

To: Audit & Governance Committee
Date: 26 July 2023
Report of: Head of Financial Services
Title of Report: Investigation Team Annual Report 2022-2023

Summary and Recommendations

Purpose of report: To appraise Members of the activity and performance of the Counter Fraud Team for the fiscal year 1 April 2022 to 31 March 2023

Key decision No

Executive lead member: Councillor Ed Turner

Policy Framework: Corporate Plan Priority - All

Recommendation(s): That the report be noted

Appendix 1 – Internal Investigations – Exempt from publication

Background

1. The remit of the Counter Fraud Team (the Team) is to tackle fraud and financial irregularity across the Council, aligned to the services' fraud risks and the priorities as identified in the Council's own Organisational Fraud Risk Assessment in 2019, as well as by the previous Audit Commission and also CIPFA's Fighting Fraud and Corruption Locally Strategy (FFCL) 2020.
2. 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 also to partner organisations on a commercial basis, and to assist cross border agencies where possible. Through this activity, financial losses are prevented, additional revenue is identified for recovery, income is secured through the

supply of services and redress is sought in cases of civil or criminal offending.

Performance 2022/23

- For 2022/23, there were five Service Performance Indicators used to track performance on a monthly basis. The Team was responsible for achieving fraud prevention, detection and identification values in excess of £5.1 million in the period. Performance against these targets is shown in the table below.

Table 1 - Investigations Team Performance from 01 April 2022 to 31 March 2023			
Measure	Annual Target	Total Achieved	Comment
Number of social housing properties recovered and applications for housing stopped	22	14	9 applications for housing cancelled and 5 properties recovered. Insufficient cases identified in this are to achieve target
Achieve cost neutrality from identification of revenue through investigation activity	£550,000	£801,725	See Table 2 for breakdown
Prevent financial losses to the Council through investigation activity	£2,000,000	£4,098,557	See Table 2 for breakdown
Right to Buy Applications prevented (false or irregular)	18% of applications received	64%	42 applications prevented of 81 accepted in the period
Trading Income from commercial activity	£200,000	£211,871	Resource emphasis was the administration of Business Grants during the pandemic.

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

Table 2 – Income generated and losses prevented from 01 April 2022 to 31 March 2023			
	Income	Loss	
	Generated	Avoidance	Comment
	£	£	
Council Tax Reduction Scheme	7,660	25,707	The loss avoided is based on the revised Oxford model calculation of 104 weeks future entitlement.
Housing Benefit	6,748	6,650	Although no longer tasked with investigating Housing Benefit, these values are the by-product of tenancy fraud and Council Tax Reduction Scheme investigations. 104 week future entitlement model used for loss avoidance
Right to Buy		3,662,400	15 Right To Buy applications prevented (52% of all applications accepted) following intervention / investigation. 42 x £87,200 (max discount)
Council Tax Discount / Exemption adjustments	271,630		Achieved through reactive investigation casework and rolling review of Single Person Discount accounts to identify presence of undeclared resident adults
Properties Recovered		120,000	The cost of keeping a family in temporary accommodation for one year calculated using the Oxford model (£24k x 5 properties)
Housing Applications		216,000	9 General Register Housing Applications stopped through investigation activity preventing temporary accommodation costs or property allocation - £24,000 per instance
New Homes	367,642		Proactive risk-based, data-

Bonus			led visiting exercise targeting long-term empty properties
Covid Business Grants	148,045		Identification of Covid Business Grant awards paid to personal bank accounts rather than business bank accounts
Energy Grants		49,200	328 Energy Grant payments refused due to enhanced due diligence checks of Counter-Fraud Team
Energy Grants		18,600	Of 3,101 Energy Grant payments started & not completed, 4% deemed to be fraudulent
Totals	801,725	4,098,557	4,900,282
Trading income from commercial activity	211,871	-	
Total income and fraud loss avoidance	1,013,596	4,098,557	5,112,153

5. The Team hosted its seventh annual fraud conference on 17th November 2022. With more than 170 in attendance, the aim of the event was to help raise awareness of fraud trends and emerging risks to attending organisations, and also raise awareness of the services that the Team can offer. The Team is known to other organisations in a commercial capacity as the Oxford Investigation Service.
6. The event has remained a free-to-attend conference for delegates with the costs not only being entirely covered through exhibitor charging and sponsorship, but deriving a surplus which will be used by the Council to fund future counter fraud initiatives.
7. The conference was delivered in conjunction with the Counter-Fraud Team of Reigate and Banstead Borough Council, the shared service partners of the Oxford Investigation Service. Staff from both teams were involved in planning and delivery.

8. A new team brochure was arranged for the event with hard copies added to delegate packs. The brochure provided detail on staffing and specialisms within the whole of the shared service partnership.
9. Based on the ongoing success of the conference, the overwhelming positive feedback received and the reputation of the event as essential-to-attend for those in the profession, as well as the forming of new business relationships with partner organisations, the Team remains committed to hosting the event annually with the next date set as 21st November 2023.
10. In May 2022, the Team worked with 2 private sector suppliers, Intec For Business and ITS Training, to deliver the Inaugural National Investigations Conference. The event took place in Birmingham Central Library over 2 days and was attended by over 100 delegates from investigation disciplines in various sectors. The event was free to attend for public sector delegates and featured a trade stand exhibition. The cost of the event was covered through charges made to organisations who wished to exhibit. Regarded as highly successful, a second National Investigations Conference took place in May of 2023 at the same venue.
11. The Birmingham event was seen as a way to bring the popular Oxford Annual Fraud conference to a different audience in a different part of the country. The Oxford Investigation Service also exhibited at the event with the trade stand to assist with marketing, professional networking and ultimately, business development.

