

Corporate Fraud Investigation Team Progress Report April to August 2015

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REASON FOR ITEM

To inform members of the work undertaken by the Corporate Fraud Investigation Team (CFIT) from April to August 2015.

OPTIONS AVAILABLE TO THE COMMITTEE

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

INFORMATION

1. Roles and Responsibilities

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 (CFIT) 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.

Corporate Fraud Investigation Team activities since April 2015 included:

- Social Housing fraud
- Council Tax/Business Rates inspections
- Single Person Discount (SPD)
- Temporary Accommodation and Housing Needs Reception
- Right to Buy investigations
- Proceeds of Crime investigations
- Housing Waiting List
- Enhanced Recruitment Verification
- Blue Badge
- Procurement fraud
- Mobile working
- Council Tax Reduction Scheme (CTR)

2. Corporate Fraud Investigation Team Objectives

The Corporate Fraud Investigation Team aims to maximise income and reduce expenditure for the Council. The team intends to detect and prevent fraud across all Council activities and when appropriate prosecute offenders. The results of the work of the CFIT will ensure Hillingdon is able to achieve the objective of putting residents first.

3. Performance Outcomes April – August 2015

3.1 Social Housing Fraud

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. Hillingdon will use these powers to prosecute suitable cases.

The CFIT investigates suspected cases of social housing fraud which are identified either by direct referral from Housing Officers, data matching exercises or telephone calls to the fraud hotline. Since April 2015 the CFIT has recovered 32 properties which are now available to be re-let to residents in genuine housing need.

The Audit Commission, in their report 'Protecting the Public Purse 2014' estimated that nationally it costs councils on average £18,000 a year for each family placed in temporary accommodation. Using this calculation the savings for Hillingdon this year are £540,000. The target set by CFIT for 2015/16 is to recover 52 properties (1 a week). To date in 2015/16 this target has been exceeded.

In total since the commencement of this project in 2010 the CFIT have recovered 218 properties which using the Audit Commission calculation equates to savings of just over £3.92 million.



To promote this project the Blow the whistle on Housing Cheats poster appears in Hillingdon People, this helps to generate calls to our fraud hotline, all referrals are fully investigated.

Examples of combating social housing fraud are also publicised in Hillingdon People. These articles often describe the improved quality of life for Hillingdon residents who have been allocated the tenancy of a recovered property. This generates positive feedback from residents and encourages reporting of suspected social housing fraud.

To increase awareness of social housing fraud the Corporate Fraud Investigation Team will be promoting their work at residents meetings in 2015/16 as part of the forward work programme.

A new initiative for 2015/16 has involved working in partnership with Registered Social Landlords (RSL's). The CFIT are in the process of matching data from two RSL's with a Credit Reference Agency to identify fraudulent sub-letting. The CFIT are working with RSL's to investigate individual cases. In return for delivering this service RSL's have committed to ensuring that all recovered properties will be exclusively made available to Hillingdon Council, thereby helping to reduce housing pressures. As this project develops the CFIT will engage with more RSL's to increase the scope of the initiative.

This model being used for this project is unique to Hillingdon. The CFIT are leading the process in terms of the recovery of properties and all the investigations. Other authorities have used a different approach where RSL's have taken the lead, resulting in underperforming projects. By taking the lead in Hillingdon the CFIT is able to ensure that they drive the project, based on their previous experience, to achieve positive results.

The CFIT Social Housing Fraud project was recently reviewed by the Corporate Services and Partnerships Policy Overview Committee who produced 7 recommendations. These recommendations have been reported to Cabinet. The Cabinet welcomed the Committee's positive findings and endorsed the following recommendations:

- (1) That the Corporate Fraud Investigations Team be congratulated for the work they have carried out in relation to the detection of Social Housing Fraud and for the reclaiming of housing resources for residents of the Borough.
- (2) That officers be asked to approach other Registered Social Landlords (Housing Associations) which provide social housing for residents of the Borough to enable investigations to take place into any potential Social Housing Fraud.
- (3) That officers be asked to investigate those measures which were raised during the review to make unsuspecting sub-letters aware if they were about to rent a social housing property.
- (4) That consideration be given to the Council applying for Compensation Orders when people are convicted of Social Housing Fraud, to enable compensation to be paid to the victims of this crime.
- (5) That officers be asked to consider witnesses counter-signing tenancy agreements for social housing tenants and to send annual reminders to tenants explaining their responsibilities under their tenancy agreements.
- (6) That training is offered by Council officers to local Magistrates on the complexities involved in social housing and on the issues which local authorities face as social housing landlords.
- (7) That officers be asked to include a Social Housing Fraud Policy within the Council's Anti-Fraud Strategies and Policies.

