

To: Audit & Governance Committee

Date: 24 July 2024

Report of: Head of Financial Services

Title of Report: Investigation Team Annual Report 2023-2024

Summary and Recommendations

Purpose of report:

1. To appraise Members of the activity and performance of the Counter Fraud Team for the fiscal year 1 April 2023 to 31 March 2024

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 2023/24

- For 2023/24, 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 £7.4 million in the period. Performance against these targets is shown in the table below.

Table 1 - Investigations Team Performance from 01 April 2023 to 31 March 2024			
Measure	Annual Target	Total Achieved	Comment
Number of social housing properties recovered and applications for housing stopped	22	63	58 applications for housing cancelled and 5 properties recovered as a result of misuse, which includes sub-letting, non-occupation and unlawful succession.
Achieve cost neutrality from identification of revenue through investigation activity	£550,000	£1,453,947	See Table 2 for breakdown
Prevent financial losses to the Council through investigation activity	£2,200,000	£5,764,761	See Table 2 for breakdown
Right to Buy Applications prevented (false or irregular)	18% of applications received	73%	44 applications prevented of 60 accepted in the period
Trading Income from commercial activity	£220,000	£229,893	Target achieved as profiled

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 2023 to 31 March 2024			
	Income	Loss	
	Generated	Avoidance	Comment
	£	£	
Council Tax Reduction Scheme	5,737	14,460	The loss avoided is based on the revised Oxford model calculation of 104 weeks future entitlement.
Housing Benefit	14,004	13,861	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		4,224,440	44 Right To Buy applications prevented (73% of all applications accepted) following intervention / investigation. 44 x £96,010 (max discount)
Council Tax Discount / Exemption adjustments	1,135,917		Achieved through reactive investigation casework and rolling review of Single Person Discount accounts to identify presence of undeclared resident adults
Loss avoidance from Council-owned properties recovered (subletting / non-occupation / unlawful succession)		120,000	The cost of keeping a family in temporary accommodation for one year calculated using the Oxford model (£24k x 5 properties)
Housing		1,392,000	58 General Register

Applications			Housing Applications stopped through data matching & investigation activity preventing temporary accommodation costs or property allocation - £24,000 per instance
New Homes Bonus	298,289		Proactive risk-based, data-led visiting exercise targeting long-term empty properties (155 found occupied)
Totals	1,453,947	5,764,761	7,218,708
Trading income from commercial activity	229,893	-	
Total income and fraud loss avoidance	1,683,840	5,764,761	7,448,601

5. The Team hosted its eighth annual fraud conference on 21st November 2023. With more than 150 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. 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 14th November 2024.
8. In May 2023, the Team worked with 2 private sector suppliers, Intec For Business and ITS Training, to deliver the 2nd National Investigations Conference. The event took place in Birmingham Central Library over 2 days and was attended by over 1100 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.

9. 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.
10. In October 2023, the team were successful in achieving a “Highly Commended” award in the category of Excellence in Protecting the Public Purse, which is part of the IRRV’s prestigious Performance Awards scheme.

Internal Investigations

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

Commercial Activity

12. 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.
13. 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
14. Promotional activity carried out, in addition to the Oxford Annual Conference, 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.
15. 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

16. 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 £228,893 against a budgeted income of £220,000. In the period, the Team has provided either products and / or services to the following 24 organisations:

- Ascendant Solutions
- CFH Docmail Limited
- CIFAS
- Experian Ltd
- GB Group
- HCE Ltd
- Intec for Business
- Intelligencia
- Internet Investigation Solutions
- Korea Fiscal Information Service
- LOCTA
- Ministry of Economic Finance, Korea
- Ministry of Religious Affairs - Indonesia
- National Anti-Fraud Network (NAFN)
- NEC Software Solutions
- Octavia Housing
- Reigate and Banstead Borough Council
- Remington Hall
- Riverside Housing Association
- Slough Borough Council
- Spelthorne Borough Council
- Synetics Solutions Ltd
- Trust ID
- Warwick District Council

17. 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.

18. During the course of the financial year, the team worked with ODS to develop and deliver a schedule of Fraud Awareness training to enhance vigilance and provide platforms for reporting suspicions. Training was initially delivered to leadership, manager and then to operational staff including operatives and technicians in a variety of service areas. The training was well received and as a result, an increase in the number and quality of fraud referrals received from ODS colleagues has increased significantly. Additional training is planned throughout the 2024-2025 financial year.

Legal Implications

19. There are no legal implications arising directly from this report.
20. 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.
21. 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

22. 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. The value of prevented fraud losses, additional revenue identified as well as income from external trading was £7,448,601 in the financial year 2023-2024.
23. 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.
24. The gross cost of running the team for 2023-2024 was £600,838 equating to a return in investment for the year of approximately 1,239%

Environmental Implications

25. 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

26. 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

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

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