

Corporate Fraud Investigation Team Progress Report April to May 2016

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REASON FOR ITEM

To inform members of the work undertaken by the Corporate Fraud Investigation Team (CFIT) for April to May 2016.

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 2016 included:

- Social Housing fraud
- Council Tax/Business Rates inspections
- Single Person Discount (SPD)
- Residency and Verification checks
- Right to Buy investigations
- Proceeds of Crime investigations
- Housing Waiting List
- Enhanced Recruitment Verification
- Council Tax Reduction Scheme (CTR)
- Trading Standards
- Blue Badge
- Bad debts
- Students
- Unaccompanied Asylum Seekers

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 2016 – May 2016

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, verification and repairs visits or telephone calls to the fraud hotline. In 2015/16 the CFIT has recovered 74 properties which are now available to be re-let to residents in genuine housing need. In April and May this year 11 properties have already been recovered.

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. The target set by CFIT for 2016/17 is to recover 52 properties (1 a week).

In total since the commencement of this project in 2010 the CFIT have recovered 271 properties which using the Audit Commission calculation equates to savings of just over £4.9 million.



To promote this project the Blow the whistle on Housing Cheats poster appears in Hillingdon People and Council reception areas. This helps to generate calls to the 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.

An article in the March/April edition of Hillingdon People reported on a Social Housing Fraud case. This informed residents of a recent case where Housing Investigation Officers identified that a tenant was not living in their 2 bed property and they had also put in a Right to Buy application for this address.

As a result of this investigation the tenancy was terminated and the Right to Buy was cancelled. This property was then allocated to tenants who wanted to downsize from a 4 bed property. The tenants in the photograph are very happy and settled in their new 2 bed property which they find more manageable and suitable for their needs.



These tenants vacated a 4 bed property meaning this was then available to house a family in genuine need of large accommodation.

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

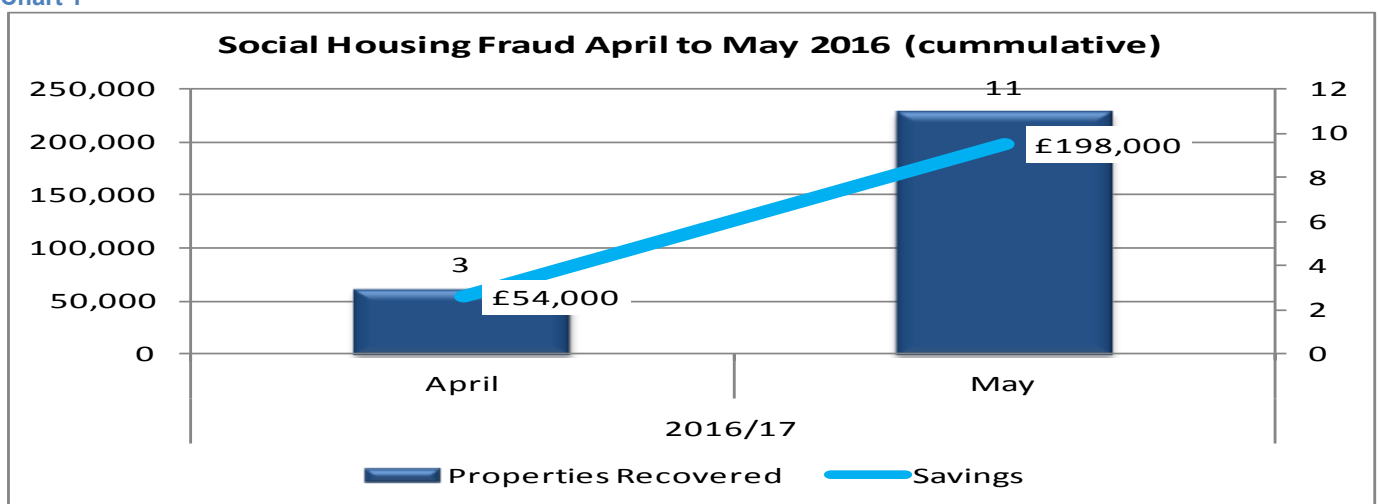
Table 1

Social Housing Fraud – number of properties recovered and savings achieved			
2016/17			
	April	May	Total
Number	3	8	11
Savings	£54,000	£144,000	£198,000

*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 2016.

