

Corporate Fraud Investigation Team Progress Report 2016/17 financial year and April to May 2017

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REASON FOR ITEM

To inform members of the work undertaken by the Corporate Fraud Investigation Team (CFIT) for the 2016/17 financial year and for April to May 2017.

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 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
- National Fraud Initiative (NFI)
- Trading Standards
- Blue Badge
- Bad debts
- Unaccompanied Asylum Seekers
- Benchmarking

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 2016/17 financial year and April to May 2017

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. Through this work recovered properties are 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.

The target set by CFIT for 2016/17 was to recover 52 properties (1 a week). In 2016/17 this was exceeded as 64 properties were recovered. The target for 2017/18 has been set at recovering a further 52 properties, as at 15th May 3 properties have been recovered.

In total since the commencement of this project in 2010 the CFIT have recovered 327 properties which using the Audit Commission calculation equates to savings of just over £5.8 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.

CFIT Officers attend Housing Department Team Meetings to promote the identification of social housing fraud to generate referrals.

Currently Hillingdon is pursuing one case for prosecution. This case was referred by a resident who suspected a neighbour of sub-letting their flat. CFIT Officer carried out an evening visit and found the flat was occupied by an unauthorised person who said they had rented the flat through Spare room.co.uk and she was paying £750 per calendar month. The CFIT Officer arranged for Homeless Prevention to assist this sub-tenant to source alternative accommodation. The council tenant has been given notice to quit and the possible prosecution action is on-going under the Prevention of Social Housing Fraud Act 2013.

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

Table 1

Social Housing Fraud – number of properties recovered and savings achieved

2016	Number	Savings
2016/17	64	£1,152,000
April 2017	1	£18,000
May 2017	2	£36,000

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

Chart 1 shows the cumulative properties recovered and saving from April 2016 to March 2017.

Chart 1

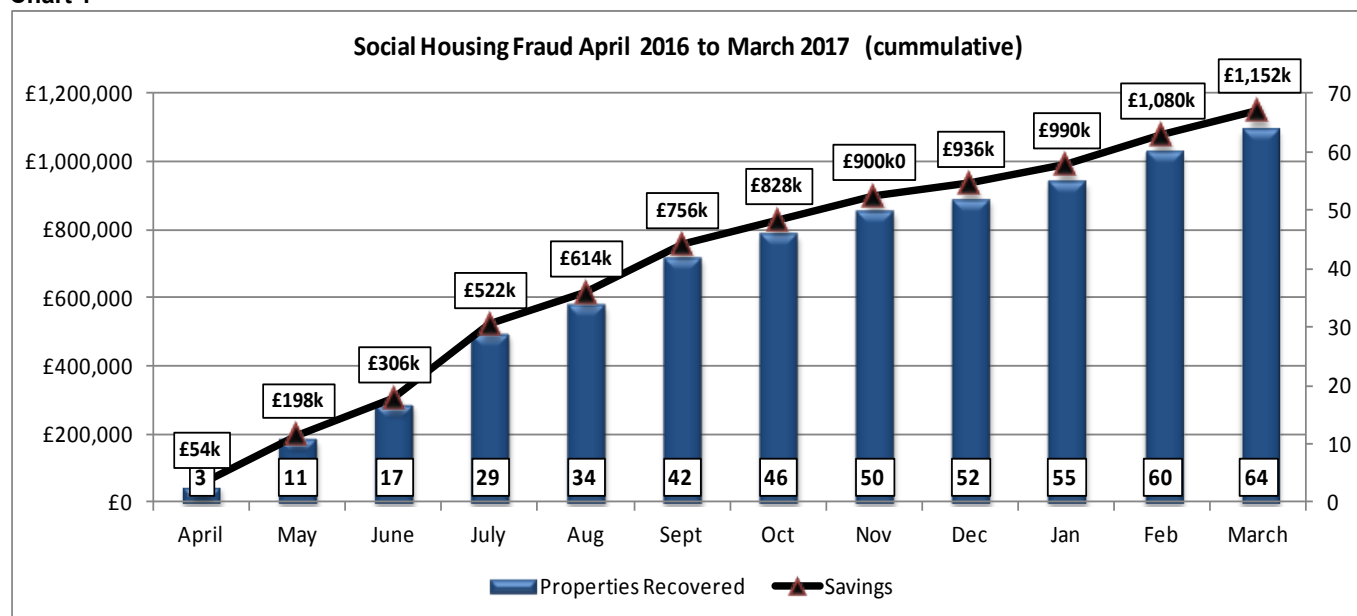


Chart 2 shows the cumulative properties and saving from April to May 2017.

Chart 2

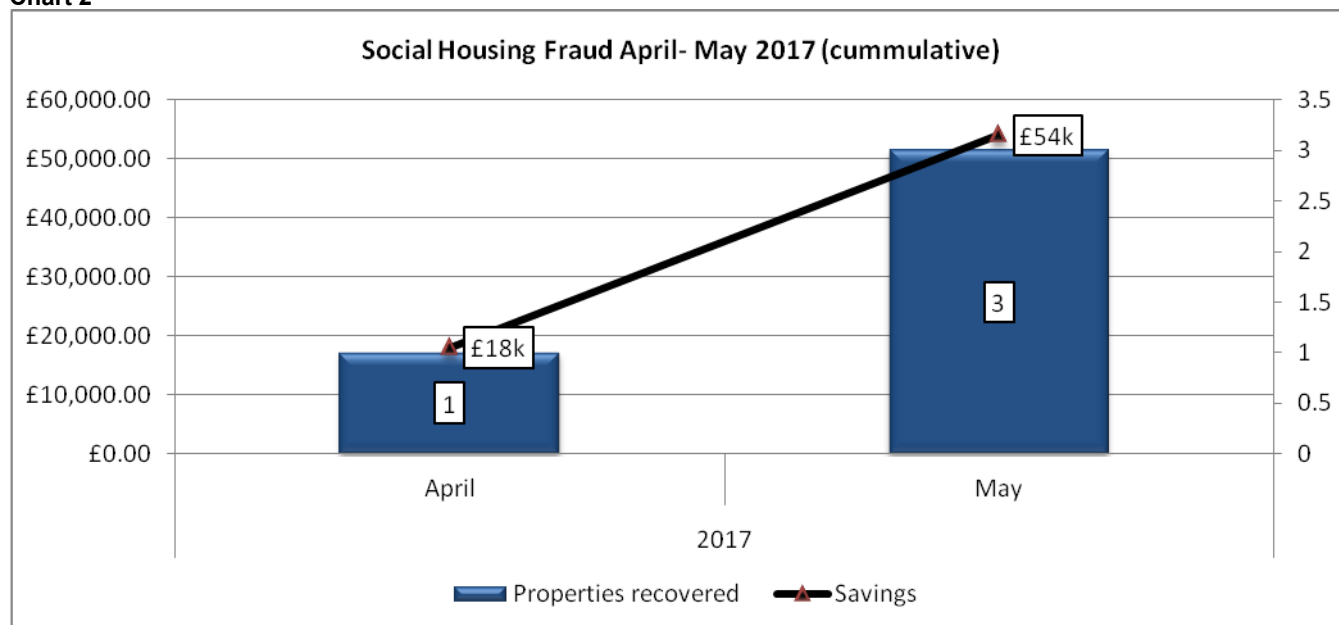


Table 2 shows a summary of the project outcomes since it commenced in October 2010 and the associated savings.

