Tax Reduction Scheme	62,853	21,053	Achieved through investigation of benefit claims, 51 of which were closed in the period. The loss avoided is based on a standard 32 week entitlement which is the average number of weeks a claim may have continued without intervention
Right to Buy		2,337,000	30 Right To Buy applications withdrawn following intervention / investigation. 30 x £77,900 (max discount)
Council Tax Discount / Exemption adjustments	46,170		In 36 cases, investigation determined that a discount or exemption was awarded incorrectly due to customer misrepresentation
Non Domestic Rates	384,328		9 accounts where investigation work has resulted in the discovery of unregistered business premises and the identification of reductions where no entitlement exists
Properties Recovered		306,000	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 17 social properties recovered
Housing Application		126,000	7 General Register Housing Applications stopped through investigation activity preventing temporary accommodation costs or property allocation - £18,000 per instance

Administrative Penalty income	423		50% of the fraudulent overpayment of Council Tax Reduction Scheme Allowance. 1 case.
Training Course Income	1,511		Through facilitation, sale and delivery of training courses to external customers
Unlawful Profit Order	508		Court order imposed after a social housing investigation resulted in the discovery of an illegal sub-let. 1 case.
Compensation from Proceeds of Crime Investigations	51,316		From capital identified during the course of a criminal investigation, bank accounts frozen and funds confiscated after successful prosecution
Totals	547,109	2,790,053	3,337,162

4. Activity from 1 April to 31 January 2016 included:

- a. 6 cautions administered in respect of Council Tax Reduction Scheme offences
- b. 1 Administrative Penalty offered and accepted in respect of Council Tax Reduction Scheme offences
- c. 12 successful prosecutions relating to Housing Benefit and Council Tax Reduction Scheme cases. Press releases prepared and issued for all prosecutions. Sentences administered include:
 - i. 3 cases with 12 month community orders
 - ii. 2 cases with 18 months custodial sentence suspended for 2 years
 - iii. 1 case with a 2 year custodial sentence
 - iv. 1 case with a 1 year custodial sentence
 - v. 1 case with a 3 month curfew order
 - vi. 1 case with 26 weeks custodial sentence
- d. The team appeared in season one of “Council House Crackdown” in July, a 5 part BBC television documentary detailing the work of Housing Investigators around the country. It was felt that the programme was positive and helped to further raise the profile and awareness of tenancy fraud issues. The programme was considered a success by the television network and season 2 was subsequently commissioned. The team have again taken part in filming and are expected to feature heavily in the next 10 episode season.

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

5. Fraud hub working arrangements have continued to evolve in accordance with the funding award from the DCLG, with significant milestones achieved:
- Business Agreement in place with South Oxfordshire District Council and Vale of White Horse District Council for the provision of corporate investigation services, which has been live since mid-January 2016. In one month of operation, Housing Benefit overpayments of £31,500 have been identified, as well as Council Tax Reduction Scheme overpayments of £7,500. Additionally, 2 Administrative Penalties have been administered to the value of £900.
 - Business Agreement in place with Oxfordshire County Council for the provision of investigation services, which is now live. The team is providing an end to end investigation function which includes receiving and risk assessing referrals, logging, reporting, investigating and taking sanction action where appropriate.
 - New staff appointed to Team Structure on fixed term appointments, made possible with DCLG funding (see Appendix 1):
 - Senior Investigation Officer / Project Manager – 18 months FTC
 - Senior Investigation Officer – 6 months FTC (covering long term absence)
 - Intelligence Officer – 18 month FTC
 - Investigation Officer – 18 month FTC
 - Proactive Blue Badge Enforcement exercise undertaken on behalf of the County Council under the terms of the Business Agreement. 11 badges seized over the course of a 3 day exercise. The badges had either expired or were being misused. Further action against the badge users is now being considered. Positive publicity through press and radio news articles and County Council member support were attached to the exercise.
 - The newly acquired Data Warehouse system is in use at a local level. Proof of concept matching is underway with short, medium and long term plans being developed to provide a robust data matching and risk profiling service for the City Council. The service will also be marketed to the surrounding Districts and to the County Council. An agreement has already been reached with the County Council to supply a Council Tax data matching service from April 2016. Specific business and data sharing agreements are in the process of being finalised.

Fraud and Error Reduction Incentive Scheme (FERIS)

6. The Council were successful in bidding to the Department for Work and Pensions for funds connected the FERIS scheme, which resulted in the appointment of a Visiting Officer to the team for a 12 month period. The officer is involved in conducting risk based visits to Housing Benefit customers to identify potential unreported changes in circumstances.
7. South Oxfordshire and Vale of White Horse District Councils were also successful with their FERIS funding applications, the premise of which was for Oxford City Council Investigation Team to managing and deliver FERIS visiting activity on their behalf. A Business Agreement is in place to cover this area of work.
8. 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. A reduced Housing Benefit spend attracts government subsidy under the scheme when certain thresholds are met. The targets set by the Department for Work and Pensions have widely been considered as too stringent and difficult to achieve. As a result, the FERIS related activity has not achieved subsidy award for either the City Council, or for South and Vale Councils. This outcome is consistent with all other Local Authorities who participated in the scheme.
9. A recent announcement by the DWP has stated that the FERIS scheme will continue for a further 12 months. The targets have been adjusted to allow local authorities a reasonable chance of receiving subsidy through the scheme through further initiatives. Oxford City Council will be submitting bids to secure funding made available through the scheme and will seek to continue to provide a service to South and Vale Councils.

Protecting the English Public Purse Fraud Briefing 2015.

10. TEICCAF (The European Institute for Combatting Corruption and Fraud), is a newly formed not for profit pan European public, private and voluntary sector forum. Part of the services offered by the organisation include conducting fraud and corruption surveys to replace the void left by the abolition of the Audit Commission, and its "Protecting the Public Purse" reports.
11. The team participated in the survey in the first quarter of 2015/16, the results of which were included in the summer 2015 publication, "Protecting the English Public Purse 2015", which summarised the responses from all local authority fraud teams who took part. TEICCAF have recently provided a Fraud Briefing for Oxford City Council as an additional to the main survey results. The briefing shows activity comparisons with other district councils across the south of England that took part in the voluntary survey. The Fraud Briefing is included at **Appendix 2**.

12. The Fraud Briefing identifies Oxford City Council as one of the top performing authorities for tackling fraud and corruption. It relates to the final year when the team had responsibility for investigating Housing Benefit fraud. Since the transfer of this function to the Single Fraud Investigation Service in February 2015, the focus of the team has shifted significantly to tackling fraud in other service areas and providing services to external partners. It is anticipated that Oxford will rank highly in the 2016 survey.

Legal Issues

13. 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.
14. All data sharing both internally and externally is covered by Data Sharing Protocols and is conducted in the interests of prevention and detection of fraud, crime and other financial irregularity, as per the provisions of section 29 of the Data Protection Act 1998.
15. Business Agreements devised for joint working with other organisations have been reviewed and approved by Legal Services.

Financial Issues

16. 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 identifying error and loss to recover these costs as an indication of value for money. The Team has identified cashable income of £547,109 and has prevented losses of £2,790,053. It is expected that by the end of the financial year, the team will have generated income of over £600,000 and made savings of over £3,000,000.

Environmental Impact

17. 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.

Level of Risk

18. The risk of fraud both from within the Council's business and impacting on the Council's business may be significant. The maintaining of a fraud investigation resource acts as a deterrent to fraudulent activity and the saving; both cashable and non-cashable has more than offset the cost of running the Investigating Team.

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