Chart 1



In April 2016 the CFIT commenced a new project in partnership with the Housing repairs service. The repairs service is required to carry out annual Gas Safety checks on all council owned properties. If they are experiencing problems gaining access cases are referred to the

CFIT for further investigation. Since April this year this project has identified 4 cases where the property was unoccupied and was returned to the housing stock for re-allocation.

Inter-departmental working is essential in combating social housing fraud. For example working with education in connection with children permanently missing education which could relate to abandoned or sub-let properties.

The CFIT also deliver presentations about their work to various staff groups across the Council to raise awareness. One such presentation to caretaking staff prompted a caretaker to refer a property he suspected was being sublet, this was investigated and this suspicion was confirmed. This property has now been returned to housing stock for re-allocation.

3.2. Council Tax and Business Rates Inspections

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

In April and May 2016 there have been 2,547 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 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. 1,756 Council Tax inspection visits have been made from April 2016 to May 2016. These visits included checks on 514 properties that were recorded as long term empty (properties empty in excess of 6 months). Of these 172 were identified as occupied. This meant that 342 properties were actually unoccupied which was a reduction of 121 on our last Government Return on 5th October 2015. The Government rewards Councils for reducing the number of unoccupied properties under the New Homes Bonus Scheme. If this success is maintained the Council will receive approximately £188k per annum from 2017/18.

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. 791 visits have been made between April 2016 and May 2016 to check Business Rates and New Build Inspections.

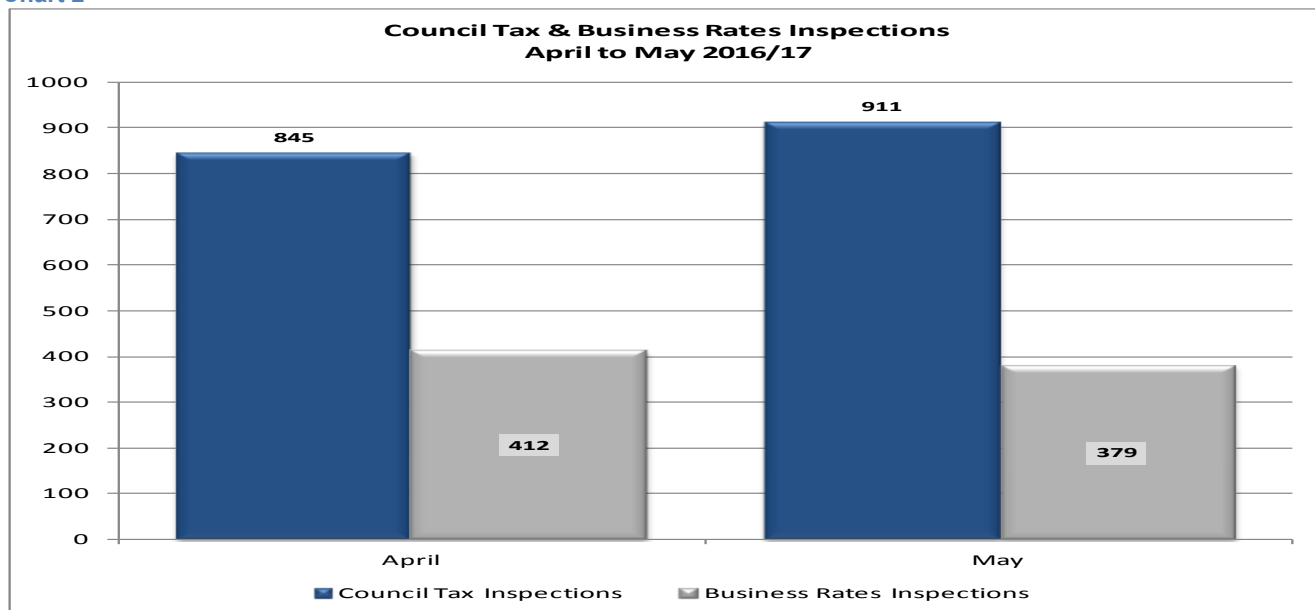
The robust visiting programme continues in 2016/17 working with internal partners such as planning to monitor new developments with the aim of maximising revenue potential. Table 2 and chart 2 show the number of visits carried out each month since April 2016.

Table 2

Council Tax and Business Rates Inspections			
		Number of Council Tax Inspections	Number of Business rates and New Build Inspections
	April	845	412
	May	911	379
	YTD 2016/17	1,756	791
	Income★	Increase in CT revenue	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 29,800 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 5 work streams to match internal data sources against SPD claims.