Internal Investigations

12. **Appendix 1** details staff / internal investigations involving the Counter-Fraud team in the period.

Commercial Activity

13. Commercial working arrangements remain in place with services being contractually provided to multiple partner organisations in the public and private sector. Business development activity is embedded as part of the team culture and efforts to bring new partners on board continued through the year.
14. The Team is known externally as The Oxford Investigation Service and it has a brochure, dedicated website and promotional materials to assist the objective of business development. The website can be found at www.oxfordinvestigationsservice.co.uk

15. Promotional activity carried out, in addition to the Oxford Open Day event, includes speaking slots at relevant conferences, mailshots, meetings with prospective clients and attending conferences as exhibitors with a dedicated trade stand. These activities are aligned to a departmental Marketing Strategy.
16. The increasing number of successful projects and activities delivered for Oxford City Council has assisted in developing a range of services that can be offered to partner organisations and prospective clients. For each marketable service, pricing options are developed with the assistance of Financial Services Accountants to ensure compliance with financial regulations, ethical trading, and financial feasibility.

Partnership Working

17. The Team provided Counter-Fraud and Investigation services to multiple client organisations during the financial year, the result of which delivered an end-of-year trading income of £211,871 against a budgeted income of £200,000. In the period, the Team has provided either products and / or services to the following 22 organisations:

- Ascendant Solutions
- CIFAS
- DAC Beachcroft
- Digistaff
- Dukes Bailiffs
- Empira
- FISCAL Technologies
- Hyperlaw
- The Identity Organisation
- Intec for Business
- Intelligencia
- ITS Training
- NEC Software Solutions
- Peter Darby Associates
- Reigate and Banstead Borough Council
- Riverside Housing Association
- Smartgov Ltd
- South Gloucestershire Council
- Synetics Solutions Ltd
- Tenet Law
- Trust ID
- Warwick District Council

18. Partnership working with Reigate and Banstead Borough Council was prevalent throughout the financial year with a number of proactive projects, involving officers from both organisations, working together on behalf of local authorities in various parts of the country including West Bromwich, St Albans, Letchworth, Rochdale, Gedling, Broxbourne, Watford & Stevenage.
19. The team had been supplying services to Riverside Housing for a number of years by way of an on-demand contract with intermittent work taking place. Such is the success of the arrangement, Riverside moved to a new one-year contract for the supply of 1 full-time equivalent staff member, commencing 1st April 2022. Toward the end of the financial year, Riverside extended again for the 2023 - 2024 financial year.
20. In October 2022, Reigate and Banstead Council were winners of the IRRV's Excellence in Counter Fraud Performance Award. The application included significant detail regarding the successful shared services partnership in place between the counter-fraud teams of Oxford City Council and Reigate & Banstead Borough Council including the collaboration, results and achievements.

Grant Schemes

21. The Team continued to apply enhanced due diligence measures to applications received for government grant schemes during the period. As a direct result of this work, Energy Grant payments to the value of £67,800 were not awarded. This amount is made up of applications which were either fraudulent, irregular, duplicitous, erroneous or where requests for supporting information was not supplied.
22. Post-payment assurance work for Covid Business Grant schemes identified instances where grants to the value of £148,045 were paid into personal bank accounts rather than business bank accounts. This was in contrast to the conditions of entitlement and so invoices were raised to recover the fraudulently claimed amounts.

Legal Implications

23. There are no legal implications arising directly from this report.
24. The continuing work of the Team, coupled with the Council's Avoiding Bribery, Fraud and Corruption, Whistle-Blowing and Anti-Money Laundering policies and procedures give assurance that the Council 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.

25. All data sharing, both internally and externally, is covered by Data Sharing Protocols and Agreements, and is conducted in the interests of prevention and detection of fraud, crime and other financial irregularity, in accordance with the provisions and exemptions of the European General Data Protection Regulation and the Data Protection Act 2018.

The Council has relied upon its powers under the Section 1 of the Local Authorities (Goods and Services) Act 1970 (the “1970 Act”) to provide services to other local authorities and public bodies. The 1970 Act enables local authorities to supply goods and services (subject to certain restrictions) to other local authorities and to public bodies. “Public body” means a person or description of persons appearing to the Secretary of State to be exercising functions of a public nature.

Financial Implications

26. The Team continues to prevent and detect fraud and financial irregularity, first and foremost, for Oxford City Council. Engaging in a number of innovative, proactive initiatives has ensured the continued delivery of a robust counter fraud service, even with operational challenges brought about by remote working and officer time monopolised by government grants schemes. The value of prevented fraud losses, additional revenue identified as well as income from external trading was £5,112,153 in the financial year 2022-2023.
27. Contractual agreements devised for joint working with other organisations have been reviewed and approved by Financial Services for compliance with financial regulations and economic feasibility.
28. The gross cost of running the team for 2022-2023 was £577,279 equating to a return in investment for the year of approximately 885%

Environmental Implications

29. All staff are conscious of the environmental implications of service delivery and will always seek the lowest impact route where possible. This will include journey sharing where feasible, remote working by default to reduce number of journeys taken, reducing use of paper and sourcing products and materials from sustainable origins.

Equality and Diversity Implications

30. Equality and Diversity issues are under continued consideration and due regard by team staff and management alike, as and where required under the Equalities Act Legislation including the Public Sector Equality Duty contained within section 149 of the Equality Act 2010.

Risk Implications

31. Team specific risks are managed through periodic assessments and are mitigated accordingly with appropriate response and control measures.

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