

**To: Audit & Governance Committee**

**Date: 29 June 2016**

**Report of: Head of Financial Services**

**Title of Report: Investigation Team Performance for Financial Year 2015/16**

# 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 March 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 – Internal Investigations – Exempt from publication

**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. 2015-2016 is the first full year the team have operated as a Corporate Fraud Team.

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. Through this activity, financial losses are prevented and additional revenue is identified for recovery.

**Performance**

1. For 2015/16, there were three Service Performance Indicators used to track performance on a monthly basis. Performance against these targets is shown in the table below.

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| **Table 1 - Investigations Team Performance from 01 April 2015 to 31 March 2016** | | | |
| **Measure** | **Annual Target** | **Total** | **Comment** |
| Number of properties returned to housing stock | 20 | 21 | Target exceeded. |
| Income raised and payments prevented from non welfare benefit fraud | £200,000 | £3,905,860  (£653,026 income recovered &  £3,252,834 losses prevented) | See Table 2 for breakdown |
| Users Satisfied with Investigation Service | 95% | 100% | \*100% satisfaction feedback. (see explanatory note below) |

\*46 satisfaction surveys issued on conclusion of interviews under caution. 31 responses, 100% of which are either satisfied or very satisfied with the service.

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

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| **Table 2 – Breakdown of Income & Savings achieved 1 April 2015 to 31 March 2016** | | | |
|  | **Income** | **Loss** |  |
|  | **Generated** | **Avoidance** | **Comment** |
|  | £ | £ |  |
| Council Tax Reduction Scheme | 75,903 | 22,334 | Achieved through investigation of benefit claims, 57 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 is likely to have continued without intervention |
| Right to Buy |  | 2,726,500 | 35 Right To Buy applications withdrawn following intervention / investigation. 30 x £77,900 (max discount) |
| Council Tax Discount / Exemption adjustments | 52,643 |  | In 46 cases out of 54 accepted for investigation, it was determined that a discount or exemption was awarded incorrectly due to customer misrepresentation |
| Non Domestic Rates | 416,118 |  | 14 accounts where investigation work has resulted in the discovery of unregistered business premises and the identification of reductions where no entitlement exists |
| Properties Recovered |  | 378,000 | 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 21 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 |  | 6 cases of sub-letting resolved, 1 of which resulted in the imposition of a Court order to recover illegal gains made by the social housing tenant |
| Compensation from Proceeds of Crime Investigations | 105,920 |  | From capital identified during the course of a criminal investigation, bank accounts frozen and funds confiscated after successful prosecution |
| Totals | **653,026** | **3,252,834** | **3,905,860** |

1. Activity from 1 April to 31 March 2016 included:
   1. 6 cautions administered in respect of Council Tax Reduction Scheme offences
   2. 1 Administrative Penalty offered and accepted in respect of Council Tax Reduction Scheme offences
   3. 15 successful prosecutions relating to Housing Benefit and Council Tax Reduction Scheme cases. Press releases prepared and issued for all prosecutions. Sentences administered include:
      1. 4 cases with 12 month community orders
      2. 2 cases with 18 months custodial sentence suspended for 2 years
      3. 1 case with a 2 year custodial sentence
      4. 1 case with a 1 year custodial sentence
      5. 1 case with a 3 month curfew order
      6. 1 case with a 6 month curfew order
      7. 1 case with 26 weeks custodial sentence
   4. 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 raise 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 will feature in the next 10 episode season, first episode of which aired 23 May 2016.

**Internal Investigations**

1. Two internal investigations commenced in the period and as at 31 March 2016, are ongoing. See Appendix 1.

**Department for Communities and Local Government Grant (DCLG)**

**Funding / Fraud Hub**

1. Fraud hub working arrangements have continued to evolve in accordance with the funding award from the DCLG, key milestones achieved include:

* Agreements in place with South Oxfordshire District Council and Vale of White Horse District Council for the provision of corporate investigation services. As at 31 March 2016, total income generation to the value of £122,226 has been identified as below:

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| --- | --- | --- |
| Value (£) | South Oxfordshire District Council | Vale of White Horse District Council |
| Housing Benefit Overpayments | 27,255 | 70,454 |
| Council Tax Reduction Scheme Overpayments | 3,600 | 10,096 |
| Council Tax Benefit Overpayments |  | 3,557 |
| Administrative Penalties | 2,414 | 4,850 |
| **Total** | **33,269** | **88,957** |

* Agreement in place with Oxfordshire County Council for the provision of investigation services. The team is providing an end to end investigation function which includes logging referrals, reporting, investigating and taking sanction action where appropriate. Several investigations of varying types are underway with some concluded. Outcomes have included recommendations of civil recovery and process improvements to prevent further abuse occurring in specific service areas.

A proactive Blue Badge Enforcement exercise was undertaken on behalf of the County Council under the terms of the Business Agreement. 11 badges were 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 taken and criminal interviews have been conducted. The outcome of the interviews is being analysed and consideration being given to potential prosecution action, or other form of sanction where appropriate. Positive publicity was received through press and radio news articles and County Council member support were attached to the exercise.

* The newly acquired Data Warehouse system is being used internally to cross match City Council data sets.

Pilot initiatives have commenced using Council Tax Single Person Discount (SPD) and Housing Private Rented Sector (PRS) Deposit & Bond data. The SPD pilot initiative was undertaken in one parish in the City and has shown that 23% of the SPD awards in this area required alteration. This has given cashable savings in excess of £33,000. A programme of reviews across all other parishes will continue throughout the year.

**Fraud and Error Reduction Incentive Scheme (FERIS)**

1. An announcement by the DWP in early 2016 stated that the FERIS scheme would 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 were successful in securing funding made available through the scheme, as were South and Vale Councils. As a result of this, Oxford City Council have again been commissioned to provide the FERIS visiting service to South and Vale District Councils until March 2017.

**Protecting the English Public Purse Fraud Briefing 2015.**

1. The European Institute for Combatting Corruption and Fraud, conducted a fraud and corruption survey in 2015/16, which the team participated in. The results were included in the “Protecting the English Public Purse 2015” document, which summarised the responses from all local authority fraud teams which took part. A Fraud Briefing for Oxford City Council was provided in addition to the main survey results which identified the City Council as one of the top performing authorities for tackling fraud and corruption in England.

**Legal Issues**

1. The continuing work of the Investigation Team, coupled with the Council’s Avoiding Bribery, Fraud and Corruption, Whistle Blowing and Money Laundering policies and proceduresgive 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.
2. 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.
3. Agreements devised for joint working with other organisations have been agreed with Legal Services.

**Financial Issues**

1. The net cost of the team excluding income from the Housing Revenue Account was £220,370 for the financial year 2015/16. The team were charged with identifying fraud, error and loss to recover these costs as an indication of value for money. The Team has identified cashable income of £653,026 and has prevented losses of £3,252,834, in line with the forecasts made in the February report.

**Environmental Impact**

1. 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**

1. 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 for the 2015/16 financial year.

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