Under the first work stream Hillingdon First card applications are automatically data matched to SPD records on a daily basis. This process establishes if more than one person is registered for a Hillingdon First card at an address where SPD is being claimed.

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 are matched to SPD claims.

The third work stream involves data matching SPD records with the Electoral register. This establishes if more than one person is registered at an address.

The fourth work stream concerns SPD reviews where visits are made to verify occupancy of a property where SPD is being claimed. Properties in the higher council tax bandings are being targeted, if these are found to be incorrect there will be a greater financial return.

A new fifth work stream will commence in August 2016. This will involve school places applications. Applications include household composition information and this will be data matched against SPD records.

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 legal repercussions.

We have also run some additional in house reports to compare information on different systems.

Since April 2016 the CFIT have cancelled 128 SPD claims resulting in overpayments of £96k as shown in table 3.

Table 3

Council Tax - Single Person Discount – since April 2016		
Workstream	Number of claims stopped	Overpaid SPD
Hillingdon First Card data matching	15	£7k
Notices of intention to marry checks	28	£18k
Electoral registration data matching	64	£53k
SPD reviews	2	£2k
In-house data matching reports	19	£16k
Total	128	£96k

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

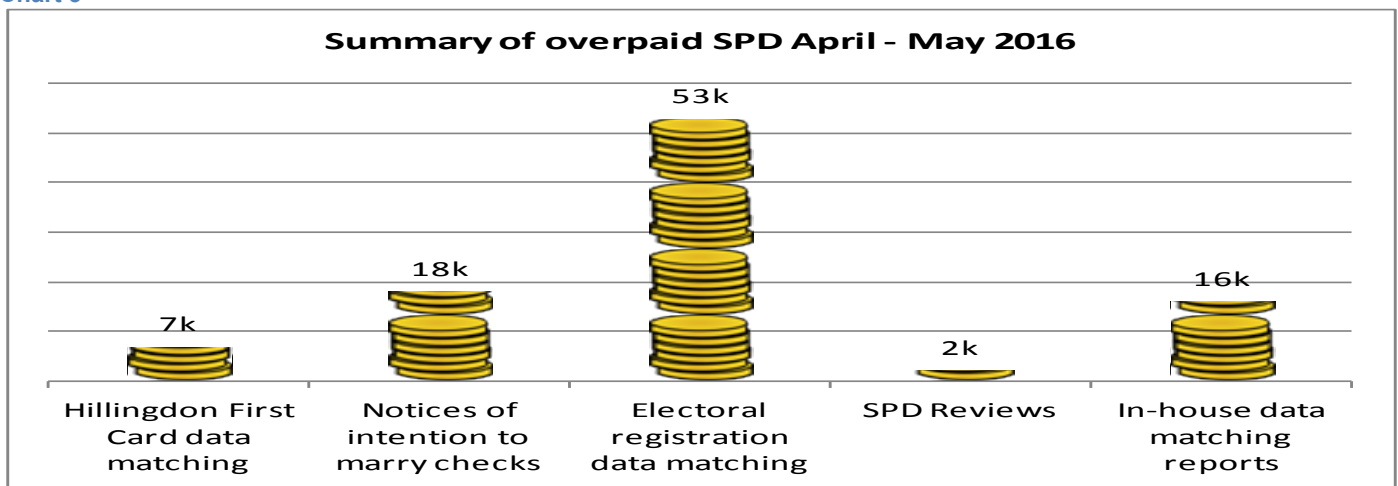
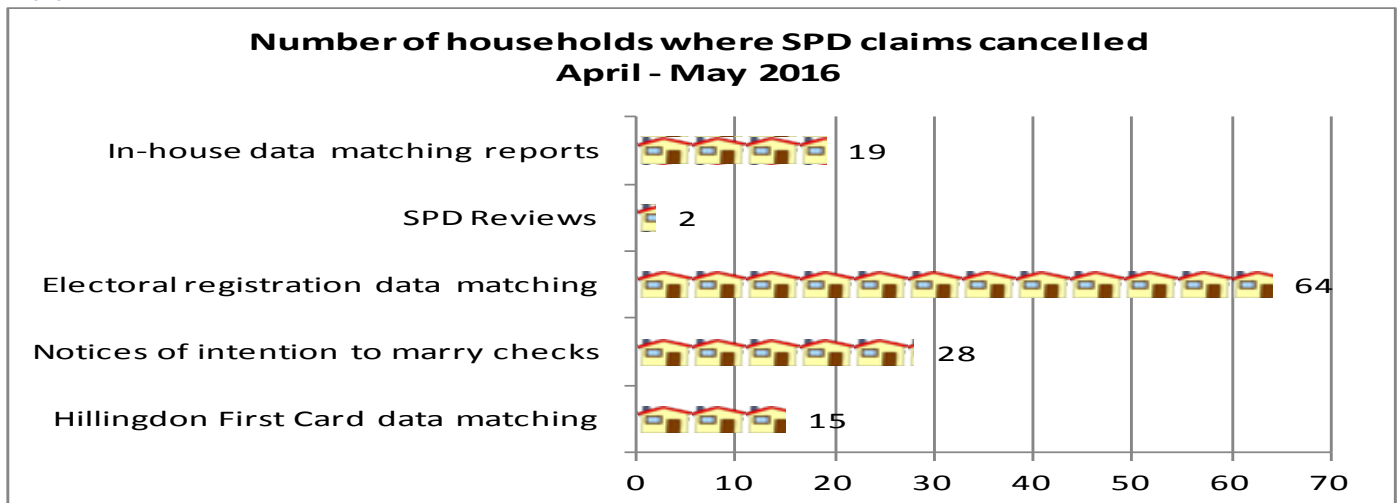


