

## **Consolidated Fraud Report**

**Contact Officer:** Helen Taylor  
Garry Coote  
**Telephone:** 01895 556132

### **REASON FOR ITEM**

Within its regular reports the Audit Committee receives quarterly details of the counter fraud measures and investigations undertaken by Internal Audit and a mid year report from the Corporate Fraud team. This report provides a consolidated summary and an overview of the proactive and reactive work undertaken throughout the year.

### **OPTIONS AVAILABLE TO THE COMMITTEE**

Note the contents of the report.

### **INFORMATION**

#### **1. Roles and Responsibilities**

1.1. At Hillingdon fraud investigation is within the remit of the Head of Audit and Enforcement. This includes proactive detection, reactive investigation and prosecution in appropriate cases. Both Internal Audit and the Corporate Fraud Team are involved in this work. There is a clear remit for the Corporate Fraud Team to investigate benefit fraud but other types of fraud often cut across both teams so there is close liaison between the two. Any decision about which team is best placed to investigate ultimately lies with the Head of Audit and Enforcement but these decisions are usually taken following joint discussions with managers in both teams, This may include putting together a mixed team of fraud investigators and auditors or starting investigation work in audit and finishing the prosecution in the fraud team.

1.2. Internal Audit involvement includes

- internal proactive audit work aimed at detecting potential fraud,
- reactive investigations into fraud and irregularity reported through whistleblowing or detected through audit,
- co-ordinating National Fraud Initiative data returns and the associated follow up work on investigation matches,
- providing awareness programmes across the council,
- ensuring that policies and procedures are updated on a regular basis, and
- advising managers on the measures they can take to prevent and detect fraud.

1.3. The role of the Corporate Fraud team has strengthened and broadened since its move from a housing fraud service 18 months ago. Corporate Fraud involvement includes

- all housing and council tax benefit investigations
- Proactive Blue Badge examination on the streets of Hillingdon
- Investigating suspected housing tenancy fraud
- Prosecution of internal fraud where it is found.
- Delivering awareness programmes about benefit fraud

1.4. Hillingdon has committed to zero tolerance of fraud through its anti-fraud and corruption strategy and policies, codes of conduct, gifts and hospitality policy and disciplinary procedure. All policies are regularly updated and have been approved by the Corporate Management Team and endorsed by the Leader of the council and the Audit Committee.

## **2. Providing Training**

2.1. Training events are organised regularly for specific categories of staff. A fraud awareness session is run for managers and there is an e-learning programme in place to raise awareness of fraud and corruption issues. The Corporate Fraud Manager also delivers a session for staff entitled 'The Bigger Picture', which gives an insight into how benefit fraud affects the council. Fraud awareness is included in the induction programme for new starters.

2.2. A Members' seminar on fraud issues was delivered in June 2011 and was very well attended and the councillor's Support and Development Manager reported that;

*'All the Councillors found the seminar very useful and informative. There has been excellent feedback.'*

## **3. Networking and Partnerships**

3.1. Officers are involved at local and national level with a wide range of organisations. Officers chair the West London Fraud Managers forum, have executive representation on the Local Authority Investigation Officers Group (LAIOG) and are members and regular attendees of the London Boroughs Fraud Investigation Group (LBFIG).

3.2. At a national level the Council is signed up to the National Anti-Fraud Network (NAFN), which provides access to certain databases for intelligence gathering purposes. The searches meet the standard in the Police and Criminal Evidence Act (PACE). It also provides an intelligence service which swaps information on common frauds. Notifications are distributed within the council on a 'need to know' basis by the Head of Audit and Enforcement.

3.3. Since the coalition government announced the formation of a Single Investigation Service the Corporate Fraud Manager has regularly attended liaison meetings with DWP and Officers have offered Hillingdon as a pilot site for the trialling of new working practices.

Officers have excellent relationships with the local police and with UKBA. The former often assist us in obtaining court orders for information and in carrying out arrests,

where Officers need to go that far. The latter work with us on various projects related to illegal workers and, where there are joint fraud and immigration issues, they generally trust us to take forward the prosecution.

3.4. Officers have for the last couple of years worked in partnership with a local housing association to help them identify tenancy fraud.