Table 2

Total Social Housing recovery and Savings since project commenced		
	Number of properties recovered	Savings
1.10.10-31.3.11	2	£36k
2011/12	28	£504k
2012/13	42	£756k
2013/14	58	£1,044k
2014/15	56	£1,008k
2015/16	74	£1,332k
2016/17	64	£1,152k
April to May 2017	3	£54k
Total	327	£5,886k

Under the Government's National Fraud Initiative the CFIT have recently been provided with data which highlights Hillingdon tenants who may also have tenancies in other Local authorities.

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 2016/17 there were 9,956 visits. Visits were made to 951 properties from April to May 2017. 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.

In April 2016 the criteria for exemptions changed. Any new cases from April are only entitled to 21 days exemption rather than 6 months as previously. This change has reduced the need for repeated visits and therefore the numbers of Council Tax inspections have reduced from September 2016.

5,670 Council Tax inspection visits were made in 2016/17. From April to May 2017 a further 306 visits have been made.

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 was estimated that from January 2016 to March 2017 there would be approximately 1,300 new build properties being developed in Hillingdon. This represents a significant amount of additional revenue. 4,286 visits were made in 2016/17 to check Business Rates and New Build Inspections. From April to May 2017 an additional 645 visits have been made.

The robust visiting programme continues in 2017/18 working with internal partners such as planning to monitor new developments with the aim of maximising revenue potential. Table 3 and charts 3 and 4 show the number of visits carried out for 2016/17 and for April to May 2017.

Table 3

Council Tax and Business Rates Inspections		
	Number of Council Tax Inspections	Number of Business rates and New Build Inspections
2016/17	5,670	4,286
April 2017	194	275
May 2017	112	370
Income①	Increase in CT revenue	Increase in Business Rate/New Build revenue

①Data 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 3

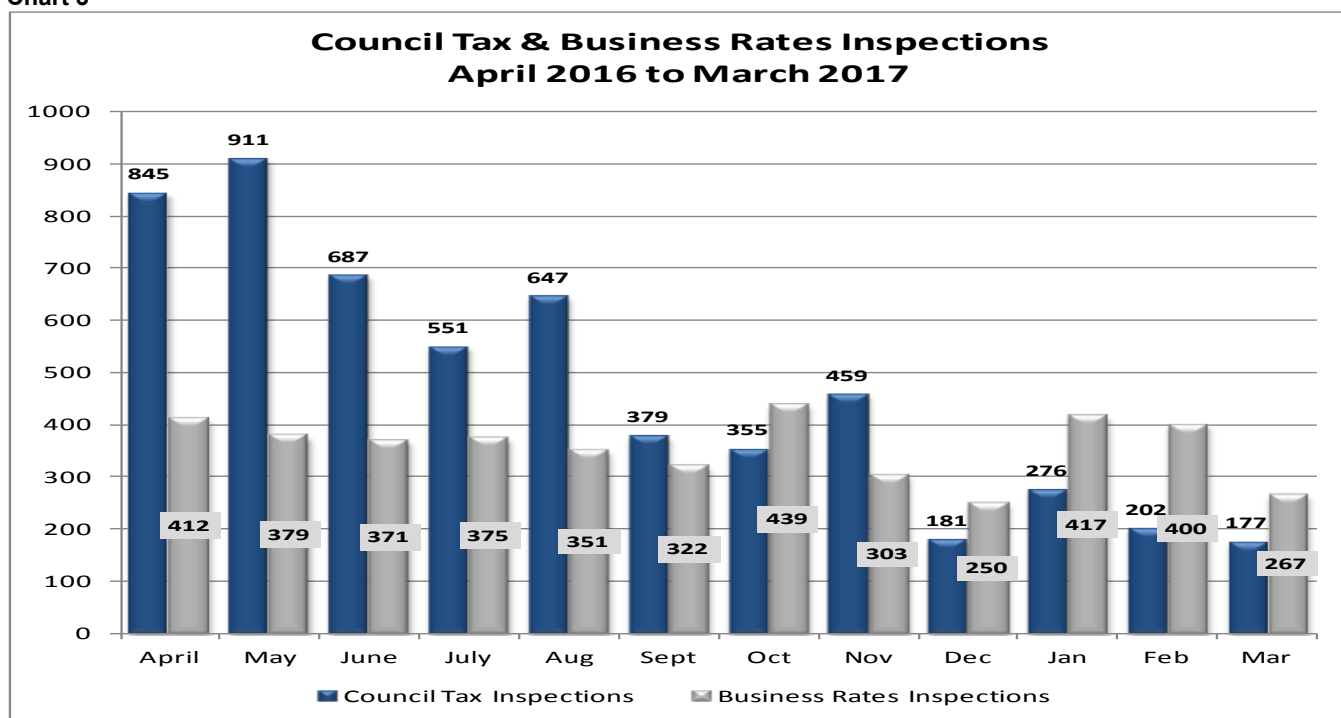
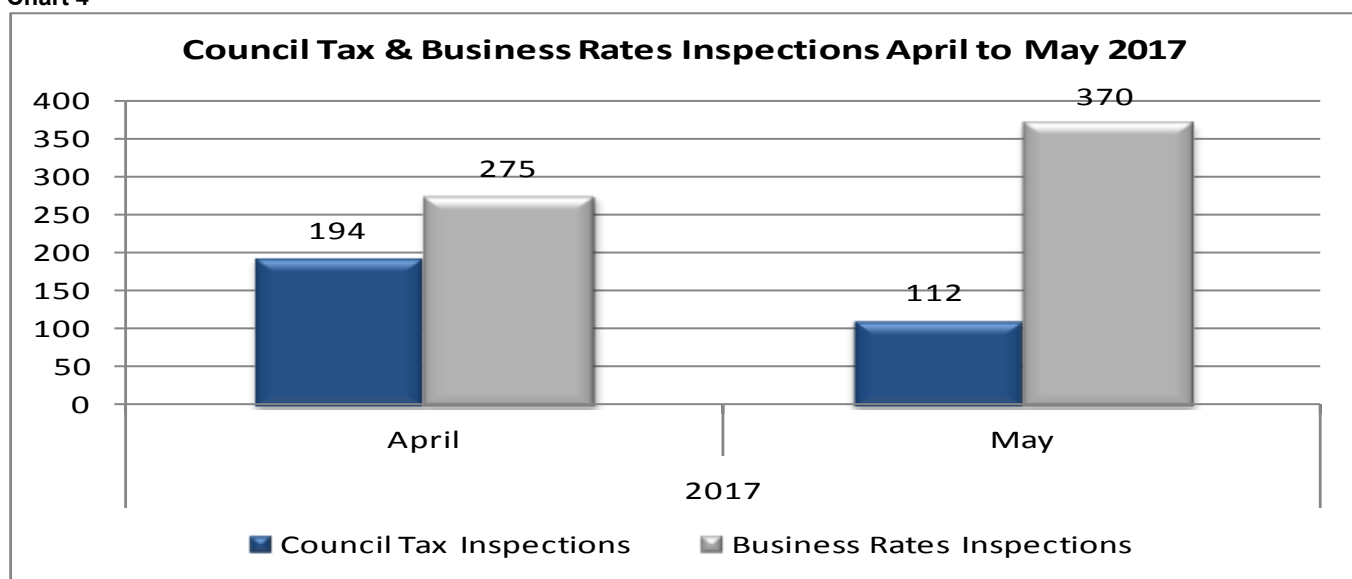