Chart 4



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



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 Residency and Verification checks

The aim of this project is to prevent false 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.

Since April 2016 there have been 2 bed and breakfast accommodations recovered as they were unoccupied by clients who claimed to have been homeless. At the end of June 2016 an exercise is planned to visit all bed and breakfast accommodation to check residency. This visiting programme will be carried out by CFIT, Housing Options and Housing Rents staff.

The CFIT will continue to carry out unannounced visits to Bed & Breakfast/Temporary Accommodation to verify residency throughout the year. The average duration of a bed & breakfast placement is 17 weeks. Therefore for the 2 cancellations so far this year approximately £9,758 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.

From March 2016 the CFIT have taken over the responsibility of verifying the circumstances of people on the housing waiting list prior to their imminent offer of permanent accommodation. This is to ensure they are still eligible before the offer is made. The verification process put in place by the CFIT is more robust and includes a wider range of thorough checks. These checks are being processed quicker and are now carried out within 2 days. Verifications take place over a 24 hour period 7 days a week. The service provided has been well received by residents who have been grateful for the flexibility of visit times to suit their availability. To date 476 verification checks have taken place. Of these 5 were found to not be eligible for housing support.

Table 4

Residency & Verification Check cancellations		
	YTD 2016/17	Savings per week
Temporary Accommodation Cancelled	2	★£574
CFIT verification check	5	
Total savings		£9,758

★Average B&B placement = 17 weeks calculates to £4.879

3.5 Right to Buy

Right to Buy applications are verified by the Corporate Fraud Investigation Team. Since April 2016 verifications have been carried out on 20 cases and of these none have been found to be incorrect. An Officer from the CFIT regularly attends London Right to Buy Peer Group meetings. From these meetings it is apparent that Hillingdon is currently carrying out all the relevant checks and investigations in this area of fraud prevention and detection. In April 2015 the Hillingdon CFIT designed a new form to be completed by Right to Buy applicants. This form has been adopted by other local authorities preventing fraudulent applications,

3.6 Proceeds of Crime Investigations (POCA)

The role of the Accredited Financial Investigator (AFI) is crucial in the fight against crime. 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. Hillingdon Council has two fully qualified AFIs.

During 2015/2016, three confiscation orders, totalling £47,610.70 were obtained. These related to three defendants involved in the importation and distribution of counterfeit goods. Confiscation orders obtained prior to 2015 continued to be paid off during 2015/2016 with payments totalling £589,533.25 being made. The majority of these payments related to a security alarms company. Hillingdon Council has received £93,485.36 in incentivisation money from the Home Office in respect of these orders with the remaining £127,589.61 due on 30 June 2016.

Since April 2016 CFIT has successfully obtained a £9,500 confiscation order against a rogue landlord who had erected an unlawful outbuilding in the garden of his property. He then rented out rooms in both the outbuilding and the main house in contravention of planning and housing legislation.