The above recommendations will be implemented and members will be updated on future progress reports.

Table 1 shows the number of properties recovered monthly and the notional savings achieved based on the Audit Commission calculation.

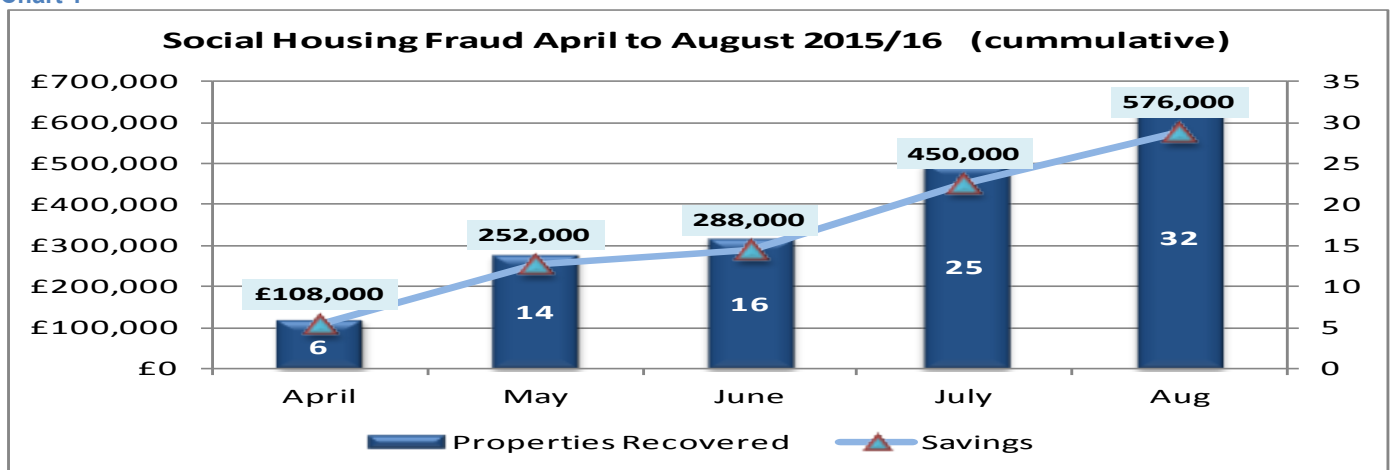
Table 1

Social Housing Fraud – number of properties recovered and savings achieved											
2015/16											
April		May		June		July		Aug		Total	
Number	Savings	Number	Savings	Number	Savings	Number	Savings	Number	Savings	Number	Savings
6	£108k	8	£144k	2	£36k	9	£162k	7	£126k	32	£576k

*The Audit Commission estimates that every property recovered represents a saving of £18,000

Chart 1 shows the cumulative properties recovered and saving since April 2015.

Chart 1



3.2. Council Tax and Business Rates Inspections

The inspection role for Council Tax and Business Rates within the Corporate Fraud Team is crucial in terms of maximising the Councils revenue income.

This year from April to August 5,279 visits have been carried out. 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 discounts and exemptions. Where the visit establishes the wrong amount of Council Tax is being charged the account is changed and the person re-billed. 3,190 Council Tax inspection visits have been made from April to August 2015.

Business Rate inspection 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 2014 there will be approximately 1,400 new build properties being developed in Hillingdon. This represents a

significant amount of additional revenue. 2089 visits have been made between April and August 2015 to check Business Rates and New Build Inspections.

