

Corporate Fraud Investigation Team Progress Report April-November 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 November 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 – November 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 50 properties which are now available to be re-let to residents in genuine housing need. This compares to 56 re-covered properties for the full year 2014/15.

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 £900,000. The target set by CFIT for 2015/16 is to recover 52 properties (1 a week). This target will be successfully achieved and has the potential to be exceeded.

In total since the commencement of this project in 2010 the CFIT have recovered 236 properties which using the Audit Commission calculation equates to savings of just over £4.2 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. In the coming months the CFIT is planning to extend this publicity so that posters are displayed in libraries and other public places.

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.

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

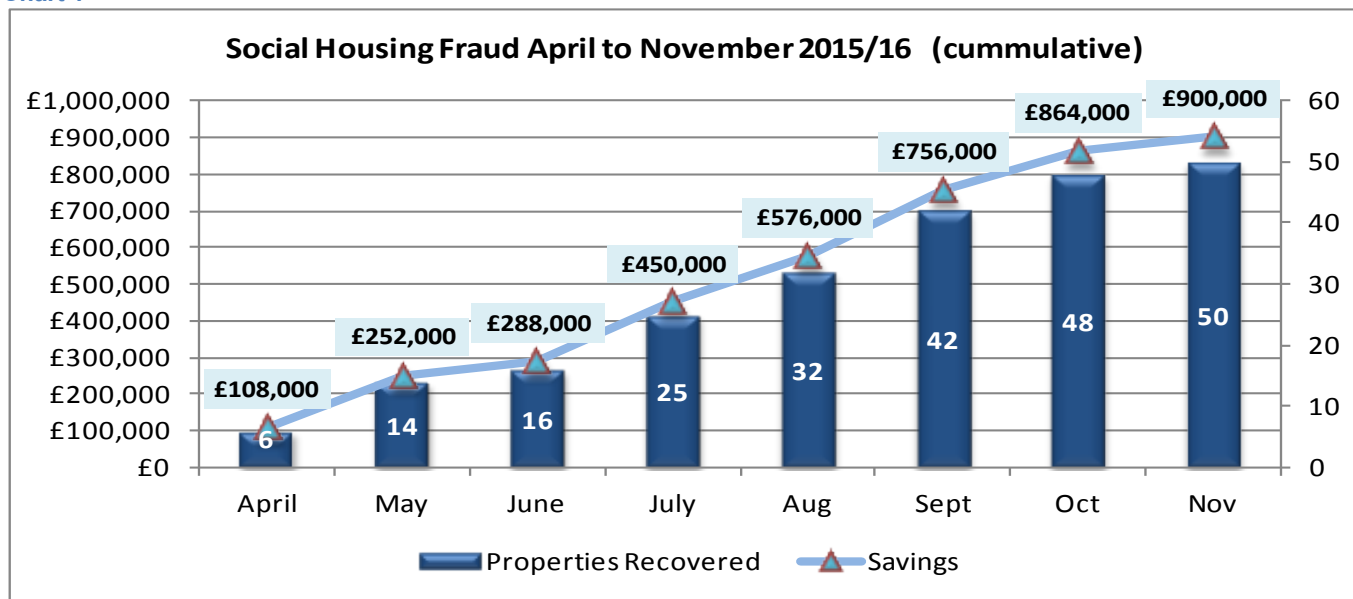
Table 1

Social Housing Fraud – number of properties recovered and savings achieved									
2015/16									
	April	May	June	July	Aug	Sept	Oct	Nov	Total
Number	6	8	2	9	7	10	6	2	50
Savings	£108k	£144k	£36k	£162k	£126k	£180k	£108k	£36k	£900k

*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



The CFIT is currently gathering intelligence to pursue prosecution of 2 social housing fraud cases. One case was identified through the CFIT 'Right to Buy' verification visit, it was established that the tenant was sub-letting the property they were trying to buy and had 2 families renting the property from them. The second case was reported by a neighbour as a sub-letting referral, on investigation this information was substantiated.

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 November 9,205 visits have been carried out, this compares to 12,026 carried out for the whole year 2014/15, projected growth of 14%. 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. 5,917 Council Tax inspection visits have been made from April to November 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 from January 2016 to March 2017 there will be approximately 1,300 new build properties being developed in Hillingdon. This represents a significant amount of additional revenue. 3,288 visits have been made between April and November 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.