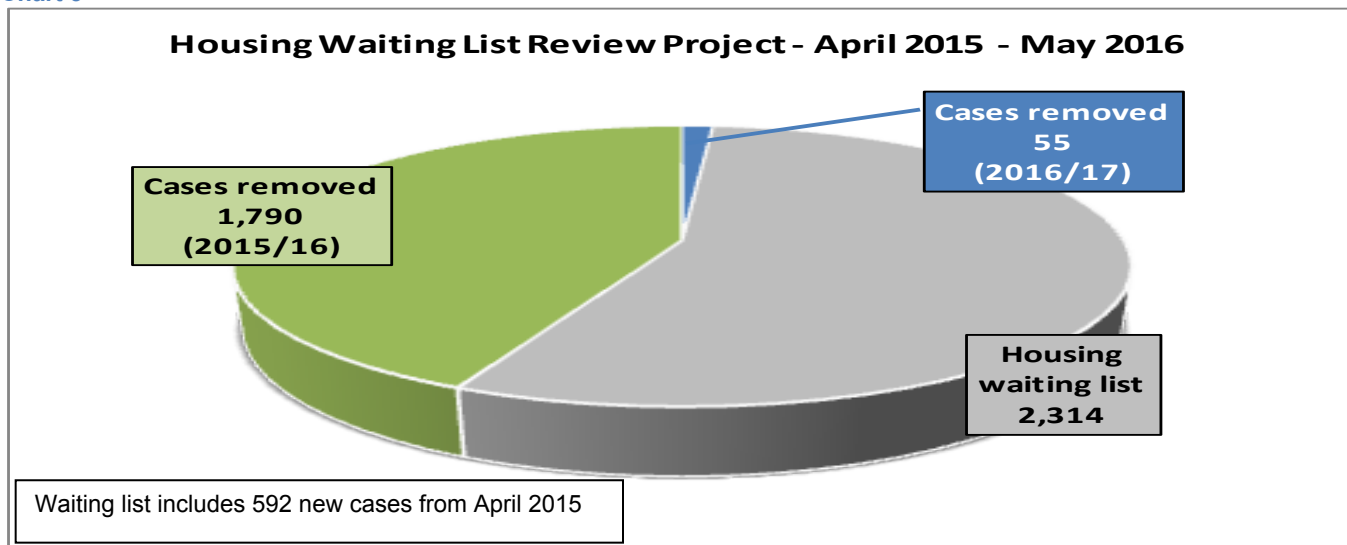
Five cases are currently under investigation, three relate to breaches of planning control and two relate to breaches of trading standards legislation.

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 1,845 applications have been removed from the waiting list. Of these, 55 have been removed since April 2016. In the process of this exercise the CFIT has also identified 29 cases where the household has been incorrectly claiming Single Person Discount for Council Tax which totals £13.5k. This review project will be ongoing in 2016/17 to carry out enhanced checks on the remaining cases on the waiting list. At 4th April 2016 there were 2,314 applications on the housing waiting list; this includes new people added to the list since the project began.

3.8 Enhanced Recruitment Verification

HR have presented a report which was approved by the Corporate Management Team in December 2015. A pilot project has been re-scheduled to commence in September 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 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 reports.

3.10 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.

In order to raise awareness of the work of the Trading Standards Team an article appeared in the March/April edition of Hillingdon People. This informed residents of the effectiveness of the Trading Standards Team and the specific areas they cover. The aim of this article was to promote the reporting of suspected breaches of Trading Standards legislation.

HILLINGDON community safety

Protecting Hillingdon consumers

The council's Trading Standards team ensures businesses are aware of their obligations to consumers and do not infringe consumer protection laws. They work hard to protect vulnerable residents from rogue traders, reduce anti-social behaviour by controlling the sale of age-restricted goods, block the trade in counterfeit goods to protect legitimate businesses, protect consumers from shoddy and unsafe goods, make sure prices are correct, disrupt linked criminal activity and enforce legislation governing the accuracy of commercial weighing and measuring equipment.

The council receives details of complaints from Citizens Advice and routinely investigates tip-offs.

Recent examples of the council's work in protecting Hillingdon residents:

Unsafe hoverboards destroyed

More than 43,722 hoverboards were detained nationally during the lead up to Christmas and the start of January, as numbers spiked at UK entry points. There were 22 consignments examined by Hillingdon officers at Heathrow, containing 2,104 self-balancing scooters, of which, 1,974 were deemed unsafe and destroyed.