The robust visiting programme continues in 2015/16 working with internal partners such as planning to monitor new developments with the aim of maximising revenue potential.

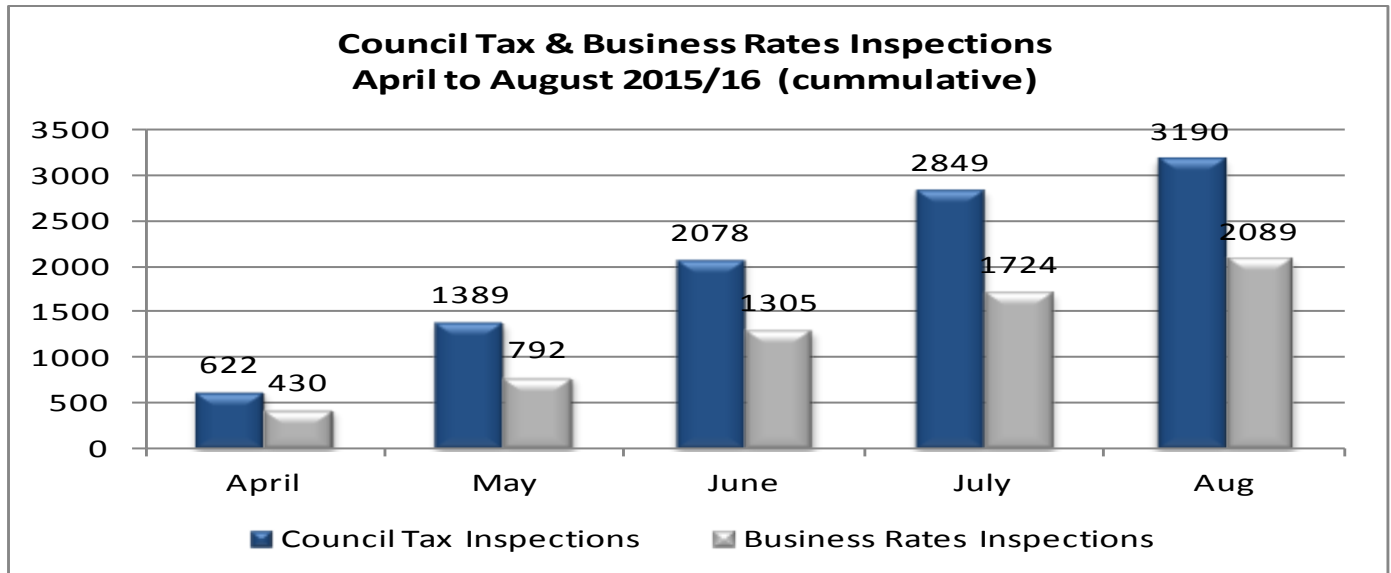
Table 2 and chart 2 show the number of visits carried out each month since April 2015.

Table 2

Council Tax and Business Rates Inspections							
	2015/16						
	April	May	June	July	Aug	YTD	Income*
Number of Council Tax Inspections	622	767	689	771	341	3,190	Increase in CT revenue
Number of Business rates and New Build Inspections	430	362	513	419	365	2,089	Increase in Business Rate/New Build revenue

*Data is not specifically recorded of the increased revenue from CFIT inspections. This additional income contributes to the overall Council Tax and Business Rates revenue.

Chart 2



3.3 Single Person Discount (SPD)

The CFIT have been working on a project since January 2015 to identify incorrect claims for Single Person Discount. The project is producing very positive results in terms of reducing the number of SPD claims and generating additional income to the Authority. There are currently 30,200 SPD claims in Hillingdon. Since the commencement of this project SPD numbers are the lowest they have been for the last five years.

The CFIT are operating 3 work streams to match internal data sources against SPD claims.

Under the first work stream SPD records are being matched against Hillingdon First cards issued since April 2014. The matching exercise establishes if more than one person is registered for a Hillingdon First card at an address where SPD is being claimed. To date 86

SPD cases have been stopped resulting in an overpayment of £45k which will be recovered as additional revenue.