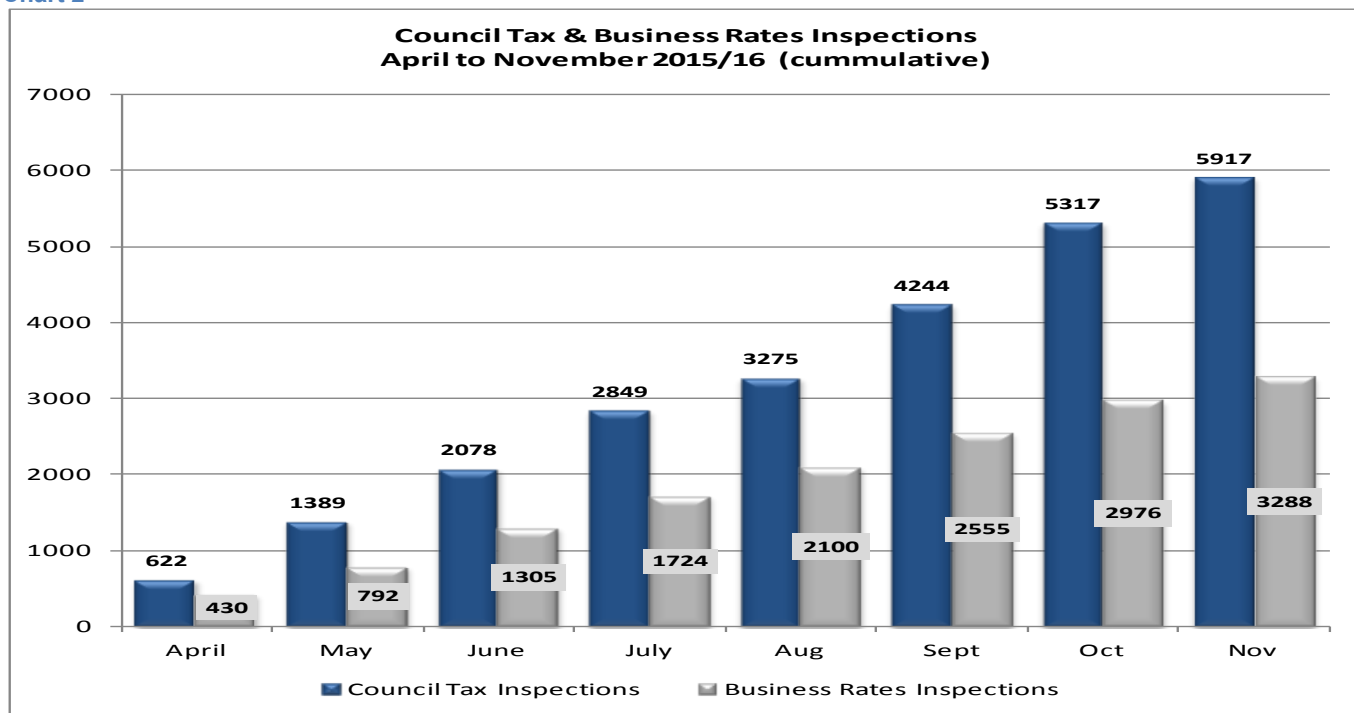
Table 2 and chart 2 show the number of visits carried out each month since April 2015.

Table 2

Council Tax and Business Rates Inspections										
	2015/16									
	April	May	June	July	Aug	Sept	Oct	Nov	YTD	Income*
Number of Council Tax Inspections	622	767	689	771	426	969	1073	600	5,917	Increase in CT revenue
Number of Business rates and New Build Inspections	430	362	513	419	376	455	421	312	3,288	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 30,088 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 4 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 103 SPD cases have been stopped resulting in an overpayment of £62k 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 247 cases have been identified resulting in an overpayment of £194k for recovery.

The fourth work stream commenced in November to match SPD claims against residents parking permits. The initial data matching has identified 278 matches which require further investigation. The investigations are likely to find that some of these matches are the result of

poor data quality, however, any confirmed data matches will be processed for further investigation.