Major safety risks have been identified with the goods, including issues with plugs, cables, batteries and cut-off switches. These faults can cause the product to overheat, explode or catch fire.

Cllr Bianco, Cabinet Member for Finance, Property and Business Services, said: "Protecting consumers from harm is a top priority for the council and these numbers reveal how volatile these products currently are. Preventing hundreds of unsafe boards from being released onto the market is a win for the council and consumers."

Illicit tobacco and alcohol seized

The council took part in two planned operations in September and December 2015 to tackle counterfeit and non-duty paid tobacco.

In September following resident complaints, raids were conducted at premises in Hayes. The multi-agency operation was led by the Trading Standards team with assistance from HMRC; the police; and Wagtail

UK, an organisation who provide expertly trained sniffer dogs.

In total, 36,405 cigarettes, 17,200g hand rolling tobacco and 20,083g of chewing tobacco were seized.

In December, a national operation managed by the Chartered Trading Standards Institute, saw the council lead a boroughwide raid, assisted by the council's Fraud team, police and Wagtail UK.

In total, 2,798 cigarettes, 2,200g hand rolling tobacco and 21 packets of chewing tobacco were seized. 779 bottles and cans of illegal alcohol were also recovered.

Licence reviews and prosecutions will now be undertaken.

The council regularly receives tip-offs and complaints regarding illicit sales of tobacco and alcohol and carries out frequent checks and searches. Businesses who sell such goods risk losing their licences and face prosecution, which can result in hefty fines.



ILLICIT GOODS
Left: Hoverboards seized
Far left: Alcohol recovered
Below: Sniffer dog finds hidden tobacco

Operation Liberal targets doorstep crime

The team visits a number of doorstep crime incidents throughout the year, where criminals cold call residents at their homes, targeting the vulnerable and taking advantage of householders by using high-pressure sales techniques.

Victims are often persuaded to pay for work that is not required, substandard, expensive or not contracted.

Every year, the council takes part in the multi-agency national Operation Liberal, where councils and police work together to take part in a week of targeted visits to raise awareness of and tackle doorstep crime.

The council urges residents to always check identification of callers. Even if it looks legitimate, contact the organisation to verify they are who they say.

i To report fraud visit www.actionfraud.org.uk or call 0300 123 2040. The Metropolitan Police has issued *The Little Book of Big Scams*, in which they list all of the most common and sophisticated scams. It is available on the fraud alert link on www.hillingdon.gov.uk/scams

Counterfeit goods possession costs man £40,000

Using the Proceeds of Crime Act, in December 2015, we successfully obtained a confiscation order in the sum of £40,000 at Isleworth Crown Court, after 29,000 counterfeit items were found in a self-storage lock up in Hayes.

Tarlochan Singh Bindra, 32, of West Drayton, was given three months to pay the sum, with a default prison sentence of 17 months.

The Trading Standards team routinely visits a number of self-storage locations across the borough. In February 2013, in the unit rented by Bindra, they found fake Beats by Dr Dre headphones, Sony watch batteries and cigarette lighters bearing the trademarks of Chelsea, Liverpool and Manchester United Football Clubs.

Bindra was prosecuted for possessing the counterfeit goods in November 2014, pleading guilty to 10 charges. He was sentenced to 10 weeks imprisonment (suspended for 12 months) and 100 hours of unpaid work.

Cllr Bianco, said: "This was a great outcome for the council, illustrating

that crime does not pay in the end. If anyone offers you suspiciously cheap goods, you should not get involved. Take their details and report them to the council or Citizens Advice. The money we have reclaimed will allow the council to invest in frontline services that matter to you."



i If you suspect businesses or traders are not following consumer protection laws, report them to the Citizens Advice consumer helpline on 03454 04 05 06

In April and May 2016 there were 53 new complaints and service requests received. These ranged from reports of sales of age-restricted goods to minors, sales of counterfeit goods, and unsafe consumer products to requests for business advice and guidance.

An Officer took part in national Operation Liberal targeting Doorstep Crime, accompanied by a Police Officer. 27 builders were spoken to and checks carried out to ensure that the required information was being given to householders. The opportunity was also taken to raise awareness of doorstep crime and how to prevent falling victim to rogue traders.