Chart 4



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 29,410 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 as if these are found to be incorrect there will be a greater financial return.

A fifth work stream commenced in August 2016. This involves in-house data matching against SDP records to compare information on different systems.

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.

In 2016/17 the CFIT have cancelled 583 SPD claims resulting in overpayments of £313k as shown in table 4.

Table 4

Council Tax - Single Person Discount – 2016/17		
Work streams	Number of claims stopped	Overpaid SPD
Hillingdon First Card data matching	70	£22k
Notices of intention to marry checks	94	£39k
Electoral registration data matching	306	£179k
SPD reviews	44	£33k
In-house data matching reports	69	£40k
Total	583	£313k

Charts 5 and 6 show summaries of the SPD overpayments and the number of households where claims have been cancelled from the intervention of the CFIT in 2016/17.

Chart 5

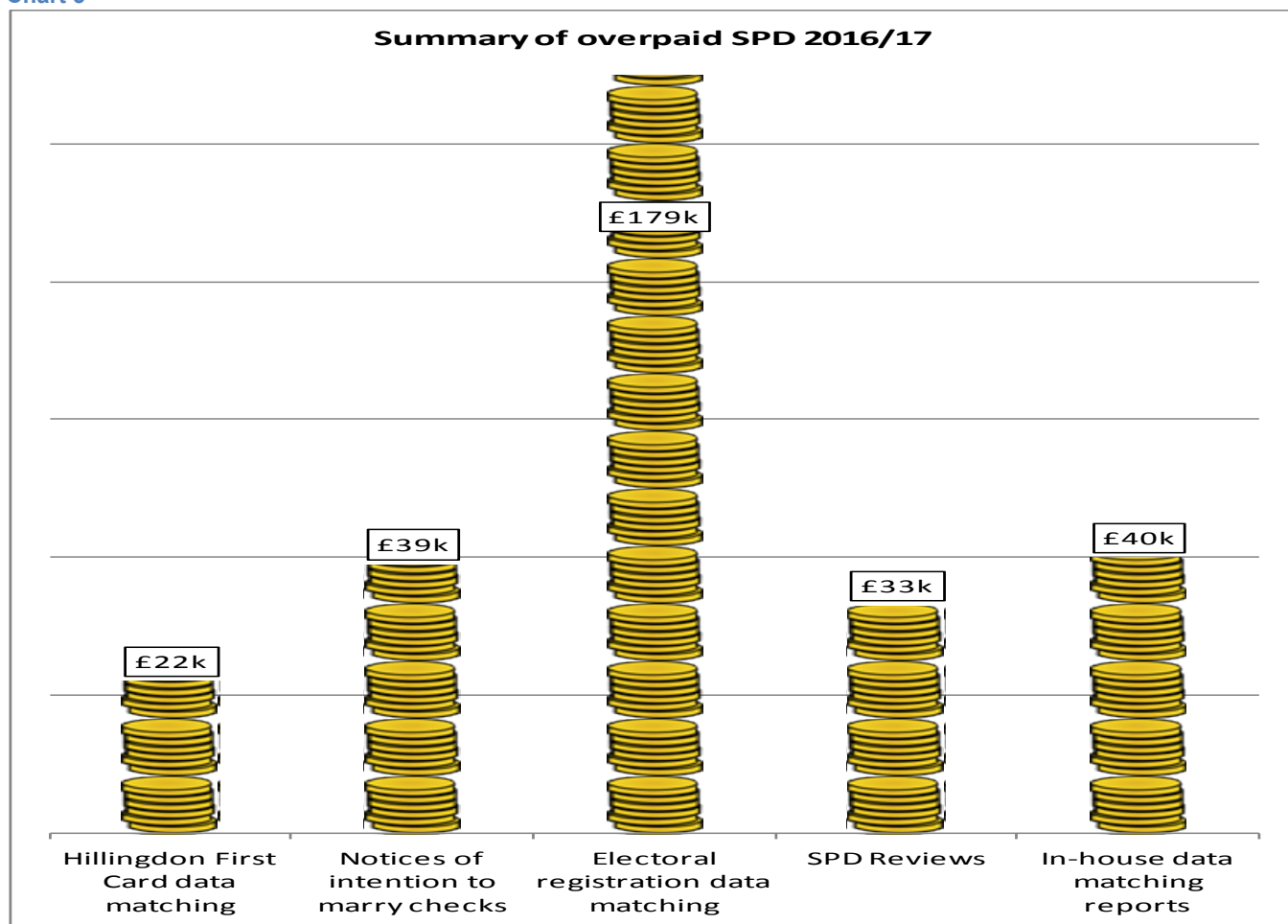
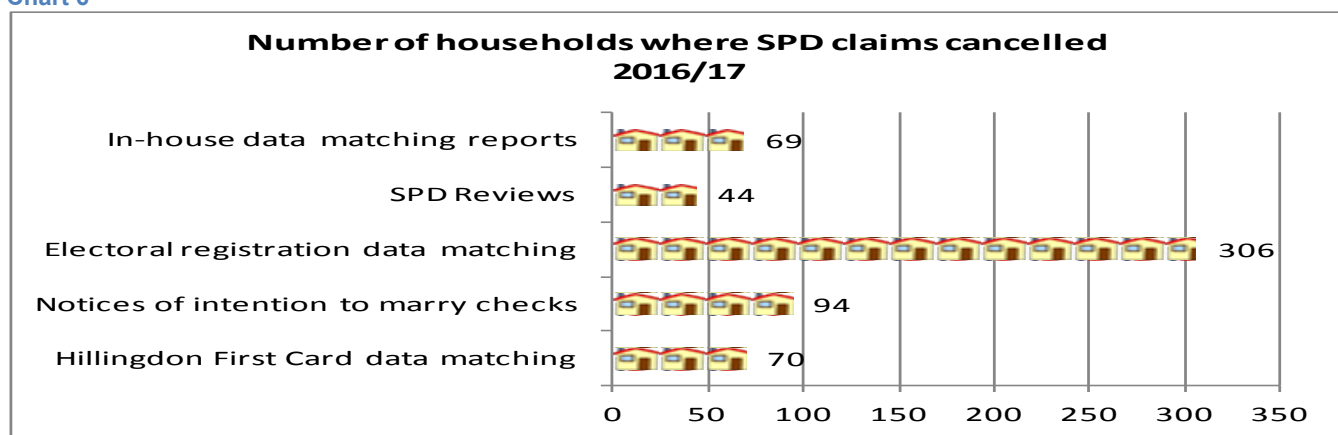