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 72 SPD cases have been stopped resulting in a saving of £62k. 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 686 SPD claims resulting in overpayments of £459k 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	103	£62k
Notices of intention to marry checks	55	£47k
Electoral registration data matching	247	£194k
Experian credit reference agency data matching	72	£62k
In-house data matching reports	209	£94k
Total	686	£459k

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

Chart 3

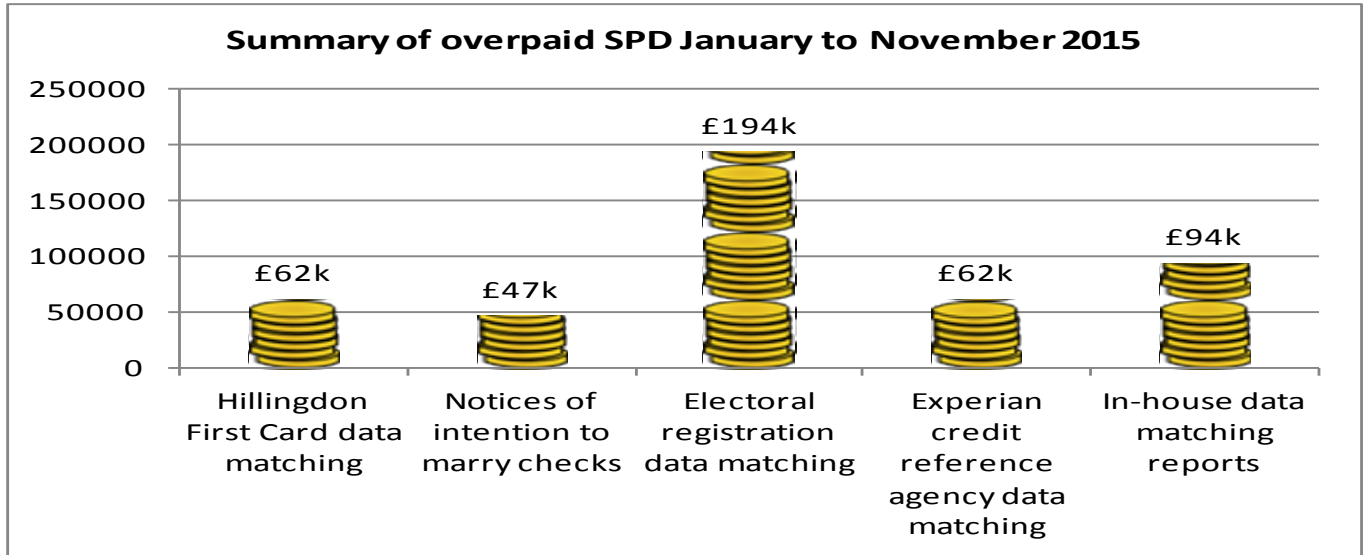
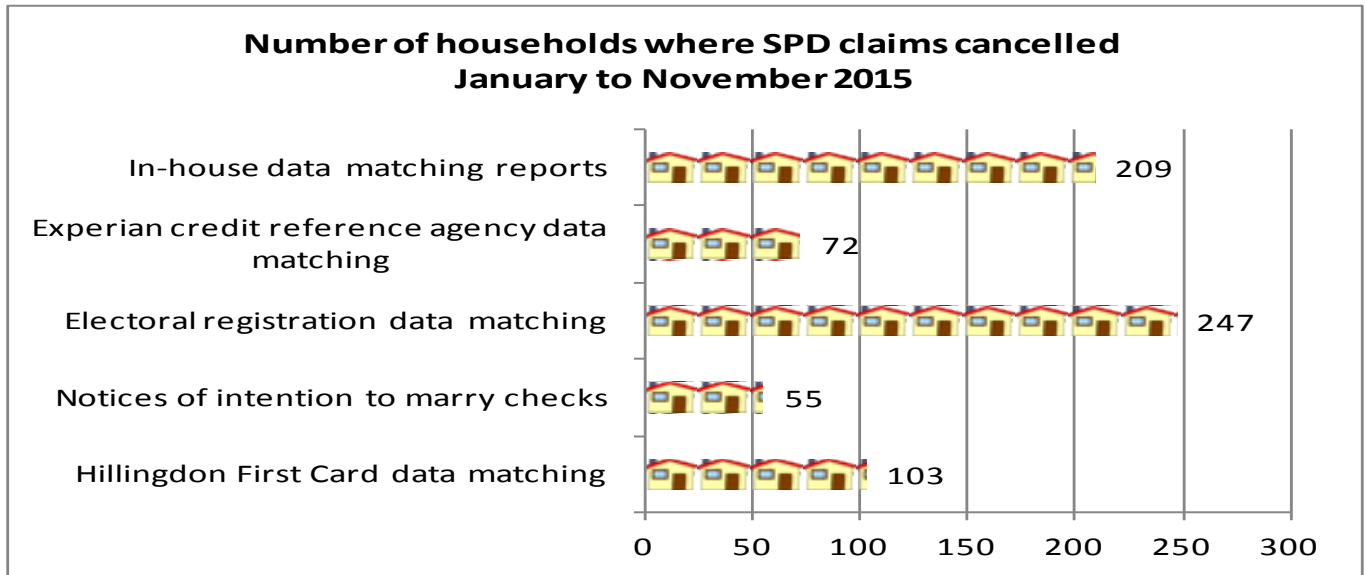


