

Agenda Item No: 4
Report To: Audit Committee
Date: 30th June 2015



Report Title: **Corporate Enforcement Support and Investigations Team Annual Report 2014/15**

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Summary:

This report provides an update on the work of the Corporate Enforcement Support and Investigations Team. Through changes to Welfare Reform some of the team's work will transfer to the Government Single Fraud and Investigation Service (SFIS) but the Council has committed to maintaining its counter fraud resources and to develop the team into a wider corporate enforcement and investigation resource, expanding its remit into all areas of council activity.

Over the course of the year the team's activity has identified fraudulent activity of over half a million pounds. Action varied from solely correcting a benefit claim or account through to prosecution action through to taking possession action to recover social housing.

The team itself has seen changes in personnel. Fraud awareness training was conducted over the year further reiterating the prevention message and the anti-fraud culture for the Council as a whole.

The team has successfully bid for funding from KCC as part of an initiative to optimise the benefit from the county wide data matching exercise that is underway.

Key Decision: NO

Affected Wards: All – None specifically

Recommendations: **The Audit Committee be asked to note the report**

Policy Overview: The primary function of the Corporate Enforcement Support and Investigations Team is to provide the authority with a Counter Fraud resource through proactive and reactive work and awareness training. Its secondary function is to assist with a corporate approach to enforcement through supporting departmental enforcement teams by providing an investigative skillset and / or through case management / review. For example, providing departments with an

**Financial
Implications:**

investigative capability where needed or providing technical advice regarding investigations / enforcement.

In 2014-15, through investigations, the team identified a figure of over half a million pounds (£575,640) of fraudulent activity or incorrectly awarded benefit due to customers failing to provide the correct information.

Risk Assessment

NO

**Equalities Impact
Assessment**

NO

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Purpose of the Report

1. This report gives details of the work of the Corporate Enforcement Support and Investigations Team over the Financial Year 2014/15

Issue to be Decided

2. The Committee is asked to note the progress of the Team.

Background

3. The development of the Corporate Enforcement Support and Investigations Team began in order to mitigate some of the effect that the DWP's introduction of the Single Fraud Investigation Service¹ would have upon the Authority's ability to provide a fraud resource and protect the Ashford taxpayer's money. This was first reported to this committee in March 2013 with an update reported in September 2013. Over the past two years the team has developed in order to provide a resource that will seek to enhance the corporate stance for compliance and enforcement whilst robustly investigate fraud against the taxpayer and Ashford Borough Council.
4. The team work with the Audit Commission (as was) definition of fraud being "an intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss. We include cases where management authorised action has been taken, including, but not limited to, disciplinary action, civil action or criminal prosecution".
5. Since April 2014, the team has comprised of a manager, one full time investigator and a part time clerical support officer. However, in April 2015, the clerical support officer resigned leaving the post vacant. Recruitment is currently underway for a new Investigations Assistant role together with a further Investigator. The total cost of the team to the Council is £106,000.
6. The team has continued with the housing benefit fraud work it has historically conducted and with results still being achieved from this area, the team has still exceeded targets with regards to dealing with fraud and error indicating the enthusiasm and motivation of the team.
7. The team has built on the results achieved in the area of tenancy fraud. There has been success investigating Right to Buy applications. Fraud awareness training has been conducted with the whole of the Housing Team's front line officers and has already resulted in a number of referrals from staff who previously had not referred any suspicions. Advice has been given with regards to prevention for example assisting with redesigning forms to include fraud statements and requesting additional information in order to verify people's qualification for a Right To Buy discount.
8. Training has been conducted with civil enforcement officers and other enforcement officers from the Health, Parking and Community Safety

¹ The Housing Benefit Case Load will transfer to SFIS in December 2015

Department with regard to recording of evidence and statements with a view to supporting generic enforcement.

9. In December 2014 it was announced that the authority had not been successful in its solo bid for funding from CLG. However, two bids that were supported by this authority with Kent County Council (KCC) and with London Borough (LB) of Bromley were successful.
10. The KCC bid relates to a Kent data warehouse – Kent Intelligence Network (KIN) – which will act as a data matching facility for districts and county to feed into and subsequently receive data matches. KCC are intending for data matches to be available from September 2015. It is important the team is adequately resourced to be able to act upon the intelligence generated by this activity.
11. The bid with LB Bromley relates to an “app” for smart technology where success stories and information can be published and through which members of the public will be able to refer fraud. It will have links to our facebook and twitter pages and will be in addition to the pages currently on the Ashford Borough Council website.