Chart 6



From April to May 2017 the CFIT have cancelled 97 SPD claims resulting in overpayments of £61k as shown in table 5, charts 7 and 8.

Table 5

Council Tax - Single Person Discount – April-May 2017		
Work streams	Number of claims stopped	Overpaid SPD
Hillingdon First Card data matching	24	£10k
Notices of intention to marry checks	4	£1k
Electoral registration data matching	50	£38k
SPD reviews	7	£4k
In-house data matching reports	12	£8k
Total	97	£61k

Chart 7

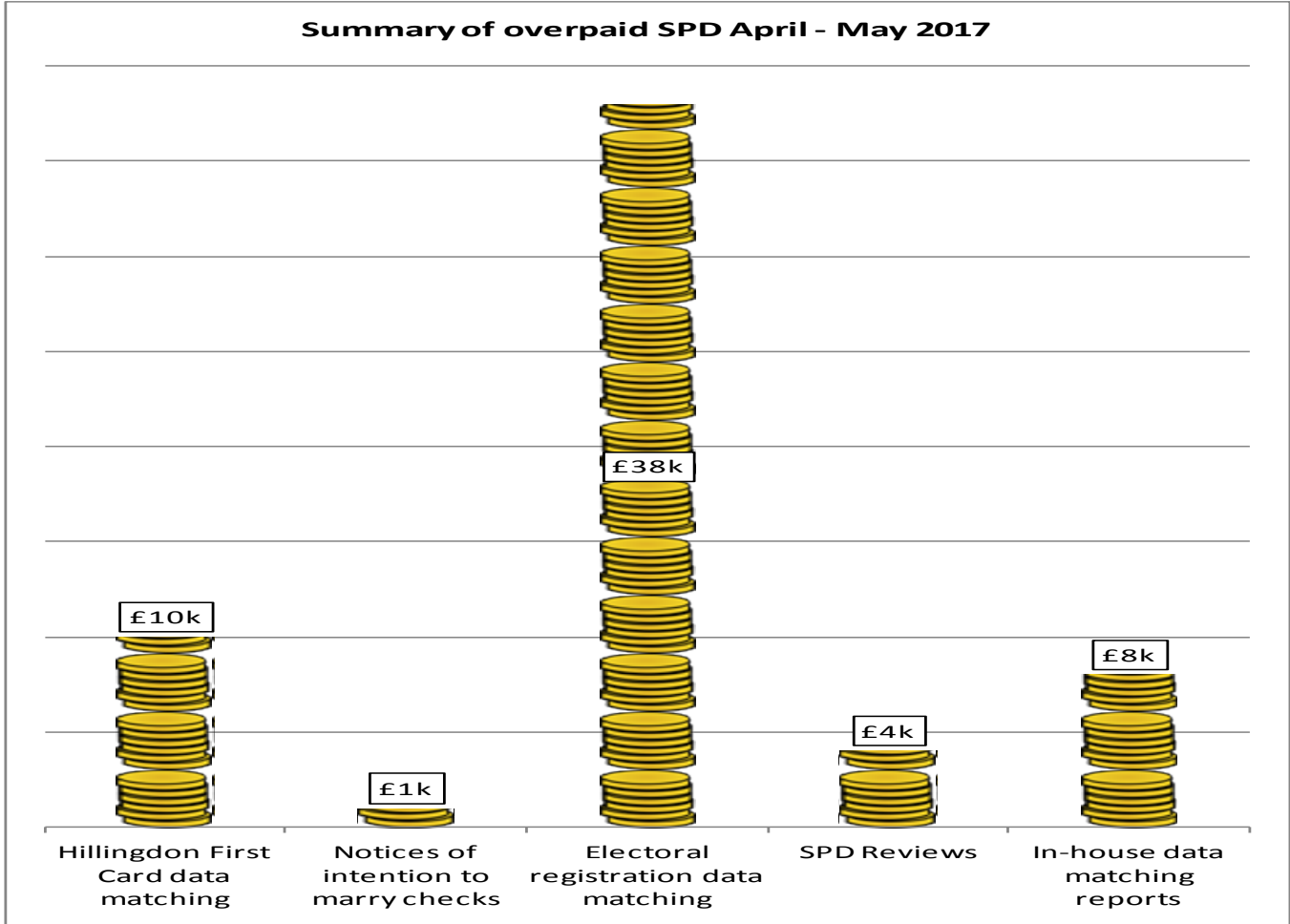
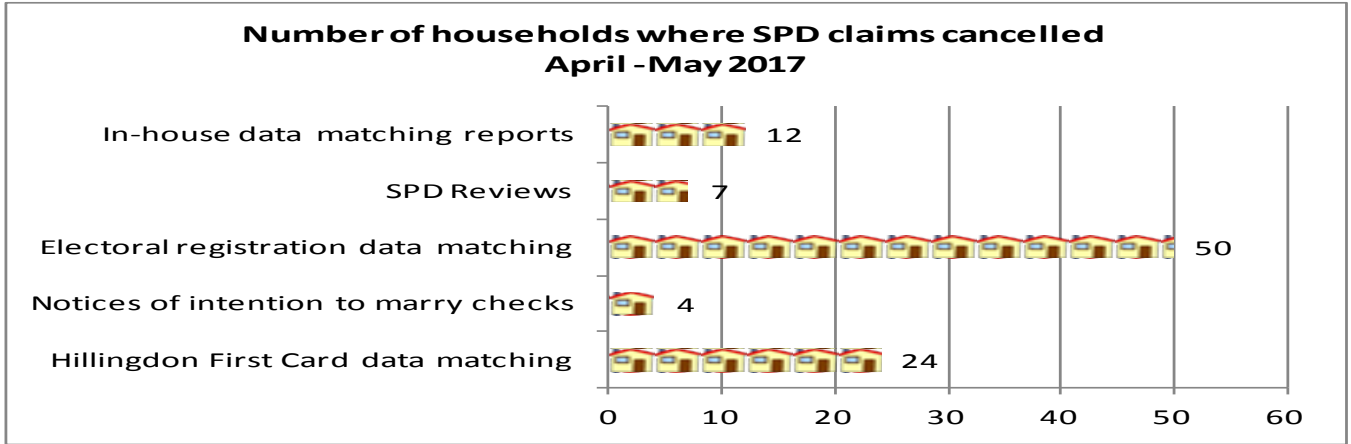


