

## **Corporate Fraud Investigation Team Work Plan 2013/14**

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### **REASON FOR ITEM**

The Corporate Fraud Investigation Team plays a key role in ensuring that loss to the Council due to fraud or other illegal action is kept to a minimum. Loss can arise internally or externally and is minimised through a mix of planned and reactive activity. The 2013/14 Corporate Fraud Investigation Team Work Plan explains how resources will be deployed over the year to meet the fraud risks faced, and also how the Team works with other anti-fraud agencies to reduce crime generally.

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

The Audit Committee should review and comment on the Corporate Fraud Investigation Team Work Plan.

#### **Background to the Team and Issues Faced**

1. The Corporate Fraud Investigation Team Manager bases the assessment of risk on intelligence received both locally and nationally. The Team is based in the Residents Services directorate.

2. With the DWP's move to a Single Fraud Investigation Service (SFIS) and the intention to combine Council teams with DWP services, Hillingdon needs to have a clear view of the resources it applies to the various types of fraud. This paper seeks to provide some transparency around the fraud risks the Council faces and how it intends to use our fraud resource going forward.

#### **1. Measuring Fraud**

1.1. Measuring the possible extent of fraud is always difficult for the obvious reason that if the Council had knowledge of the full extent of fraud it could eliminate it. By necessity, fraud estimates are based on extrapolation of those incidences already identified. To this end, the National Fraud Authority (NFA) produces an annual fraud indicator which estimates the cost of fraud nationally. Its current estimates of losses directly affecting councils are:

- Benefit Fraud, £1.2 billion
- Housing Tenancy Fraud, £900 million.
- Council Tax Exemptions, £131 million
- Blue Badge, £46 million

1.2. In addition there are some frauds which affect local authorities but are part of the wider picture affecting the public sector,

- Procurement fraud £2.3 billion (£89 million Local Authority)
- Grant frauds £528 million (£41 million Local Authority)
- Payroll £334 million
- Expenses fraud £98 million

## 2. Allocation of Resources

2.1. The Corporate Fraud Investigation Team comprises of 16 staff, some of whom are on part time contracts. Taking into account leave and other non productive days within the team, there are 2,550 working days available to the address the Corporate Fraud Programme.

2.2. Utilising local knowledge and taking into account the National Fraud Authority fraud loss profiles, there are areas on which Hillingdon should focus. This information has been used to create a resources plan which is illustrated in the table 1 below. It includes an estimate of the time expected to be spent in each area, the target set for that resource and, where possible, an estimate of the savings to the Council as a result of this work. It is followed by a short narrative about each area of focus.

**Table 1 Allocation of Fraud Resources**

| <b>Activity</b>                  | <b>Resource (Days )</b> | <b>Outcome</b>                                    | <b>Estimated Savings £'000</b> |
|----------------------------------|-------------------------|---|--------------------------------|
| Benefit Investigation            | 818                     | 75 sanctions                                      | 500                            |
| Visiting programme               | 812                     | Increased revenue                                 | *300                           |
| Social Housing Fraud             | 279                     | Recover 52 properties                             | 936                            |
| Intelligence and Administration  | 270                     | Take calls and prepare cases for investigation    |                                |
| Internal & other investigations  | 100                     | Dismiss and prosecute as appropriate              |                                |
| Overpayment recovery             | 81                      | Increased recovery                                | 50                             |
| Blue Badge                       | 30                      | Identify and stop misuse<br>Support genuine users | 9                              |
| Proceeds of Crime Investigations | 160                     | Increased revenue                                 | 50                             |

\*Officers will look to develop measures for the success of these visits in 2013/14.

### **Benefit Fraud**

2.3. Hillingdon Council pays £170 million in Housing and Council Tax Benefit so this is the main focus of investigation work. A target of 75 sanctions has been set which covers Prosecutions and Administrative Penalties. Much of the work in this area is preventative or aims to disrupt fraud activity. These visits and checks are a deterrent to people committing fraud. Last year Officers dealt with over 1,000 fraud referrals. Each referral is investigated by either a visit or full criminal investigation depending upon the nature of the referral.