The second work stream concerns ‘notices of the intention to marry’ submitted to the Registrar’s Office. Couples have to include their current residence on these applications and these details have been matched to SPD claims. Records from April 2014 are being checked and to date 55 cases have been identified resulting in an overpayment of £47k which will be recovered.

The third work stream involves data matching SPD records with the Electoral register. To date 225 cases have been identified resulting in an overpayment of £178k for recovery.

If a suspected SPD fraud is identified the CFIT carries out additional background checks on the claimant, such as housing records, benefit records, school records and Equifax online credit reference checks. A member of the CFIT then contacts the claimant either by telephone, letter or personal visit to discuss the claim and the evidence indicating fraudulent activity. In most instances as a result of this contact claimants choose to resolve matters swiftly and make arrangements to repay the Council any monies they have previously claimed in discount. They are keen to settle the matter and avoid any repercussions.

Since April 2015 the CFIT team have commenced a significant data matching exercise with a credit reference agency called Experian. This exercise matches all our SPD claims with credit reference information to establish if applications for SPD are genuine. The matches have been rated into categories of high, medium and low depending upon the likelihood of an incorrect SPD claim. Officers from the CFIT are investigating all relevant cases. To date 37 SPD cases have been stopped resulting in a saving of £38k. It is planned to review the data matches by the 31st December 2015.

We have also run some additional in house reports to compare information on different systems and this has identified a further 189 cases resulting in savings of £82k.

Since January 2015/16 the CFIT have cancelled 592 SPD claims resulting in overpayments of £390k as shown in table 3.

Table 3

Council Tax - Single Person Discount – since January 2015		
Workstream	Number of claims stopped	Overpaid SPD
Hillingdon First Card data matching	86	£45k
Notices of intention to marry checks	55	£47k
Electoral registration data matching	225	£178k
Experian credit reference agency data matching	37	£38k
In-house data matching reports	189	£82k
Total	592	£390k

Charts 3 and 4 show summaries of the SPD overpayments and the number of household where claims have been cancelled from the intervention of the CFIT.