Chart 8



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@hillington.gov.uk. Your report will be treated in the strictest confidence and can be given anonymously.

HILLINGDON LONDON

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 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.

In 2016/17 there were 16 bed and breakfast accommodations recovered as they were unoccupied by clients who claimed to have been homeless. Another exercise of unannounced visits to Bed & Breakfast/temporary accommodation is currently in progress and the results will be included in the next report.

The average duration of a bed & breakfast placement is 23 weeks at an average nightly charge of £46. Therefore for the 16 cancellations in 2016/17 approximately £118k was saved through this activity. We have also cancelled 2 other temporary accommodations following referrals from a Housing Officers.

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. In 2016/17 there were 2,125 verification checks carried out. Of these 60 were found to not be eligible for housing support. From April to May 2017 a further 332 verification checks have been carried out and of these 6 have been cancelled due to non eligibility for housing.

Table 6

Residency & Verification Check cancellations			
	2016/17	Weekly Savings	April-May 2017
Temporary Accommodation (B&B) Cancelled	16	★£4,830	0
CFIT verification check cancellations	60		6
Other Temporary accommodation Cancelled	2		0
Total savings		£118,496	

★Average B&B placement = 23 weeks calculates to £118,496

During the verification process Officers identified rent and Council Tax arrears. Non-payment of these arrears prohibits residents from being allocated a property. In 2016/17 £14.8k was paid by residents to clear these debts. From April to May 2017 £9.8k of arrears has been paid.

3.5 Right to Buy

In 2016/17 the CFIT verified 92 Right to Buy applications, of which 7 were cancelled. The total amount of discount saved for 2016/17 is £709,930

Since April 2017 the CFIT has verified 12 Right to Buy (RTB) applications of which none have been cancelled. Table 7 shows a breakdown of cancelled applications from 2014 to 2017.

Table 7

Right to Buy Cancellations		
	Cancelled Applications	Value of discount
2017/18	0	0
2016/17	7	£709,930
2015/16	9	£823,850
2014/15	7	£527,400

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 AFI's based within its Trading Standards Service.

Under the Home Office Incentivisation scheme, Hillingdon Council receives 37.5% of what it recovers. Since April 2016/17, Hillingdon Council has received £156,763.42 in incentivisation payments. Hillingdon is due to receive a further £20,200 in June 2017 and a further £38,800 in September 2017.

Four cases are currently under investigation; three relate to breaches of trading standards legislation and are concerned with the supply of counterfeit goods. The fourth relates to a breach of planning control and is concerned with the unlawful subdivision of a family dwelling house into flats.

In November 2016, we successfully obtained a confiscation order in the sum of £142,490, and in February obtained a confiscation order in the sum of £100,000. Both these cases related to breaches of planning control and concerned single family dwelling houses being unlawfully converted into flats. This money is still being processed and will not be received until 2017/18.

A project team, comprising of officers from planning, trading standards, private sector housing and legal services, continues to identify and assess further suitable cases.

Table 8 shows the Confiscation Orders and the Incentivisation amount awarded to Hillingdon since 2012 against the type to fraud committed.

Table 8

Type of case	Confiscation Order amount	Incentivisation Amount (37.5%)
2012		
Benefit Fraud	£41,128.25	£15,423.09
Benefit Fraud	£65,706.32	£24,639.87
Total amount to be paid to Hillingdon for 2012		£40,062.96
2013		
Benefit Fraud	£4,750.00	N/A. Compensation of £4,750 to be paid from confiscation order.
Total amount to be paid to Hillingdon for 2013		£4,750.00
2014		
Trading Standards - unfair trading practices	£333,000.00	£124,785.00
Trading Standards - unfair trading practices	£334,000.00	£125,250.00

Type of case	Confiscation Order amount	Incentivisation Amount (37.5%)
Trading Standards - unfair trading practices	£333,000.00	£124,785.00
Corporate Fraud	£75,536.77	£28,326.29
Planning	£170,000.00	£63,750.00
Total amount to be paid to Hillingdon for 2014		£466,896.29
2015		
Trading Standards - counterfeit goods	£1,894.99	£710.62
Trading Standards - counterfeit goods	£5,715.71	£2,143.39
Trading Standards - counterfeit goods	£40,000.00	£15,000.00
Total amount to be paid to Hillingdon for 2015		£17,854.01
2016		
Planning	£9,500.00	£3,562.50
Planning	£142,490.00	£53,433.75
Total amount to be paid to Hillingdon for 2016		£56,996.25
2017		
Planning	£100,000.00	£37,500.00
Total amount to be paid to Hillingdon for 2017		£37,500.00

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 accurate data relating to current social housing needs for effective forward planning.

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 2,329 applications have been removed from the waiting list. Of these, 504 were removed in 2016/17, a further 35 have been removed in April and May 2017. In the process of this exercise the CFIT has also identified 38 cases where the household has been incorrectly claiming Single Person Discount for Council Tax which totals £16k. This review project will be ongoing in 2017/18 to carry out enhanced checks on the remaining cases on the waiting list.

