

# Corporate Fraud Investigation Progress Report

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## REASON FOR ITEM

To inform members of the work undertaken by the Corporate Fraud Investigation Team from April to December 2013.

## OPTIONS AVAILABLE TO THE COMMITTEE

The Committee is asked to consider and note the Corporate Fraud Investigation Team interim report.

## INFORMATION

### 1. Roles and Responsibilities

1.1. The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Fraud Investigation Team supports this by providing efficient value for money anti-fraud activities and investigates all referrals to an appropriate outcome. The Team provides support, advice and assistance on all matters of fraud risk including prevention, fraud detection, other criminal activity and deterrent measures.

1.2. Corporate Investigation Team activities since April 2013 included:

- Single Fraud Investigation Service (SFIS) pilot
- Social Housing fraud investigations
- Council Tax/Business Rates inspections
- Right to Buy investigations
- First time buyer investigations
- Proceeds of Crime investigations
- Bed and Breakfast visits and investigations
- Internal and external fraud investigations and prosecutions
- Development of anti fraud strategies

## 2. Performance Outcomes April – December 2013

### 2.1 Single Fraud Investigation Service (SFIS) pilot

Hillingdon has been recognised by the Department for Work and Pensions (DWP) as running the best performing pilot. This has been assessed by visits from DWP senior managers to Hillingdon who acknowledged innovative team working producing positive outcomes through high quality investigations. However, despite the positive pilot in Hillingdon, the Government made a decision in December 2013 that nationally this service should be transferred and managed by the DWP. This transfer will be on a phased basis commencing October 2014 with a completion date of March 2016. This transfer means Local Authorities will no longer be responsible for Benefit investigations meaning that the Corporate Fraud Investigation Team in Hillingdon will have the opportunity to diversify its operations to other areas of fraud detection and investigation across the Council.

Work in Hillingdon since April has achieved very positive outcomes. The process of presenting cases to court has been streamlined. This has reduced the time taken for cases to be prepared and direct working with the Crown Prosecution Service has been expanded. The focus of this work has been on Prosecutions and Administrative Penalties.

<b>Results April – December 2013</b>	
Prosecutions	24
Administrative Penalties	3
Benefit payments stopped	£524,000

### 2.2 Social Housing Fraud Investigations

Blow the whistle on Housing Cheats poster appears in every issue of Hillingdon People, this helps to generate calls to the Council's fraud hotline, all referrals are fully investigated. In April the Council received funding from Government to support this area of work and the Council have used part of this funding to continue the work with Experian, a credit reference agency. They data match the Council's housing tenancy records with their credit reference data to identify properties that may be sub let or empty.

In October 2013 the Government passed legislation to criminalise sub-letting fraud. On conviction, tenancy fraudsters face up to two years in prison or a fine. Officers intend to use these powers to prosecute suitable cases.

The Audit Commission, in their report 'Protecting the Public Purse 2013' estimated that nationally it costs Councils on average £18,000 a year for each family placed in temporary accommodation, therefore using this guidance it is estimated that £792,000 has been saved in Hillingdon by detecting housing tenancy fraud in 44 properties. These properties are now in legitimate use for residents with genuine housing need.

### **Results April – December 2013**

Properties Recovered	45
Estimated Savings	£810,000

### 2.3 Council Tax/Business Rates/Compliance inspections

The inspection role within the Corporate Fraud Team is crucial in terms of maximising the Council's revenue income.

Since April 2013 officers have carried out over 7,000 visits. The visiting programme is very intense and officers are trained in all areas of work to ensure an efficient and planned approach to all visits.

Council Tax Inspections are generally reactive and identify the status of those claiming single person discount and other discounts. Where the visit establishes the wrong amount of Council Tax is being charged the account is changed and the person re-billed.

Business Rate visits are carried out to check occupation status of commercial premises to ensure the Council maximises the non domestic rate revenue. Similarly, the new build visits are carried out to ensure properties are rated for domestic or business rates as soon as they are completed. It is estimated that for the 2 year period from April 2013 there will be approximately 700 new build properties being developed in Hillingdon which represents a significant amount of additional revenue. Overall 2,534 visits have been made to check Business Rates and New Build Inspections.