Chart 3

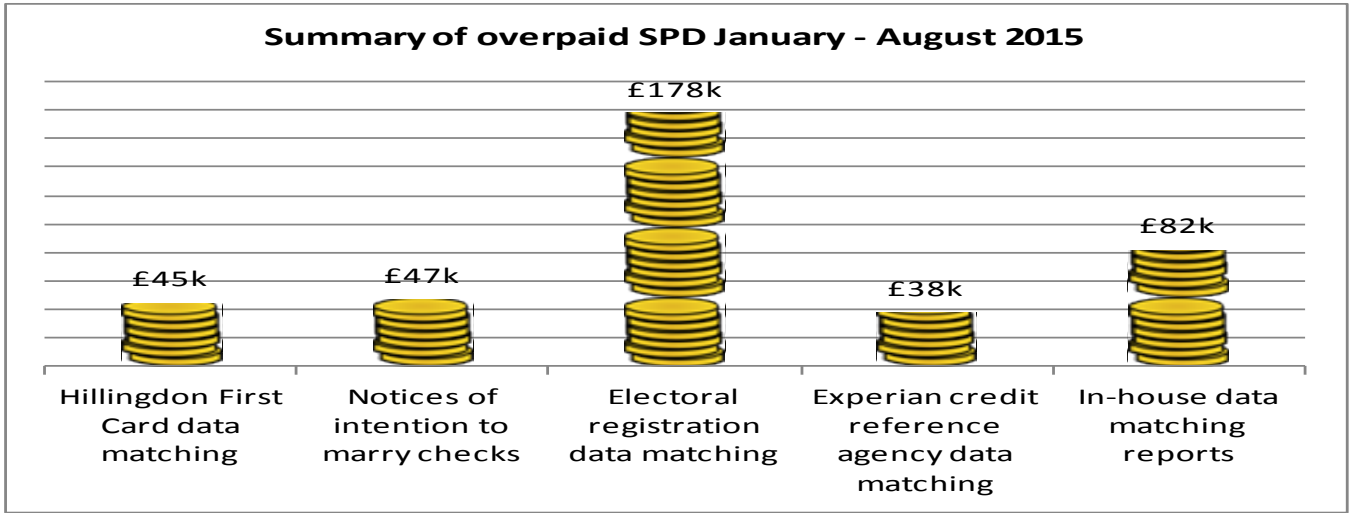
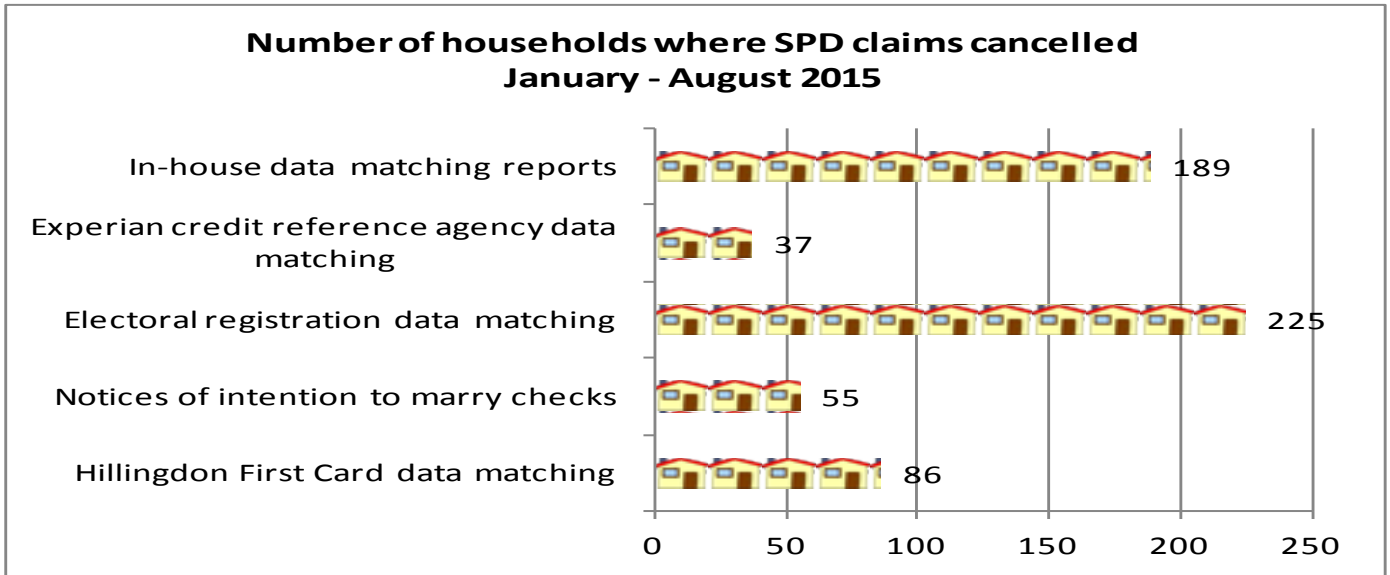


Chart 4



In cases where there is evidence of serious fraud the CFIT will look to pursue the prosecution of the claimant.



Are you receiving single person discount on your council tax?

The spotlight is on you if more than one adult is living at your address.

Don't wait for that knock on your door
Call us today ☎ 0300 123 1384

You can be prosecuted for a false claim

If you suspect someone of falsely claiming single person discount call ☎ 0800 389 8313 or email @fraud@hillingdon.gov.uk. Your report will be treated in the strictest confidence and can be given anonymously.



www.hillingdon.gov.uk

A new poster has been designed to raise the profile of Single Person Discount abuse. The poster will appear in issues of Hillingdon People and notice boards around the Borough.

3.4 Temporary Accommodation & Housing Needs reception.

The aim of this project is to prevent illegal claims for housing from people that do not qualify for housing support from Hillingdon. This means people who are misrepresenting themselves as homeless and therefore do not have a genuine housing need.

The CFIT carries out unannounced visits to Bed & Breakfast/Temporary Accommodation to verify residency. Since April 2015 through the work of the CFIT 2 cases have been cancelled. This represents a saving of approximately £574 a week. The average duration of a bed & breakfast placement is 13 weeks. Therefore on these 2 cancellations alone approximately £7,462 will be saved through this activity.