Chart 4



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

The poster opposite appears in issues of Hillingdon People and notice boards around the Borough to raise the profile of Single Person Discount abuse.

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 6 cases have been cancelled, this represents a saving of approximately £1,722 a week. The average duration of a bed & breakfast placement is 13 weeks. Therefore on these 6 cancellations alone approximately £22,386 will be saved through this activity.

Under a 3 day project carried out in November the CFIT carried out 167 visits to bed and breakfast accommodation. 3 bed and breakfast placements were cancelled and a further 11 cases are under investigation. As part of this project Rent Arrears Officers accompanied the CFIT and £8,700 rent arrears was collected. As a result of the positive impact of this intense exercise the CFIT will carry out further programmes during the year.

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 5 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 483 requests for verification have been passed to the CFIT. Of these 473 verification visits have taken place, of which 15 (3%) were found to not be eligible for housing support. A further 16 cases have been referred back to housing for advice.

Table 4

Temporary Accommodation & Housing Needs Reception		
	YTD 2014/15	Savings per week
Temporary Accommodation Cancelled	6	*£1,722
Number of cases withdrawn after CFIT contact	5	
Applications not approved after CFIT verification visit	15	
		Rent arrears payments
Bed & Breakfast 3 day visiting project		£8,700

*Average B&B placement = 13 weeks calculates to £22,386

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 97 Right to Buy verifications, following CFIT involvement 6 applications have been rejected.

The CFIT found in one of these cases that the tenant was actually living in Birmingham and her son had sublet the property on her behalf to two families, the Right to Buy application has been cancelled and we are pursuing prosecution for tenancy fraud. Two other cases concerned tenants who had applied for mortgages whilst still claiming housing benefit. The final three cases cancelled their applications following contact from the CFIT.

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	97	
Number of applications rejected	6	£542,250 (discount)

3.6 Proceeds of Crime Investigations (POCA)

The role of the Accredited Financial Investigator (AFI) 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 received £38,076 in incentivisation monies on the 30th September 2015, with the remaining £3,750 due on the 31st December 2015.