Scope of Investigations 2014/15

12. For the financial year 2014/15, 424 referrals were received from both internal and external sources. Of the referrals received, 170 were accepted for investigation.
13. Where a referral is rejected, further action may be taken on the information which may include referring the information to another department / agency, conducting compliance action or requesting further checks be conducted in any future contact. No further action will only be deemed appropriate if it is believed there is no risk to the Authority, for example, the information is already known to the Authority.
14. Successful outcomes are measured in a number of ways, for example
 - Guilty convictions
 - Cautions
 - Fines – through administration penalties for benefit fraud, civil financial penalty for council tax support or fines under the Local Government Finance Act for Council Tax fraud.
 - Value of overpayment of benefit resulting from investigation and recovery of such
 - Recovery of Council properties
 - Housing applications declined
 - Revenues discount stopped and / or cancelled back
 - Value of any future benefit or discount that has been stopped due to investigation
15. There were 16 prosecutions and 3 cautions in 2014/15. These were mainly in relation to Social Security offences but in the majority of the cases there would have been an effect on either the social housing and / or council tax account.

16. A savings figure, being the difference between the incorrect award and correct award as identified following an investigation for Housing Benefit, Council Tax Benefit and / or Council tax support, of £136,617 was calculated for 2014/15.
17. There is a strong emphasis within the team that prevention is better than cure. Where this makes measuring any "success" difficult it is nonetheless a very important part of the team's work. By working with the homeless team within housing, applications can be reviewed and turned down if it is found incorrect information has been supplied which ensures a social housing property is not provided and potentially saves costs later when seeking to recover the property through possession hearings.
18. Obviously where a fraudster is determined, deterrents should be in place by way of seeking prosecution, recovering costs and publicising where appropriate.
19. The team seek to publicise cases where possible. Consideration has to be given to such legislation as the Data Protection Act during investigations. This consequently means much of the information gathered remains confidential until such time as a matter reaches the public domain. This will normally only be if a case is deemed suitable for court action.

Investigations

20. In 2014-15, through investigations, the team identified a figure of over half a million pounds of fraudulent activity or incorrectly awarded benefit due to customers failing to provide the correct information. Action varied from solely correcting a benefit claim or account through to prosecution action through to taking possession action to recover social housing.

Housing Benefit overpayments	£249,041
Council Tax overpayments	£ 30,332
Future welfare savings ²	£136,617
Social housing properties recovered ³	£ 90,000
Right To Buy discount stopped	£ 69,650
Total	£575,640

Benefit Fraud

21. Investigations into benefit fraud will continue until December 2015 taking into consideration the transfer to SFIS.
22. Negotiations with local DWP coordinators regarding SFIS will begin from June 2015 regarding the transfer of housing benefit investigative workload as appropriate.
23. Whilst the investigation of housing benefit fraud transfers to the DWP SFIS team as from 1 December 2015, the administration and responsibility for housing benefit remains with the local authority whilst Universal Credit is phased in. It is likely that the team will therefore still have an input into ensuring error is dealt with accordingly through such investigations involving council tax reduction for example.

² future savings are determined using a formula of multiplying the incorrect weekly welfare benefit award by 32. A figure attributed that had the investigation not intervened, further overpayment would have been incurred.

³ Audit Commission (as was) attribute £18,000 per property recovered. Five properties were recovered in 2014-15.

24. Some work with regards to benefit fraud investigations that SFIS deal with is still likely to remain with the team as information will still be needed to be collated and coordinated and liaison with SFIS officers.
25. The team has a continued good working relationship with the Department for Work and Pensions (DWP) when investigating benefit fraud. This joint working has ensured that when investigating benefit fraud the totality of the fraud is considered. This relationship is believed will continue during the transfer and establishment of SFIS within the Ashford area.
26. The total value of housing benefit overpayments for 2014/15 was £249,041.

Council Tax Fraud

27. Referrals received will be assessed and investigated as appropriate. Similar issues affect council tax support as affect housing benefit and therefore the emphasis for the same types of referral as are currently publicised will not alter.
28. Some publicity regarding other discount fraud such as where single person discount (SPD) fraud is committed is anticipated in order to drive up referrals. 4-6 % of single person discounts are estimated to be fraudulent which all equates to lost revenue for the council and preceptors.
29. The value of Council Tax overpayments / excess reductions for 2014/15 was £30,332. This includes the value in the excess reduction of Council Tax Support and legacy overpayments from Council Tax Benefit. Together with any value of Council Tax discount which has been cancelled.
30. A request for funding has been made to preceptors in order to assist with investigating Council Tax Fraud in order to maximise council tax base. A grant of £120,000 over three years has been provisionally agreed and a protocol signed in order to prevent and investigate Council Tax Fraud. A new position of an Investigations Assistant together with a further Investigations Officer are to be recruited utilising this funding.

Business Rate Fraud

31. With local authorities retaining a proportion of the business rate growth in their area the need to ensure reliefs are allocated correctly is paramount. Whilst the Collection Fund Team gives a high level of assurance that such reliefs are correct, there will still be a need to conduct more in depth investigations as the gain for companies to evade / avoid their liability is high. Although only one investigation can be referred to over the past couple of years. This resulted in a payment of £15,000 unpaid business rates being received by the authority.