2 (Alcohol) Premises Licences reviews were initiated by Trading Standards as a result of joint enforcement visits which took place last year in partnership with the Police and Her Majesty's Revenue and Customs (HMRC). Counterfeit and non-duty paid alcohol and tobacco was found on the premises; one licence was revoked by the Licensing Sub-committee (decision now subject to appeal at the Magistrates' Court), and new conditions were added to the second. A Simple Caution was issued to a third trader on whose premises a small quantity of counterfeit tobacco was found. A review of his premises licence is due to take place shortly.

A Trading Standards Officer made a short presentation on Cyber Fraud at Hillingdon Expo held recently at Brunel University

3.11 Blue Badge

Two targeted operations in conjunction with the police are planned for 2016/17.

3.12 Bad Debts

In May the CFIT began working with the Council's Specialist Recovery Team (SRT). The CFIT have taken over cases where it is proving difficult to recover the debt even after bailiff involvement. The CFIT have developed a comprehensive investigations process because of their enhanced access to external systems and availability to visit 24 hours a day 7 days a week.

One example involved a landlord who owns numerous properties and had Council Tax debts of over £30k. This landlord had been evasive to contact with the SRT and continually broken payment agreements. Following an investigation and interview with the CFIT the landlord paid £5,000 in a lump sum and has agreed to pay £2,000 a month of the arrears. The landlord is aware that if this agreement is broken further legal action will be taken by the Council.

It was evident from the interview that the landlord was very concerned at the implications from the involvement of the Fraud team and therefore wanted to resolve the issue.

Early indications suggest that this project will be very productive in the future in respect of generating additional revenue for the Council.

3.13 Students

Since April 2016 a new project to look at student council tax exemptions commenced. There are currently 874 properties where students are registered as exempt from Council Tax in Hillingdon, the majority of these are Brunel students. The CFIT are in the process of negotiating access to the Brunel student database to facilitate data matching with the Council Tax student list. Initial checks (without the Brunel list) have identified 9 cases where exemptions should not be granted. This generated an additional £4,500 income.

3.14 Unaccompanied Asylum Seekers

The CFIT has been asked by the Corporate Director of Children's Social Care to work with Social Care staff to verify the circumstances of asylum seekers financially supported by social care. Updates on this project will be provided in future reports.

4. CFIT Work Plan for 2016/17

The following Work Plan provides an indication of the CFIT planned work programme for 2016/17.

	What difference will this make
Housing	
Housing verifications	<ul style="list-style-type: none"> • Allocation to residents in genuine Housing need
Bed & breakfast checks	<ul style="list-style-type: none"> • Ensure residents eligibility to the service
Temporary accommodation	<ul style="list-style-type: none"> • Ensure residents eligibility to the service
Social Housing Fraud	<ul style="list-style-type: none"> • Recovery of unlawful use of Council properties • Allocation to residents in genuine housing need
Housing waiting list	<ul style="list-style-type: none"> • Ensure residents eligibility to the service, reduction in waiting list
Housing applications	<ul style="list-style-type: none"> • Ensure residents eligibility to the service • Allocation to residents in genuine Housing need
Right to Buy	<ul style="list-style-type: none"> • Ensure residents eligibility
Council Tax Revenue	
Single Person Council Tax Discount	<ul style="list-style-type: none"> • Ensure residents eligibility to the discount • Increased revenue
Student Council Tax discount	<ul style="list-style-type: none"> • Ensure residents eligibility to the discount • Increased revenue
Council tax inspections	<ul style="list-style-type: none"> • Increased revenue
Business rates inspections	<ul style="list-style-type: none"> • Increased revenue
Targeted projects	
Blue Badge checks	<ul style="list-style-type: none"> • Reduction in misuse of scheme, increase parking availability to genuine badge holders
Enhanced recruitment verification	<ul style="list-style-type: none"> • Suitable qualified staff recruited • Protect Council reputation • Reduction in recruitment costs
Proceeds of Crime investigations	<ul style="list-style-type: none"> • Increase revenue • Prevents future abuse
Recovery of bad debts	<ul style="list-style-type: none"> • Increase revenue
Data matching	<ul style="list-style-type: none"> • Increase revenue • Ensure residents eligibility to services
Trading Standards investigations	<ul style="list-style-type: none"> • Reduction in abuse of legislation, eg selling of illegal tobacco or alcohol
Mobile working	<ul style="list-style-type: none"> • Improved efficiency, increased checks and investigation capacity
Cross departmental working	<ul style="list-style-type: none"> • Ensure residents eligibility • Increase revenue • Appropriate use of Council funds