In November 2016 the project team began to review all Band C applications on the housing waiting list. Review forms are being sent to all relevant applicants, the returned forms are then checked, verified and assessed. The review will identify any changes in the applicant's housing need, appropriate action will be taken and the applicant's information updated. To date 474 review forms have been sent out and 210 (44%) forms have been returned. The review of the information on these forms has been carried out and 116 (55%) applications have been closed due to no longer having a housing need. A further 61 (29%) applications qualified for a band increase. The 192 cases where the review form was not sent back in the required timescale have also been removed from the Waiting List.

Table 8

Housing Waiting List

	Cases Removed From Waiting List
April to May 2017	35
2016/17	504
2015/16	1,790
Total	2,329

3.8 National Fraud Initiative (NFI)

The NFI is a vital tool in combating fraud; it facilitates the integration of thousands of data sets and records across participating agencies. Hillingdon is a key stakeholder in the initiative and provides data to enable the implementation of effective measures to prevent and safeguard public funds. The CFIT has provided data to the NFI who carried out the matching process. The matched data has been received and includes the following:

- payroll
- pensions
- trade creditors' payment history and trade creditors' standing data
- housing (current tenants) and right to buy
- housing waiting lists
- housing benefits (provided by the DWP)
- council tax reduction scheme
- council tax (required annually)
- electoral register (required annually)
- students eligible for a loan (provided by the SLC)
- private supported care home residents
- transport passes and permits (including residents' parking, blue badges and concessionary travel)
- insurance claimants
- licences – market trader/operator, taxi driver and personal licences to supply alcohol
- personal budget (direct payments)

The matched data is currently being reviewed by Hillingdon and the outcomes of these reviews will be included in future reports.

In February 2016 the Cabinet Office released the latest estimates of savings for Local Authorities from the identification of fraud from the NFI. Estimates are based on the assumption that the fraud, overpayment and error would have continued undetected without the NFI data matching. Table 9 provides a summary of some of these estimates, with the rationale for their calculation.

Table 9

NFI Savings Estimate - February 2016		
Data Match	Rationale	Estimated Savings
Tenancy Fraud	Based on average 4 year fraudulent tenancy, includes temporary accommodation for genuine applicants, legal costs to recover property, re-let costs & rent foregone for the	£93k per property recovered

	void period between tenancies	
Right To Buy	Reflects the maximum value of Right To Buy discount for London	£104k per application withdrawn
Council Tax - SPD	Annual value of discount	2 years value of SDP

3.9 Trading Standards

Since 1 April 2017, there have been 42 complaints and service requests recorded for action. This includes 3 cases of doorstep crime where elderly residents have been targeted by rogue traders. 10 complaints relating to product safety, 4 to underage sales of age restricted goods such as alcohol and tobacco, and 4 to Intellectual property crime (counterfeiting).

As part of our participation in the National Safety at Ports project for which Hillingdon receives funding from National Trading Standards, since April 2017 Officers have examined 7 consignments of imported goods at the freight sheds at Heathrow. The purpose of the project is to prevent unsafe consumer goods from entering the country, therefore stopping them before they reach the marketplace. Recent seizures include consignments of unsafe cosmetics, unsafe Henna hair dye, and unsafe children's LED light sticks. All these goods will be destroyed.

The Trading Standards Service is currently investigating the trading activities of an airport Meet & Greet parking company. Their customers believed their vehicles would be parked in a secure parking facility. However, the company parked their customers' vehicles in Council pay and display car parks in Yiewsley and West Drayton. These vehicles didn't display valid parking charge tickets and therefore were issued with parking fines. These parking enforcement fines were recorded against the legal owners of the cars who contacted Hillingdon Council to explain that they were not responsible for their car being parked in these car parks they had paid the Meet & Greet company in good faith to park their vehicles in a secure facility not a public car park.

3.10 Blue Badge

Two targeted operations in conjunction with the police took place in May and June 2016. A proactive operation ran in Uxbridge town centre resulted in 53 badges checked; 1 penalty charge notice (PCN) was issued. This reactive operation was run as a result of reports received from Hillingdon residents. This operation focussed on badge abuse around a local school. The key suspect was identified, a PCN was issued and the Blue Badge was seized. Further operations are planned for this financial year.

3.11 Bad Debts/Social Services Care Costs Avoidance

In May 2016 the CFIT began working with the Council's Specialist Recovery Team (SRT). The CFIT have taken over cases where it proves 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.

Since the project started in May 2016 accounts owing a total of £43k now have direct debits set in place to repay this money.

Based on the success of this project since May the CFIT have set up a project team to manage an intelligence led approach to bad debts. The team have developed a new risk assessment process to identify relevant cases. This will support case profiling, allowing the

CFIT to effectively target resources to maximise revenue to the Council. This will commence in 2017/18.

A new project commenced in May 2017 in partnership with Social Services to look at non-payment of care contributions and non declaration of income/capital by service users as part of the financial assessment to calculate their financial contributions. Care costs demands are rising and represent a significant cost to the Council, therefore this is a high risk area which needs to be reviewed. To date 1 case is under investigation and initial findings indicate that a large amount capital has been undeclared on the financial assessment. Progress on this project will be included in the next report.

3.12 Unaccompanied Asylum Seekers (UAS)

In May 2016 the CFIT was asked by the Corporate Director of Children's Social Care to work with staff to verify the circumstances of asylum seekers financially supported by social care.

In 2016/17 we identified 64 cases for investigation saving £192k. From April to May 2017 a further case has been identified resulting in a saving of £7,175.

Proactive visits have also highlighted clients who were not residing in the accommodation provided and cases where subletting had been identified. Visits are being made to all asylum seekers accommodation to verify occupancy.

The CFIT is currently arranging interviews with any UAS clients who have failed to pay their rent contribution to agree a payment plan in relevant cases.

All UAS cases are being reviewed by the CFIT to ensure all welfare benefits entitlements are being realised.

All the savings we have logged are based on payments that were due to be paid in 2016/17 and from April to May 2017.

3.13 Benchmarking

Benchmarking will enable an assessment of the success of fraud detection in Hillingdon and judge the performance of the CFIT. Currently there is no readily available benchmarking data as this has not been a government requirement.

The CFIT was involved with 3 projects to facilitate bench marking

The CFIT in Hillingdon invited Fraud Managers from LB Brent, LB Ealing, LB Harrow and LB Hounslow to join them in a Sharing Good Practice Group. The Group met in November. From this meeting it was apparent that Hillingdon's fraud initiatives were more developed and cover a much wider remit. Therefore Hillingdon has lead on establishing key metrics for social housing as this was the only area the other Authorities were working on. All members of the group were to collect data for 2016/17 and were scheduled to meet again in April 2017 to benchmark results. However, in April, the 3 boroughs of LB Brent, LB Ealing and LB Hounslow, which had been organised as one Fraud Team covering the 3 areas was disbanded and are unable to continue with this work until they are fully operational. Representatives from LB Harrow are keen to continue this work and a meeting is planned for July 2017.