#### **4. Effectively Employing Resources**

4.1. Linking the Fraud and Audit teams under one management has consolidated the links between the two. Where audit testing highlights possible fraudulent activity joint planning means that the most effective team is deployed to deal with the matter. This can be a mix of auditors and fraud investigators.

4.2. The fraud risk profile is assessed using tools provided by national organisations, such as the Audit Commission and the National Fraud Authority. Intelligence from these agencies, the National Anti-Fraud Network and other liaison groups is used to identify emerging risks. In 2011-12 more pro-active work to detect fraud was undertaken. Using this experience an anti-Fraud plan has been prepared for the year and is separately presented at this meeting. The plan is designed to measure inputs as well as outputs and will by the end of 2012-13 allow a better determination of the most effective use of resources.

#### **5. Social Housing Fraud**

5.1. This area has received wide publicity in the national press and in Audit Commission publications. Hillingdon continues to run its poster campaign, Blow the Whistle on Housing Cheats. The poster is advertised in every issue of Hillingdon People and posters are displayed in all the Housing Offices in the Borough. This generates calls to our fraud hotline where all information received is fully investigated.

5.2. To enhance our work Officers have been working in partnership with the credit reference agency Experian to identify possible fraudulent tenancy activity. This identified a large number of high risk matches and there are two officers working full time on this project, one of whom has been seconded from Hillingdon Housing Service. As a result of their work, 28 social housing properties were re-covered from unlawful usage in 2012-13. These properties had either been sub-let, occupied by non entitled persons such as family members or were empty. They have been returned to the housing stock to be allocated to people eligible for social housing.

5.3. The Audit Commission, in their report 'Protecting the Public Purse 2011' estimated that nationally it costs councils on average £18,000 a year for each of the families placed in temporary accommodation, therefore using this guidance it is estimated that £504,000 has been saved in Hillingdon by bringing these 28 properties into legitimate use.

5.4. The Social Housing Fraud activity has also featured in articles in Hillingdon People and the Local Gazette. One particular article in Hillingdon People featured a resident who had been housed in one of the re-covered properties. They had been in temporary accommodation since 2005. They expressed their pleasure with their new property, because it gave the family a settled life, with the consequent benefits to their children's school and social life.

5.5. The Corporate Fraud Team has performed particularly well in driving forward this new initiative and Hillingdon has been recognised as a leading Authority in this type of investigation. A number of Councils have either visited or called the team to get advice and guidance on how to identify and tackle social housing fraud. The Audit Commission and The Chartered Institute of Housing have had meetings with the Corporate Fraud Manager to look at Hillingdon's good practice and our successful work will feature in the 'Protecting the Public Purse 2012'.

5.6. In all conversations Hillingdon is at pains to point out that it is our willingness to carry out visits and above all our internal co-operation and cross council working which give us our high successes rate.

## **6. Housing and Council Tax Benefit Fraud**

6.1. Benefit Fraud continues to be where the bulk of corporate fraud resources are applied.

### ***Prevention***

6.2. To stop fraud getting into the system in the first place the Housing Benefit team have initiated a pilot in January 2012 called, 'Assisted on-line Claiming.' It means that anyone making a claim for benefit is not sent a form. They are called by a Benefit Officer who completes the form during a telephone interview with the claimant. If, based on the evidence, they qualify for benefit then an appointment is made for them to attend the Civic Centre for an interview. This verifies their identity and income details.

6.3. In the majority of cases the claim is calculated with them present. This has reduced benefit turnaround times on average from 21 days to 8 days.

6.4. As a result of this action 20% of claimants did not turn up for interview and identity and document checks. A further 4% withdrew their claim prior to interview.

6.5. Only a handful of London Boroughs are currently using this system but more are expected to follow as a result of this successful pilot.

### ***Detection***

6.6. This is the main focus of the Corporate Fraud Team. Officers use intelligence from the NFI and DWP generated risk cases to focus this work, as well as our well established fraud hotline.

6.7. In 2011-12 Action was taken in 92 serious cases, these were:

- 38 Prosecutions – all successful
- 37 Cautions
- 17 Administrative penalties

6.8. Details of prosecutions regularly appear in Hillingdon People and Local Papers. The Council had one interesting case that was reported in the National Papers. This concerned a Benefit cheat who was working as an Actor and claiming benefit. He received a 26 week custodial sentence which was suspended for 24 months.

