

To: Audit & Governance Committee

Date: 28 September 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 2016 to 31 July 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 Open Day Agenda

Appendix 2 – Internal Investigations – Exempt from publication

Background

1. The remit of the Corporate Investigation Team is to tackle fraud and irregularity across the Council, aligned to our services' fraud risks and the priorities identified by the previous Audit Commission and The European Institute For Combatting Corruption And Fraud (TEICCAF).

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, additional revenue is identified for recovery, and income is secured through supply of services.

Performance

2. For 2016/17, there are four Service Performance Indicators 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 2016 to 31 July 2016			
Measure	Annual Target	Total to 31.7.2016	Comment
Number of social housing properties recovered and applications for housing stopped	22	7	Performance on track to achieve annual target
Achieve cost neutrality from identification of revenue through investigation activity	£234,000	£626,371	See Table 2 for breakdown
Prevent financial losses to the Council through investigation activity	£1,750,000	£1,372,059	See Table 2 for breakdown
Investigation Team Satisfaction Surveys	80% either satisfied or extremely satisfied with service	100%	From the 9 responses received of the 13 issued in the period, 100% were either satisfied or extremely satisfied with the service

3. Table 2 below provides a breakdown of the income recovered or generated, and losses prevented by the Team.

Table 2 – Breakdown of Income & Savings achieved 1 April 2016 to 31 July 2016			
	Income	Loss	
	Generated	Avoidance	Comment
	£	£	
Council Tax Reduction Scheme	2,956	7,137	Achieved through investigation of Council Tax Reduction Scheme cases. The loss avoided is based on a regionalised calculation of 104 weeks entitlement, which is the average number of weeks a claim is likely to have continued without intervention
Right to Buy		1,090,600	14 Right To Buy applications withdrawn following intervention / investigation. 14 x £77,900 (max discount)
Council Tax Discount / Exemption adjustments	36,838		Cases where data matching reviews (using Investigation Team Data Warehouse) and investigation activity determined that a discount or exemption was awarded incorrectly due to customer misrepresentation or negligence
Non Domestic Rates	440,411		3 accounts where investigation work has resulted in the discovery of unregistered business premises and the identification of reductions where no entitlement exists
Properties Recovered		168,000	The cost of keeping a family in temporary accommodation for one year as determined by a localised calculation - £24,000 per property for each of the 7 social housing properties recovered
Administrative Penalty income	747		50% of the fraudulent overpayment of Council Tax Reduction Scheme Allowance. 2 cases.
Private Rented Sector Deposits and Bonds	68,106 (Deposits)	42,242 (Bonds)	Investigation Team Data Warehouse utilised for data matching exercise. Detail below in section 4.
Totals	653,026	3,252,834	3,905,860

4. Notable activity from 1 April to 31 July 2016 included:

- 1 caution administered in respect of Council Tax Reduction Scheme offences
- 2 Administrative Penalties offered and accepted in respect of Council Tax Reduction Scheme offences
- Following on from the pilot initiative, the Data Warehouse system is being used to undertake a proactive review of Council Tax Single Person Discount entitlement across the City. The value of incorrect discounts in one parish exceeded £33,000. A review of two further parishes is nearing conclusion. Values for these and additional reviews will feature in the December 2016 report.
- The matching capabilities of the Data Warehouse system are being used to undertake a review of the Private Rented Sector Deposits and Bonds scheme. In the period, over £68,000 in deposits paid to tenants and landlords has been identified for recovery, and over £42,000 of bond reserve has been released from the Guarantee Fund. The investigation resulted in the identification of tenants who moved address with neither the landlord nor tenant notifying the Council. The exercise is due to be concluded by the end of August 2016 and the final outcomes will be detailed in the December 2016 report. Recommendations will include the Investigation Team conducting quarterly reviews of the scheme, to ensure regular recovery of deposits and bonds.
- The Investigation Team have been selected by the Institute of Revenues, Ratings and Valuations (IRRV) as a Finalist for their prestigious performance awards. The team entered a submission for the “Excellence in Corporate Fraud” award and were one of only three authorities in the UK shortlisted for the award. The awards event takes place on 19 October 2016 where the winner will be announced.
- The Investigation Team are hosting an Open Day on the 28 September 2016 at Oxford Town Hall for local authorities, registered providers of social housing and local landlords. The aim of the event, which is free of charge, is to help raise awareness of fraud trends and emerging risks to attending organisations, and raise awareness of the services the Investigations Team can offer. The agenda is included in **Appendix 1**.

Internal Investigations

5. **Appendix 2** provides details of the internal investigations during the period.

Partnership Working Update

6. Fraud Hub working arrangements remain in place with services being contractually provided to multiple partner organisations.
- Agreements in place with South Oxfordshire District Council and Vale of White Horse District Council for the provision of corporate investigation services from January 2016 to the end of July 2016. During the period of the contract, total income generation to the value of £395,029 was identified as below:

Value (£)	South Oxfordshire District Council	Vale of White Horse District Council
Housing Benefit Overpayments	134,028	160,172
Council Tax Reduction Scheme Overpayments	22,538	33,336
Council Tax Benefit Overpayments		8,892
Administrative Penalties	19,044	17,019
Total	175,610	219,419

- The number of sanction outcomes for the period included: 1 formal Caution, 19 Administrative Penalties and 4 criminal prosecutions. A further two prosecutions were prepared and are progressing through the legal and court systems.
- Visiting services are being supplied to South Oxfordshire and Vale of White Horse District Councils until March 2017 in accordance with the Fraud and Error Reduction Incentive Scheme (FERIS). The service has significantly increased revenue for the respective authorities, identifying over £25,000 in Housing Benefit overpayments, over £3,000 in Council Tax Reduction Scheme overpayments and has prevented losses of over £100,000 in erroneous and fraudulent benefit awards.
- 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. Outcomes since the beginning of the agreement have included recommendations of civil recovery of over £35k in overpayments plus legal costs, process improvements to prevent further abuse occurring in specific service areas, and disciplinary sanctions against school staff found to be committing fraud (with a management investigation ongoing).

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 Service is now considering the best course of action on a case by case basis.

The exercise generated significant positive publicity in the press and radio news articles. Oxfordshire County Council elected members supported the exercise with commendations directly to the team and supporting statements to the media.

Legal Issues

7. 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.
8. 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.
9. All contractual agreements devised for joint working with other organisations have been agreed with Legal Services.

Financial Issues

10. The net cost of the team excluding income from the Housing Revenue Account for the financial year 2016-2017 is £234,000. The team are charged with identifying fraud, error and loss and are targeted to recover these costs as an indication of value for money. A third of the way through the financial year and the team has already identified cashable income of £626,371.

In addition to cashable revenue and non-cashable savings generated internally, the Investigation Team has undertaken work on behalf of other authorities generating income to date of £72,500 (January to July 2016). The forecast for external income for the financial year based on current commitments is £124,300. However, it is hoped the team Open Day in September will give rise to new business opportunities.

Environmental Impact

11. 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

12. 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 is essential in acting as a deterrent to fraudulent activity and safeguarding the organisation. The income generated and losses prevented from team activity more than offset the cost of running the Investigating Team.

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