The Chartered Institute of Public Finance and Accountancy (CIPFA) are currently gathering some data from Local Authorities which will enable some benchmarking to take place. The CFIT Manager attended a meeting with CIPFA in January to discuss how this could be developed. Hillingdon represented all local authorities because Hillingdon is recognised as a

leading authority in this fraud detection with extensive initiatives. At the meeting it was agreed that Hillingdon Corporate Fraud Investigation Manager and Team Managers would join a working party, managed by CIPFA, to look at practice across Local authorities and develop meaningful benchmarking processes. The first meeting with CIPFA took place in February 2017 where CIPFA agreed to run a series of Workshops across London during the summer.

The CFIT manager is an executive member of the London Borough Fraud Investigation Group. In this role the Manager has agreement to lead a Benchmarking Group with all London Councils to agree metrics and collect data for 2016/17. This group met as planned at the end of February 2017 and are now conducting a survey to compare agreed metrics across all London Boroughs. These surveys are due to be returned by the end of July 2017.

Updates on benchmarking will be included in future reports.

4. Resource Allocation 2016/17

The resource allocation for fraud related work is undertaken using a risk based approach which takes into account both the national and local context in relation to the fraud environment.

4.1 National context

It is accepted that fraud affects the UK across all sectors and causes significant harm. The last, reliable and comprehensive set of fraud impact figures was published by the National Fraud Authority in 2013 and indicates that fraud may be costing the UK £52bn a year. Within these figures the estimated loss to Local Authorities totalled £2.1bn. The estimated losses to Local Authorities in 2013 were broken down as shown in Table 10.

Table 10

Fraud Type	Estimated Loss	Fraud Type	Estimated Loss
Procurement Fraud	£876m	Blue Badge	£46m
Housing Tenancy Fraud	£845m	Grant Fraud	£35m
Payroll Fraud	£154m	Pension Fraud	£7.1m
Council Tax Fraud	£133m		

Source; Annual Fraud Indicator 2013

Since these figures were produced the National Fraud Initiative (NFI) lead by the Cabinet Office has implemented compulsory data matching standards which Local Authorities must adhere to. Hillingdon supplies the required data sets listed in 3.8 of this report. This facilitates the detection of the fraud types identified by the National Fraud Authority. Hillingdon is a stakeholder in this initiative to enable the implementation of effective measures to safeguard public funds.

In 2014/15 Hillingdon was selected by the Home Office as a pilot site to data match all Council procurement records with police records. This project did not identify any suspicious procurement activity.

4.2 Local context

The national context contributes towards driving the work programme locally. In Hillingdon particular emphasis has been placed on the detection of fraud related to all aspects of housing, including Housing Tenancy fraud. It is acknowledged that this area has significant potential for abuse and therefore represents a high level of risk to the Authority.

Over the last year the CFIT have diverted some additional resources to this area of work to ensure effective management of this risk. Fraud detection within housing covers areas such as, verification of housing applications, reviews of eligibility of people on the housing waiting list, scrutiny of Right to Buy applications, bed & breakfast residency, temporary accommodation residency and social housing sub-lets/ non-occupation. The works in these

areas are detailed in the report. A Business Case is currently being prepared to request additional resources to manage this area of risk. This would release some of diverted staff resource to address other risk areas such as Blue Badge and criminal investigation work.

4.3 Risk based approach to resource allocation

In the CFIT work plan risk ratings are applied to areas of fraud detection and prevention activity. High level risks represent a significant threat to the Council's reputation, statutory compliance, finances and key corporate objectives. Medium level risks represent the potential for significant threats that could have an adverse impact on the Council's reputation, adherence to Council Policy and departmental budgets. Low level risks relate to minor threats or the opportunity for impact on operational objectives but may be tolerated in the medium term.

The Corporate Fraud Team comprises the current staff resources against their primary function. Activity is flexible to respond to emerging demands. (Table 11)

Table11

CFIT STAFF RESOURCES APRIL 2017			
	Job Title	FTE	Primary function
Fraud related activities	Service Manager	1	Manage Strategic Corporate Fraud & Trading Standards Service
	Team Leaders	2	Manage fraud operational teams
	Housing Investigation Officers	2	Investigate Social Housing Fraud
	Intel Officers	2	Background checks & intelligence gathering
	Investigation Officers	5	Investigate fraud - internal, housing verification visits, NFI data matching, Right to Buy, Criminal investigations, Blue Badge, Student Discounts, housing waiting list, Asylum partnership working, Bad Debts
	Fraud Staff	12	FTE
Other activities	Trading Standards/POCA Manager	1	Manage Trading Standards Officers and lead POCA investigations
	Trading Standards Officers	4	Investigate areas of consumer protection
	Business Rates Inspectors	4	Inspect business premises and new build properties
	Housing Inspectors	2	Check residency for B&B's, and housing verifications
	Visiting Officers	3	Council tax inspections & housing verifications
	Operational staff	14	FTE
	TOTAL CFIT staff	26	FTE