The CFIT are working with Housing Officers to identify applicants where there is a suspicion that a fraudulent claim has been made. This could include applicants submitting false wage slips in an attempt to verify economic activity. This would indicate financial independence which is a condition for some claimants to secure a tenancy and increase welfare benefits. Another example is where people falsely claim they are being evicted from an address in Hillingdon when they have never actually been a resident at this address. They are often giving this fraudulent information to attempt to meet the 10 year residency rule. Officers from the CFIT have trained Housing Officers on the identification of possible fraudulent claims. These cases are then referred to the CFIT for investigation.

Since April this year 2 applicants have withdrawn their claim for housing support as a result of contact with the CFIT.

From April 2015 the CFIT has expanded this work to verify the claims of people awaiting permanent accommodation to verify they are still eligible and their circumstances mean that they have a genuine housing need. To date 288 requests for verification have been passed to the CFIT. Of these 275 verification visits have taken place of which 58 (21%) require further investigation to confirm eligibility.

Table 4

Temporary Accommodation & Housing Needs Reception		
	YTD 2014/15	Savings per week
Temporary Accommodation Cancelled	2	*£574
Number of cases withdrawn after CFIT contact	2	

*Average B&B placement = 13 weeks calculates to £7,462

3.5 Right to Buy

Right to Buy applications are verified by the Corporate Fraud Investigation Team. Since April 2015 the CFIT have carried out 49 Right to Buy verifications, following CFIT involvement 4 applications have been rejected.

Two of these cases concerned tenants who had applied for mortgages whilst still claiming housing benefit. Cross referencing the income details on their housing benefit application with mortgage brokers identified that they were making false income statements and the mortgage offers were withdrawn. The other two cases cancelled their application following our visit.

We have also introduced our own additional Right to Buy application form to ensure that the verification process captures all the available information.

Table 5

Right to Buy	2015/16	
	YTD	Savings
Number of Right to Buy verifications	49	
Number of applications rejected	4	£336,850 (discount)

3.6 Proceeds of Crime Investigations (POCA)

The role of the Accredited Financial Investigator 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 the offender has benefited financially from their crimes and a criminal lifestyle can be demonstrated.

These investigations are complex and are often challenged by the offender which results in lengthy legal processes. Therefore it may take many months for a case to reach court and a confiscation order agreed and paid.

Since April 2015 the CFIT have been working on 11 investigations of which 7 are currently before the courts. Confiscation orders have been obtained in a number of cases and Hillingdon will receive 37.5% of the amount awarded under the Home Office Incentivisation scheme. Since 1st April 2015, offenders have paid £111,536 towards their confiscation orders. Hillingdon will receive its incentivisation amount of £38,076 on the 30th September 2015, with the remaining £3,750 due on the 31st December 2015.

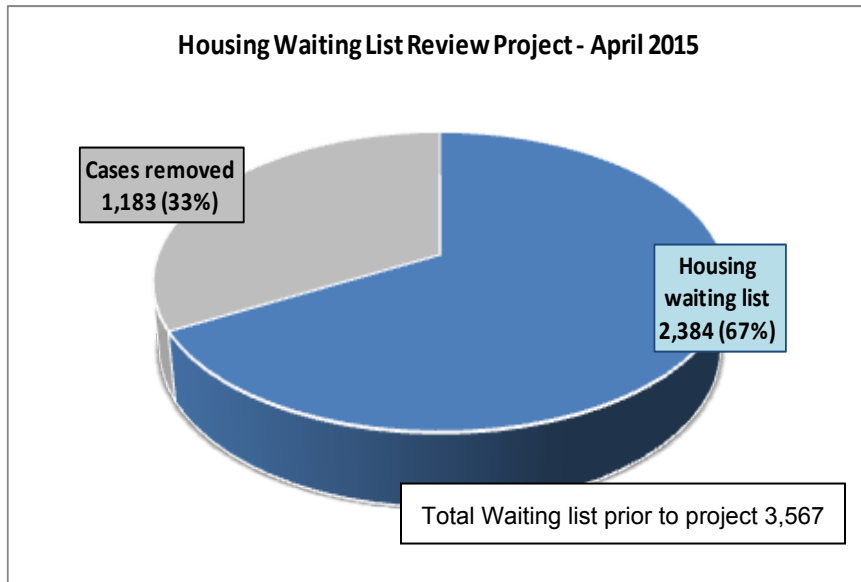
Since the 1st June 2015 a Planning Enforcement Officer has been working with the CFIT Financial Investigator on a part-time basis to ensure effective identification of cases where planning regulations have been breached. All breaches of Planning Notices since April 2013 are being considered by this project. A number of cases are being reviewed in order to assess their suitability for confiscation proceedings under the Proceeds of Crime Act 2002.