6.9. Members of the public regularly phone our fraud hotline following our publicity to both congratulate the team and provide information on other cases.

6.10. Hillingdon's success is recognised at a National Level and in November 2011 the team featured in a BBC1 Panorama programme which looked at good practice in fraud investigation within Local Authorities. As a result of this programme Corporate Communications received excellent comments from Hillingdon residents congratulating the team on all the work the Council does. One resident said "I thought the staff at Hillingdon were very professional in their dealings with residents involved. Well done to everyone."

6.11. Benefit fraud generated £441,000 in overpayments. All overpayments are monitored on a weekly basis to ensure that the Council recovers as much as possible. All methods of recovery are used which includes, reduction on future benefits, instalment plans and charges on any property.

6.12. One benefit case alone resulted in overpayments of almost £150,000. This was repaid in full in one instalment by the recipient.

## **7. Proceeds of Crime**

7.1. In the last year Officers have explored more fully the powers available to us through Proceeds of Crime (POCA) legislation. In 2011-12 The Council reclaimed around £4000 using this. However, there is a lag between getting prosecutions and claiming POCA funds. Some pending cases will be worth substantially more in 2012-13. Officers are intending to use POCA in all relevant cases going forward. This includes internal and external fraud.

## **8. Council Tax Discount Fraud**

8.1. The revenues team have a continuous programme of checking single person discount and other relief, as well as a programme of visits to check suspicious claims. The last available statistics from the Audit Commission show that, from an analysis of its population Hillingdon could expect to grant Single Person Discounts in the order of 34%. Our actual rate was 31% illustrating that Hillingdon is more likely to be on top of this type of fraud.

## **9. Other Revenue Protection Measures**

9.1. This year Visiting Officers within the Corporate Fraud Team carried out 10,506 visits to ensure the council maximises its revenue. The visits address issues in the following areas:

- Business Rates
- Council Tax
- New Build
- Benefit Compliance checks.

9.2. The visiting programme is very intense and staff are trained in all areas of work to ensure an efficient and planned approach to all visits. Work on business rates check on the occupation status of commercial premises to ensure that the council maximises the non domestic rate revenue. Similarly the visits keep track of new build properties to ensure that they are rated for domestic or business rates as soon as they are completed. Council tax visits are generally reactive and confirm the status of those claiming single person and other discounts...

9.3. The Benefit Compliance visits relate to checks carried out to verify information about a current claim. Visits requests come from a number of sources; Benefit Officers; Housing Officers and calls from the public about possible Benefit abuse. During 2011/12 Hillingdon has stopped approximately £86,000 in overpaid benefit.

## **10. Recruitment Fraud**

10.1. Hillingdon has a liaison officer in the Borders and Immigration Service who makes regular visits to the council. UKBA have been working closely with Hillingdon's HR team to ensure that they are appropriately trained in examining identity documents.

10.2. At the year-end some National Fraud Initiative high risk identity matches were in the process of being investigated. The outcomes will be reported in 2012-13.

## **11. Blue Badge Fraud**

11.1. Blue Badge Fraud is a national problem but it is very prevalent in London where fraudulent badges can change hands for hundreds of pounds because they not only give exemption from parking charges but from the congestion scheme.

11.2. The Corporate Fraud Team, in conjunction with Parking Enforcement officers and with assistance from the police, carried out several exercises during 2011-12 where they stopped users and inspected badges. This identified a number of fraudulent badges and numerous cases of fraudulent use, for example when the disabled person was not in the car or involved in the outing. Our Blue Badge Investigations also featured on the BBC1 Panorama programme and was identified as an innovative approach to tackling this type of fraud. 205 roadside inspections were carried out. The results of these actions were;

- 46 badges seized
- 5 cases referred for further criminal enquires
- 1 case prosecuted for Fraud Act offences, £1,115 fine and costs.

11.3. The Blue Badge checks Officers carried out have been publicised in Hillingdon People. Again this generated positive calls from residents. Officers have also attended Disability Forum meetings chaired by Cllr Kemp to highlight the work of the team.

## **BACKGROUND PAPERS**

*Audit Commission document - Protecting the Public Purse, local government fighting fraud.*