2.4. Sanctions are used when officers detect serious abuse and a full criminal investigation is undertaken.

### **Visiting programme**

2.5. Officers will continue to manage a visiting programme to cover the areas of:

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

Visiting Officers check commercial and industrial premises to ensure that the council is getting its full rateable value. This work has become more important as the council has moved towards a more localised system for Non Domestic Rates. Data sets will be developed in 2013/14 to measure the effectiveness of the preventative and detective work in this area.

### **Social Housing Fraud**

2.6. As reported in the consolidate Fraud Report, Hillingdon is one of the leading authorities in the country dealing with social housing fraud. In 2013/14 Officers have set a target to recover 52 properties. Based on the Audit Commission estimate that the average cost of housing a family in temporary accommodation is £18,000, this would generate £936,000 in savings. It also fulfils the priority of putting residents first by providing quality permanent homes for families in Hillingdon.

### **Intelligence and Administration**

2.7. Within the team dedicated officers take calls from the public. They carry out preliminary enquires including checking addresses and benefit information that the Council holds on alleged fraudsters. They also prepare files for Visiting Officers. They assist in maintaining case files and are a vital part of the fraud team. The value of this work is in the quality of information passed to Visiting Officers and Investigators. No separate monetary target is allocated to this area.

### **Internal fraud and other Non-benefit Investigations**

2.8. Hillingdon pursues cases of internal fraud vigorously when they are identified. As well as the obvious financial damage, this type of fraud can impact on Hillingdon's reputation as a well managed council. The Fraud team work is mainly reactive, while prevention and detection activity is incorporated in the Internal Audit Plan. Fraud team members work closely with internal

audit colleagues to ensure investigations and proactive anti-fraud activity is optimised through effective use of investigative resources.

### **Overpayment recovery**

2.9. A number of measures will be employed to maximise recovery of fraudulent overpayments. This will include visits to agree re-payment plans where there appear to be problems with compliance. The recovery measures will also include bankruptcy assessments, where the Authority is pursuing outstanding Council Tax revenue.

### **Blue Badge Abuse**

2.10. Officers plan to carry out two major Blue Badge exercises during the year. Each exercise will involve random Blue Badge checks in different areas around the Borough. Appropriate action will be taken on individuals caught abusing the system. Blue Badges can trade on the black market for hundreds of pounds. Our estimate is based on the assumption that each badge seized yields savings of £300. This programme also puts people at the centre of our strategy by ensuring that spaces are available for those who need them and that those who abuse the system are suitably punished.

### **Proceeds of Crime Act 2002 (POCA)**

2.11. A Financial Investigator has recently joined the team. Their role is to undertake financial investigations into prosecution cases to ensure that we recover overpaid monies and also use the powers under POCA to freeze assets and bank accounts.

## **3. Other work**

3.1. The themes below are part of the wider anti-fraud picture.

### **Partnership working**

3.2. Officers will continue to work with our partners in the DWP, Police, UK Border Agency to ensure that the Council achieves the desired results. Officers will also be working with other anti-fraud organisations such as National Fraud Authority (NFA), National Fraud Initiative (NFI), National Anti-Fraud Network (NAFN), the Audit Commission and the London and National Fraud Investigators Groups to ensure that Hillingdon makes the most of the intelligence available. Officers will continue to work with Credit Reference Agencies to identify potential Social Housing Fraud cases.

### **Publicity**

3.3. Working closely with colleagues in Corporate Communications, the Team will continue to publicise the success of our anti-fraud work to residents through all types of media.

3.4. Officers will work with The Audit Commission and NFA to publicise and be acknowledged for our innovative programmes such as our Social Housing Fraud and Blue Badge work. Officers will be continuing to work with the BBC on a forthcoming documentary.