For 2015/16 the CFIT will be examining other areas across the Council in which POCA can be applied.

3.7 Housing Waiting List

A project was set up by the CFIT in April 2015 to review the current Housing Register Waiting List, at that time there were 3,567 people on the waiting list. The purpose of the project was to identify through checking council records, such as Council Tax information and electoral registration, people on the waiting list who were no longer entitled to Social Housing. Their circumstances had either changed or they provided false information on their application. Removing these people from the waiting list means that the Council will have an accurate data relating to current social housing needs for effective forward planning.

Chart 5



Since the project commenced on 27th April 2015, the CFIT reviewed all cases. Cases where a change was readily identifiable were targeted for investigation and if they were no longer eligible they were removed. This has meant that 1,183 applicants have been removed from the waiting list. In the process of this exercise the CFIT has also identified 13 cases where the household has been incorrectly claiming Single Person Discount for Council Tax which totals £9.5k. This review project will be ongoing in 2015/16 to carry out enhanced checks on the remaining cases on the waiting list.

3.8 Enhanced Recruitment Verification

HR are preparing a report for approval by the Corporate Management Team to commence a pilot project where the CFIT will carry out enhanced checks to verify identity, qualification, education documents and employment history. This will ensure eligibility to work and effective recruitment. The CFIT has previously identified staff through routine data matching who were ineligible to work because of their immigration status. Expanding these checks in the recruitment process would prevent the future employment of fraudulent applicants. This would prevent damage to the Councils reputation, reduce unnecessary recruitment costs and ensure the appointment of suitably qualified staff.

3.9 Blue Badge

In July we carried out an exercise with the Police to check the correct use of Blue Badges in Hayes Town Centre. Two cases were identified where the Blue Badge was being used by someone other than the Blue Badge Holder. We are reviewing the circumstances of these cases to see if they are suitable for prosecution.

On the day of the checks Residents thanked Officers for undertaking this exercise which they thought should be repeated. Further exercises are planned throughout the year.

An article will appear in Hillingdon People reminding residents of the conditions of using the Badge and also about the random checks that we will be carrying out.

3.10 Procurement fraud

In January 2015 the CFIT secured £112,500 funding, through a bid process, from the Government to investigate procurement fraud in partnership with the Police. In 2015/16 a project will be developed with the Police to establish methods to detect and investigate procurement fraud effectively to maximise results.

To date we have matched all our Procurement Supplier information with the Police suspicious activity reports, often referred to as SARs. This data holds records on people and companies

where there would appear to be some suspicion on their creditability. This data match did not identify any cases that need to be investigated.

We are still working with the Police to see if there are any other matches we could undertake.

3.11 Mobile working

Work is underway with ICT to scope appropriate mobile technology to support CFIT operations. This would enable CFIT officers to work with live information, increasing productivity and effective communication. The implementation of this new technology will enable CFIT Officers to enter verification visits information from their laptops directly into the main computer systems in the civic centre. This will mean that the Housing service will have accurate information to inform decision making process and allocations. Testing of this technology will take place in September. Once this system has been tested and is operational it could be rolled out to other functions within the Council.

3.12 Council Tax reduction scheme (CTR)

The CFIT is currently reviewing CTR claims against the national fraud initiative data matches. All cases where anomalies are identified will be investigated and appropriate action taken. Results from this exercise will be reported in the next CFIT performance report.