

**Agenda Item No:** 4  
**Report To:** AUDIT COMMITTEE  
**Date:** 26 SEPTEMBER 2013  
**Report Title:** Fraud Investigation Team



**Report Author:** Peter Purcell – Revenues & Benefits Manager  
Hannah Davies – Acting Investigation and Visiting Manager

<b>Summary:</b>	This is an update to the report of 5 March 2013 advising of a number of factors influencing the creation of the Corporate Fraud Team. For several reasons the report recommends deferring creating a stand-alone team with a wider corporate counter fraud focus. Most significantly is the ongoing delay to the government's programme for the introduction of Universal Credit. The report recommends a further review in 2014.
-----------------	---

**Key Decision:** No

**Affected Wards:** None

**Recommendations** **The Audit Committee be asked to:-**

1. Consider the conclusions from the report that suggest the move to create a corporate counter fraud team should be deferred.
2. Subject to the above agree to defer this matter pending a further review and report back to the committee during 2014.
3. Note the performance figures provided.

**Policy Overview:** The creation by the Government of a 'single fraud investigation service' to handle the investigation of social security, tax credits and Universal Credit claims is delayed. The implementation of Universal Credit is also not at the pace anticipated and therefore a review of the date for the creation of a Corporate Fraud Team is appropriate.

**Financial Implications:** This report is not seeking a decision over the financial impacts at this stage. These need more consideration as news of the government's transition to Universal Credit and its grant impacts becomes clearer. The report advises about funding and finances from 2014/2015.

**Risk Assessment** This was addressed in the report of 5 March 2013.

**Contacts** [peter.purcell@ashford.gov.uk](mailto:peter.purcell@ashford.gov.uk)  
[Hannah.davies@ashford.gov.uk](mailto:Hannah.davies@ashford.gov.uk)

**Report Title: Fraud Investigation Team**

**Background**

1. At the Audit Committee on 5 March 2013 the then Investigation and Visiting Manager (Jo Fox) presented a report entitled "The Future of the Fraud Investigation and Visiting Team". In the report the reasons for reviewing the Team were detailed and an analysis of options was provided.
2. The report recommended that during the financial year 2013/14 the Investigation Team should move from being part of the Revenues & Benefits operational team to a corporate, stand alone, Investigation Team but maintaining reporting lines to the S151 Officer (DCX). This change had the full support of the management team also.
3. Members of this Committee supported the report and resolved that the change should take place from April 2014.
4. However there are now a number of factors that support a delay and the need for a further review next year:
  - The author of the previous report (Jo Fox) was promoted internally from the position of Investigation and Visiting Manager to become Assistant Health, Parking & Community Safety Manager from 5 August 2013. Although her acting successor Hannah Davies is an experienced fraud investigator working on most of the team's significant case work, she needs time to get fully acquainted with her new duties and responsibilities.
  - There has been little direct feedback from the Department of Works and Pensions (DWP) concerning the timing of creating the new Single Fraud Investigation Service (SFIS) and the later date implied in the report of 5 March may be even later than anticipated.
  - The council's bid for funding from the Government relating to Tenancy Fraud investigations (reported in March) was unsuccessful (it is evident that government targeted its funding at London Boroughs and metropolitan councils, where impacts would be greater) thereby leaving the financing of local tenancy fraud work dependent on ongoing support from the housing revenue account. A number of the local Housing Associations (that may have been another source of income) have indicated that they had no funds to finance this initiative.
  - The Government's June 2013 spending review cut the Communities and Local Government's departmental budget by a further 10%. A provisional finance settlement for the next two years is now the subject of consultation with local authorities, and the numbers suggest very substantial cuts in general government grant support. Government also aims to freeze council tax for the next two financial years (2014/15 and 2015/16), although decisions about this will be taken locally by this council. All in all the council must review service costs to realise any additional savings required.

- Even more significantly the implementation of Universal Credit (UC) is not proceeding at the pace that was originally anticipated although the DWP have not moved on the final implementation date of 2017. This may mean that the bulk of the migration of Housing Benefit (HB) claimants to UC may not take place until 2016/17, therefore there may be more HB Fraud work (and funding) in 2014/15 & 2015/16. To support this, the welfare minister Lord Freud, wrote to all local authorities on 1 August 2013 confirming that the level of housing benefit administration funding would be maintained to manage full HB administration for 2014/15. This suggests delay to setting up the SFIS and points to the council needing to maintain its focus on housing benefit fraud during 2014/2015.
- The Fraud Team will remain available for Corporate Fraud work as and when required as they always have been within the Revenues and Benefits Service.

### Summary & Recommendation

5. The factors above indicate that the creation of a stand alone corporate counter fraud investigation team should be deferred. However members should be aware the management team maintains that the principle of evolving the current arrangement to a corporate counter fraud Team is still its preferred option (as in the report of 5 March 2013).
6. It is therefore recommended that the creation of a Corporate Fraud Investigation Team is deferred pending a further review during 2014.
7. Meanwhile, the current team will remain as part of the Revenues & Benefits Service and the responsibility of the Revenues & Benefits Manager. However in regard to any future corporate fraud investigations that take place, the Senior Investigation & Visiting Manager (and acting team manager) will adopt a direct reporting line to the S151 Officer (the DCX).
8. The Revenues & Benefits Manager and the Senior Investigation & Visiting Manager will submit a further report in 2014 to update Members of the progress of the factors mentioned in this report with conclusions about the timing for the creation of a corporate counter fraud team.
9. The full Annual Fraud Report covering 2012/13 will be submitted to the next meeting although **Appendix A** of this report contains a summary of the most relevant data.

Contact: Email:	Peter Purcell or Hannah Davies <a href="mailto:Peter.Purcell@ashford.gov.uk">Peter.Purcell@ashford.gov.uk</a> <a href="mailto:Hannah.Davies@ashford.gov.uk">Hannah.Davies@ashford.gov.uk</a>
--------------------	--

**Performance figures for the Fraud Investigation Team****Five months (April 2013 – August 2013)**

Prosecutions	5
Cautions	3
Administrative Penalties	2
Summons	1
Tenancy Fraud - Properties recovered	3
Council Tax Fines	0
Successful Outcomes <sup>1</sup>	12

'Weekly Incorrect Benefit Saving' £43,195.52

This is the notional amount of saving achieved using the DWP's former measure. Essentially it measures the cost saved of benefit continuing to be paid without any action for a period of 32 weeks (DWP's assessed period).

**Performance figures for the Fraud Investigation Team****Financial Year April 2012 – March 2013**

Prosecutions	7
Cautions	5
Administrative Penalties	1
Summons	5
Tenancy Fraud - Properties recovered	6
Council Tax Fines	1
Successful Outcomes <sup>2</sup>	26
Weekly Incorrect Benefit Saving	£101,568.96

**Tenancy Fraud – more detail**

Investigations with a housing department interest	112	
Currently under investigation	23	
Cases noted where duty has been discharged <sup>3</sup>		4

<sup>1</sup> The successful outcome figures include: where a fraud was found but no sanction given (public interest normally), overpayments, where our housing duty has been discharged, and where Single Person Discount's have been cancelled.

<sup>2</sup> See point 1

<sup>3</sup> This being where we have worked with the housing options team and discharged our duty to house as the information provided has been fraudulent / incorrect / changed and not updated