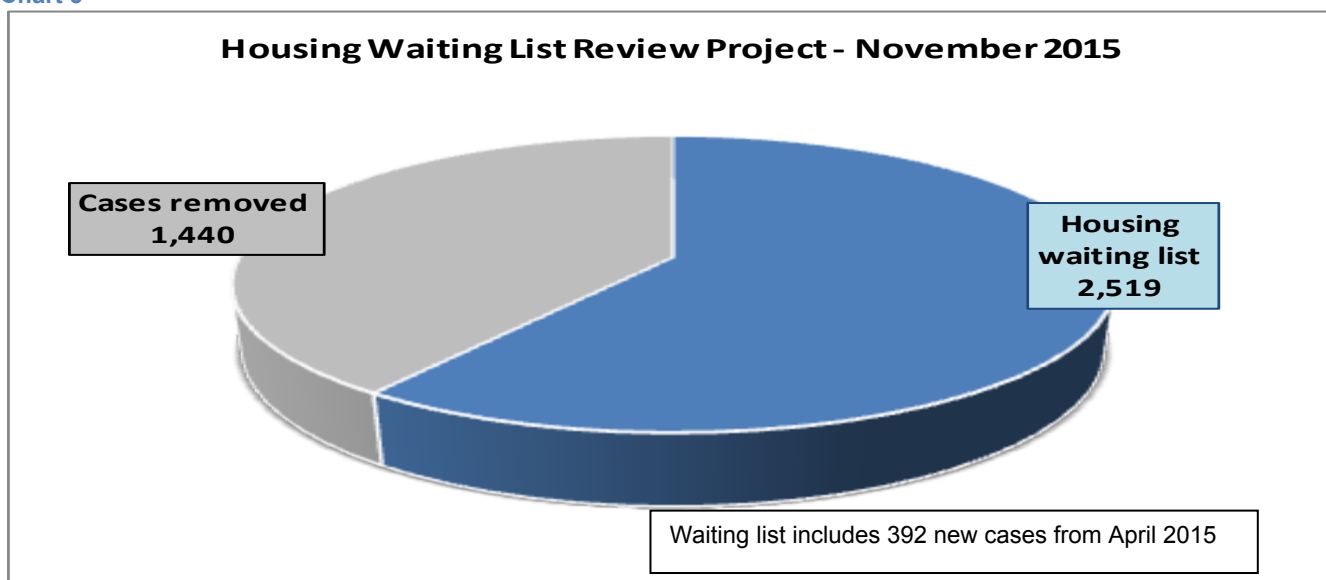
Since the 1st June 2015 a Planning Enforcement Officer has been working with the CFIT Financial Investigator on a part-time basis to ensure effective identification of cases where planning regulations have been breached. All breaches of Planning Notices since April 2013 are being considered by this project. A number of cases are currently being reviewed in order to assess their suitability for confiscation proceedings under the Proceeds of Crime Act 2002. Legal proceedings have been instituted against one landlord in respect of a breach of a planning enforcement notice. The notice related to the unlawful conversion of a private dwelling house into two self contained flats. It is estimated that the landlord has obtained in the region of £80,000 rental income through renting out the flats whilst in breach of an enforcement notice. Should a conviction be obtained, confiscation proceedings will be instituted against the landlord in respect of this rental income.

The CFIT have also completed the Council's first money laundering investigation and case papers are currently with Legal Services. This involved working closely with the Council's Trading Standards Service regarding the investigation of a seller of counterfeit tobacco products. The investigation showed that the seller used the proceeds of his sale of counterfeit goods to finance the purchase of a property. Should a conviction be obtained, confiscation proceedings will be instituted.

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 applications 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 1,440 applications have been removed from the waiting list. In the process of this exercise the CFIT has also identified 20 cases where the household has been incorrectly claiming Single Person Discount for Council Tax which totals £12.7k. This review project will be ongoing in 2015/16 to carry out enhanced checks on the remaining cases on the waiting list. Currently there are 2,519 applications on the housing waiting list; this includes new people added to the list since the project began.

3.8 Enhanced Recruitment Verification

HR are presenting a report for approval by the Corporate Management Team in December to commence a pilot project where from April 2016 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. Both of these cases have been prosecuted. One was a case of a mother misusing a badge which had been issued for her son. Her son was at school at the time she was using the badge. She was ordered to pay £300 in total for this offense. The other case concerned a son using his mothers badge and was ordered to pay £996 in total. These cases will be publicised in Hillingdon People. These prosecutions were a result of good collaborative work with the police.

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.

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 continue to work with the Police to see if there are any other matches we could undertake.

3.11 Mobile working

Mobile technology has been introduced to support CFIT operations. Under the new system verification visit requests are sent directly to CFIT Housing Inspection Officer's mailbox which they access through laptops. Information obtained during the visit is completed directly onto Hillingdon's operating system ensuring that information used by housing staff is accurate and up to date. The CFIT Housing Inspection Officers work across a 24/7 schedule and so accessing new visit requests whilst they are out in the field increases productivity with improved response rates. This produces cost efficiency in their time and reduces mileage costs by removing the need to return to the civic centre to collect work and update records.

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 future CFIT performance report.

3.13 Trading Standards

Following a BID review the responsibility for Trading Standards has been transferred to the CFIT from November 2015. This will enhance the opportunities for joint working and achieve efficiency of skills and resources.