4.4 Review of 2016/17

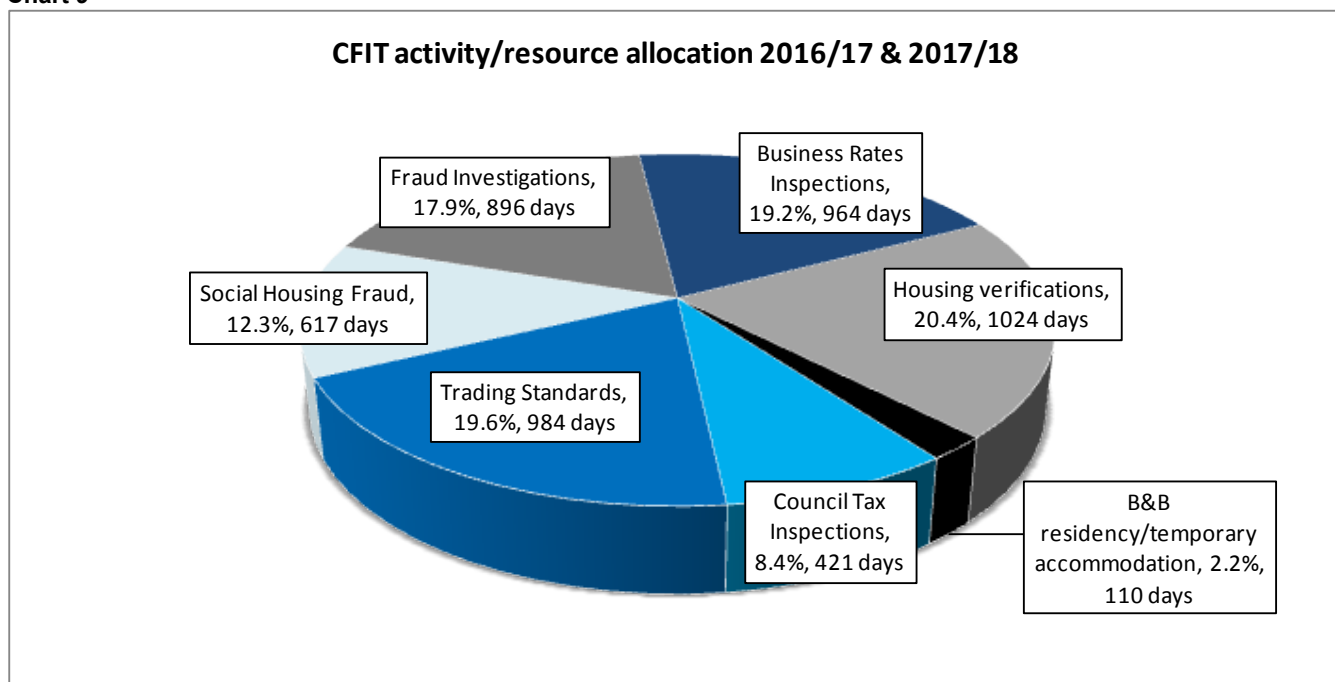
Activity and resource data for 2016/17 (Chart 9 & Table 11) has been calculated in days per year spent on the allocated tasks and the percentage of total available time. The total available days (5016)① excludes Annual leave, bank holidays for each member of operational staff. Management time has also been excluded.

This data confirms that some staff time was diverted from their primary function to support areas which were high risk and under resourced. Investigation Officers covered Housing Verifications and therefore were not available to spend the required time on other investigation activities. It is calculated that they spent 5.1% (255 days) of their time on Housing verifications. A Business Case will be presented in 2017/18 to request additional Housing Inspectors and Intel support to cover this high risk area, which should produce improved outcomes. This will allow Investigation Officers to focus upon additional fraud work including Blue Badge and criminal investigations.

4.5 Work Plan 2017/18

In 2017/18, if the current level of resource stays the same the CFIT resource activity and allocation will replicate the 2016/17 position. Housing as a high risk area will continue to be a priority with resources diverted to support this work. If the Business case for additional resources is successful the allocation of resources will be reviewed.(Chart 9)

Chart 9



① 365 days a year minus 137 for weekends. Bank holiday and annual leave=228 days
x 22 staff = 5016 days

Table 11

CORPORATE FRAUD INVESTIGATION TEAM – RESOURCE ALLOCATION 2016/17 & 2017/18						
	Risk Rating/Activity	Outcome	Starting point	Days a year	%	Current Demand & capacity
Business Rates Inspections	Medium Risk Inspect & monitor existing business premises, commercial & domestic new builds	Correct charges made to maximise revenue	Revenue Team notify inspections required & ongoing monitoring	964	19.2%	Capacity meets demand and timescale
Housing verifications	High Risk Eligibility verification prior to tenancy offers including intelligence gathering	Resources allocated to those in genuine housing need	Referrals from Housing Lettings Team	1024	20.4%	Demand exceeds capacity, Business case for additional resources in progress
B&B residency checks/temporary accommodation	High Risk Check occupancy of B&B accommodation	Resources allocated to those in genuine housing need	CFIT pro-active visiting programme	110	2.2%	Capacity meets demand and timescale
Council Tax inspections	High Risk Council tax inspections including Single Person Discount.	Maximise revenue	Revenue Team notify inspections required & ongoing monitoring	421	8.4%	Capacity meets demand and timescale
Trading Standards & POCA	Medium Risk Investigate areas of consumer protection	Protect Hillingdon residents from unsafe good and unscrupulous traders	Central referrals from CAB and proactive exercises eg under age sales of alcohol & tobacco	984	19.6%	Capacity meets demand and timescale
Social Housing Fraud	High Risk Investigate social housing fraud	Recover properties for re-allocation to tenants in genuine housing need	Referrals from housing, CFIT data matching, National Fraud Initiative, pro-active exercises	617	12.3%	Capacity meets demand and timescale
Fraud Investigations	All Risk Levels Investigate fraud - internal, housing, NFI data matching, SPD, Right to Buy, Criminal investigations, Blue Badge, Student Discounts, housing waiting list, partnership working, housing applications, cross departmental working, bad debts, mobile working. Intel gathering	Detect, investigate and eliminate fraud, maximise income & ensure effective allocation of resources	Any Hillingdon departments and residents	896	17.9%	Demand exceeds capacity as supporting housing verifications reduced capacity for investigations

 PART I – MEMBERS, PUBLIC AND PRESS

Audit Committee – 29 June 2017

Total

5016

PART I – MEMBERS, PUBLIC AND PRESS

Audit Committee – 29 June 2017

4.6 Fraud Investigation Officer Resources.

There are currently 5 Investigation officers within the CFIT. Their primary function is to carry out fraud investigation work. However they have been supporting Housing verification work and therefore the hours available for their primary role have been reduced from 1140 hours to 896 hours a year. Table 12 shows how these hours have been allocated in 2016/17 and how they are planned to be used in 2017/18.

Work related to the Housing Waiting List and Asylum Seekers can both be reduced in 2017/18 because the CFIT have dealt with any outstanding investigation and established procedures to manage incoming work effectively.

More resources are planned to be allocated to data matching, bad debts and blue badge investigations. Bad debts will be expanded to include a new area of work with Social Services looking at non-payment of care contributions and non declaration of income/capital as part of the financial assessment to calculate service user financial contributions. Care costs demands are rising and represent a significant cost to the Council, therefore this is a high risk area which needs to be reviewed. Increased resources within data matching will be used to conduct additional exercises with a credit reference agency to assist with SDP fraud identification. Blue Badge operations will also be extended.

Table 12

Investigation Officers Resource Allocations				
	2016/17		2017/18	
	Hours	%	Hours	%
Right to Buy	72	8%	72	8%
Data matching/NFI	405	45%	441	49%
Housing Waiting List	72	8%	50	6%
Asylum seekers	152	17%	100	11%
Bad debts/Social Services	27	3%	54	6%
Blue Badge	18	2%	29	3%
Criminal Investigations	150	17%	150	17%
Total Annual Hours	896		896	