Benefit compliance visits relate to checks carried out to verify information on a claim. Visits requests come from a number of sources which include benefit and housing officers and calls from the public about possible benefit abuse. Since April 2013 officers have conducted 370 of these visits.

<b>Results April – December 2013</b>	
Number of Council Tax Inspections	4099
Number of Business rates and New Build Inspections	2756
Benefit compliance inspections	387

### 2.4 Right To Buy (RTB) investigations

This is a relatively new area of work for pro active investigations. Unannounced visits are carried out to tenants who have applied to buy their Council property.

In April 2012 the Government increased the maximum discount a Council Tenant can receive under the RTB scheme from £75,000 to £100,000. This increase could see more attempted fraud as a result of the increased discounts.

Our pro active investigations so far have highlighted that this is an area that needs to be closely monitored, 6% of applications have been stopped since we started this project.

<b>Results April – December 2013</b>	
Number of Right to Buy visits	129
Number of applications rejected	9

## 2.5 First time buyer investigations

Unannounced visits are carried out to verify owner details and to ensure that the conditions of the scheme are not being abused. There are currently 3 cases being investigated where there is evidence that the first time buyer is either sub letting their property or is the owner of another property. This is clearly an abuse of the scheme, case investigations are on-going and will be pursued to recover of any money paid, prosecutions will be considered if appropriate.

<b>Results April – December 2013</b>	
Number of First Time Buyer visits	40
Number of cases under investigation	3

## 2.6 Proceeds of Crime Investigations

The role of the Financial Investigation Officer within the Corporate Fraud Team is crucial in the fight against fraud. The aim is not only to prosecute serious offenders but also to look at recovering additional monies where a criminal lifestyle can be demonstrated, this is where a person has been able to purchase assets as a result of their fraud.

A number of cases are due in Court next year which are likely to receive media attention because of the amount of money involved.

<b>Results April – December 2013</b>	
Number of Corporate Fraud investigations	1
Number of Benefit investigations	2
Number of Planning investigations	1
Number of Trading Standards investigations	2
<b>Total number of investigations</b>	<b>6</b>

## 2.7 Bed and Breakfast visits and investigations

We recently carried out residency visits with housing staff to verify occupancy. These unannounced visits were carried out early in the morning and proved to be effective in terms of identifying accommodation that appeared to be unoccupied by the homeless person or family.

The aim is to continue with this work and work alongside housing officers to ensure accommodation is appropriately occupied. Investigations will be carried out where there is clear abuse of this type of accommodation which may lead to prosecutions. The visits so far have identified that 14% of properties were not occupied. This represents a significant saving both in revenue expenditure and any associated Housing Benefit costs.

<b>Results April – December 2013</b>	
Number of applicants visited	80
Number of cases ceased	11

### 2.8 Internal and external fraud investigations and prosecutions

A former member of staff was prosecuted in April 2013 for procurement fraud; the member of staff was sentenced to two years in prison. There is also a Proceeds of Crime Investigation on-going on this case.

An attempt to obtain a Disabled Persons Facilities Grant was identified where the applicant failed to notify that she was the owner of several properties and received a substantial amount of rental income. The applicant is in the process of being prosecuted for this offence.

### 2.9 Development of anti fraud strategies

The Corporate Fraud Investigation Manager is working with the Head of Internal Audit to review and develop anti fraud strategies.

## **3.0 Operational plans for the future**

3.1 Operational arrangements will be reviewed to identify new areas of fraud detection and investigation within the Council. The Corporate Fraud Investigation Team has always delivered results on new initiatives and will diversify its resources and skills into other areas of fraud detection within the Council. This will increase residents' confidence in the Council management of its operations by ensuring services are provided to those in genuine need and action taken against fraudulent activity.

3.2 The Audit Commission has recently produced a document called 'Protecting the Public Purse 2013', Officers will use this document to develop a strategy to ensure the effective use of resources to targeting new fraud investigation initiatives. The document can be found here <http://www.audit-commission.gov.uk/2013/11/protecting-the-public-purse-2013/>

## **BACKGROUND PAPER**

Nil.