Tenancy Fraud

32. This area of investigation has continued to prove results over the past year. It is estimated by the Audit Commission that councils lose over £800 million a year, with 2% of tenancies outside of London being fraudulent in some way. Past investigations have ensured properties have been recovered, housing applications have been refused and Right To Buy applications have been turned down. All ensuring that properties are retained and reallocated to families in genuine need. One investigation which included a Right To Buy application stopped a discount of nearly £70,000 which would have been applied incorrectly and ultimately led to the property being recovered for a genuine family to be housed.

33. With regard to Tenancy Fraud, it is accepted that the figure of £18,000 as determined by the Audit Commission, is attributed as the value of a Social Housing property that is recovered. £18,000 is the estimated cost of keeping a family in temporary accommodation per year.
34. Five social housing properties were recovered in 2014/15 as a result of investigations by the team.

Other areas

35. The team has also assisted with investigations relating to environmental such as fly tipping, internal and licensing matters.

Fraud Awareness

36. Fraud awareness training has been a regular feature for revenues, benefits, customer service and housing staff over the past years. In December 2014 fraud awareness for housing staff included all staff who came into contact with tenants and properties highlighting the need to refer any suspicions. The training included case studies to assist with practical learning and provide examples of where fraud has been committed.
37. It is believed training for revenues staff including those that administer business rates on the authority's behalf together with housing and customer services should receive training on a regular basis.
38. Consideration will also be given to all staff receiving awareness training at induction to include their duties as officers to protect the public purse and whistleblowing policy.
39. Training is proven to increase referrals by promoting awareness. Following the launch of the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre and the new Code of Practice, emphasis is placed on not only the financial implications of not having a counter fraud facility in place but also on the moral and reputational implications of not protecting public finances.
40. In March 2015, a joint briefing was provided by the Head of Audit and the Corporate Enforcement Support and Investigations Manager to members. This covered an overview of the new Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Conduct in relation to fraud and how Ashford Borough Council was adhering to it.

Case Management/ review

41. Training has already been conducted with civil enforcement officers with regard to evidence gathering and statements with a view to the future of generic enforcement. With generic enforcement due to start this year, the team are looking to provide an investigative skillset and management / review facility to ensure when necessary prosecutions are considered through evidence review, disclosure and liaison with solicitors, as appropriate.
42. Additionally further training through KCC is currently being conducted with regard to front line officers and evidence gathering in respect of fly tipping and how the team can support these investigations when referred through by the front line officers.
43. The team has previously advised other departments on technical issues such as interviews.

44. Liaison with legal services will ensure consistency in prosecutions following the recruitment of a litigator to the legal team.
45. Ensuring a corporate approach to enforcement action will give the public assurance that people are treated the same. The approach will be transparent and impartial.

Data Matching

46. In September 2015, data matching is expected to begin through the Kent Intelligence Network (KIN), administered by KCC. KCC are currently developing this fraud hub for Kent which will enable data matching from data from Kent local authorities and KCC to ensure internal and cross border fraud can be dealt with.
47. The KIN is anticipated to increase referrals and this increase in workload will be supported by the grant from preceptors as previously mentioned.
48. National Fraud Initiative (NFI) – this is a bi annual exercise that was run by the Audit Commission but has now transferred to the Cabinet Office. It is mandatory for all local authorities to participate in. It matches electronic data within and between audited bodies to prevent and detect fraud.

Retention of Records

49. Investigation records are retained and destroyed in line with the Criminal Procedures Investigatory Act 1996 (CPIA). Records are retained for a minimum of 18 months for audit purposes.

Regulation of Investigatory Powers Act (RIPA)

50. Surveillance is considered in cases where the loss to the public purse makes it financially viable and where all other options have been covered or deemed not possible. Surveillance is essential in many cases where the fraudster is determined in their pursuit of criminality and theft from the taxpayer. RIPA ensures that the surveillance is conducted in line with the Human Rights Act Article 8 – right to privacy. In addition since October 2013, the Protection of Freedoms Act 2012 means that any application to conduct surveillance under RIPA by a local authority is reviewed and authorised by a magistrate. The Office of the Surveillance Commissioner reviews RIPA applications made by this local authority.

The Future

51. As noted a new position of an Investigations Assistant together with a further Investigations Officer are hoped to be recruited in order to assist with the perceived increase in work load despite the loss of housing benefit investigations.
52. The team will continue to build on successes to prevent and detect fraud against the Authority and the taxpayer.
53. As a corporate resource the team can deal with matters as they arise. With a corporate focus on compliance and enforcement the team fits well within that process. The investigation skillset would, where needed, be available to ensure a consistent approach as Ashford Borough Council. An emphasis on looking at where information and intelligence crosses departments and the full picture of the impact of any fraud against the borough or compliance action needed.

54. Publicity both internally and externally will be considered particularly through internal publications, the new app and publicising results.

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