

Agenda Item No: 6
Report To: Audit Committee
Date of Meeting: 11th July 2017
Report Title: Investigations Service and Enforcement Support Team Annual Report 2016/17
Report Author & Job Title: Debbie Dansey
Corporate Fraud Manager
Portfolio Holder Cllr. Shorter
Portfolio Holder for: Finance and IT



Summary: This report reviews the past financial year results for the Investigation Service & Enforcement Support within the Finance Department. It also follows previous reports regarding the future of the Investigation Service and requests committee approval to re-launch the service with a new proactive safe guarding approach. This report reviews the delegated powers to of the team which will strengthen the council's approach to tackling and safe guarding our funds and services from abuse such as; financial irregularity, evasion, avoidance and fraud.

Key Decision: NO

Significantly Affected Wards: All – none specific

Recommendations: **The Audit Committee is asked to**

- I. note the contents of the report regarding the last financial year.**
- II. note the forthcoming financial years' work plan.**
- III. endorse the delegated powers of the service, paragraph 26.**

Policy Overview: The report gives details of work within the Finance department over 2016/17 to protect the taxpayer's money primarily through prevention and detection of fraud and recover of monies owed.

Financial Implications: Over the last year the team has cost the council £107,000 but identified fraud with a value of £323,000. This does not take into consideration the deterrent factor that the teams activities have.

Legal Implications None Specifically

Equalities Impact Assessment

See Attached OR Not Required because.....(delete as appropriate)

Other Material Implications:

None

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Investigations Service and Enforcement Support Team Annual Report 2016/17

Introduction and Background

1. This report provides an update on the work of the Investigations Service within the Finance Department.
2. Ashford staff are no longer able to investigate Housing Benefit or Universal Credit Fraud since the DWP rescinded LA powers last year. This work is now the remit of the Single Fraud Investigation Service (SFIS). We will however be able to calculate overpayments of benefit when investigating Council Tax Reduction Scheme issues by liaising with the DWP.
3. The Investigation Service has 4 full time equivalent staff consisting of 2 Investigators, 1 Assistant Investigator and 1 Manager. The previous service manager Hannah Davies left Ashford in October 2016 and Debbie Dansey commenced employment in late January 2017. Therefore this year has been one of consolidation for the team. This report outlines how the work of the team will be refocused in the coming year.

Current Position

4. Over the last year the Councils expenditure supporting the fraud investigation team expenditure has been relatively modest with the teams budget broken down in the table below:

	£
Direct costs (i.e. wages)	137,813
External grants and contributions	(45,688)
Indirect costs (i.e. payroll/legal)	15,667
Total cost	107,792

5. Over the last year the team has conducted a number of investigations. The value of Fraud identified and recovered is detailed below.

Council Tax Related Savings = £69,470

6. This includes the identification and removal of fraudulently claimed Single Person Discounts & Council Tax Fines.

Housing Benefit Overpayments and CTRS Related Savings = £103,240

7. The team has continued to investigate cases where Council Tax Reduction (formerly Council Tax Benefit) is claimed incorrectly and this can also lead to the identification of housing benefit fraud.

Social Housing Fraud = £144,000

8. The Team has investigated tenancy fraud which has resulted in 8 properties returned to the Housing Revenue Account following investigation

Housing Duty Discharged = £7,200

9. The Team has reviewed Homeless applications and a number have been removed following investigation

Grand Total Return = £323.990

Fly-Tipping

10. A new area of work for the team is Fly Tip investigations. We received 9 referrals which have resulted in 3 voluntary removals and one successful prosecution.

Kent Information Network (KIN) - KCC

11. The team are working closely with KCC staff to assist the KIN with the collation of data and specific data matching exercises. We are exploring new risk areas and looking to develop KIN into a data hub for the whole county such as Small Business Rate Relief, Charity Relief and Direct Payment Abuse.

Areas of Focus

12. Fraud is one of the fastest growing areas of crime in modern society. The residents and stakeholders of Ashford BC have a right to expect that their public funds are secure and handled honestly. The service wish to re-launch and become proactive in its approach to prevent and detect financial irregularity and fraud across the Council, including evasion and avoidance. We will work with each department to identify any possible abuse of funds, systems and processes. We will safeguard our public purse and secure our services. A specific programme of projects and or service areas will be agreed with the Head of Finance & IT. This programme will run alongside the reactive workload of the team.

Reviewing Policies

13. The Council has a suite of policies which include; Anti-Fraud and Corruption Policy, Money Laundering and Bribery. We will embark upon a process review of these policies within the next 18 months.
14. Ashford has always been committed to eliminating bribery, fraud and corruption by protecting public funds and minimising loss. Previously we have measured success by way of guilty convictions at court, cautions, and financial penalties. With the re-launch of the service we would like to change the emphasis from guilty convictions to a proactive measure of fraud prevented and service provision safeguarded from abuse. This will include reporting on guilty convictions but it will not be the main measure of success.

Enforcement Support

15. The Councils five-year corporate plan includes a commitment to ensure that enforcement powers are used effectively, to strengthen the approach to enforcement and to take a tougher line on compliance. Enforcement can involve a variety of actions from providing advice and issuing warning letters through to the use of formal notices and prosecution.
16. The Investigation Service will support the enforcement provision by operating the back office system of reports and escalation of notices and fines. Investigations into Fly Tipping will continue to be undertaken by the Investigation Service and taken forward for prosecution where appropriate. We will work alongside our Legal and Environmental Services Teams.

Social Housing Fraud

17. Ashford's Homelessness review confirmed that homelessness has reached an all-time high with available social homes at an all-time low. In short this means more families are being placed in temporary accommodation and our Homelessness budget is being stretched beyond all recognition.
18. The Investigation service is working with the Housing Team to safeguard our properties, to ensure that only those with genuine entitlement receive social housing and to proactively review our existing tenant entitlement. The Investigation service will safeguard our 'Right to Buy' scheme ensuring that only those with genuine entitlement may purchase their property.
19. Proactive data matching is a method of safeguarding our properties alongside Tenancy Audits. The team will continue to investigation referrals for Tenancy Fraud and false housing applications.
20. Kent Tenancy Fraud Forum (Kent TFF): Ashford BC under the Kent Housing Group umbrella organisation, have launched a county wide Kent TFF to safeguard Kent's social housing. Kent TFF's primary aim is to work in partnership with all Kent registered providers, to promote best practice, share intelligence and ensure our properties are utilised and provided to those in genuine need. Training and networking across our County is a vital way of safeguarding our stock.

Council Tax and Business Rates

21. The evasion or avoidance of payments for local tax will have a detrimental effect and possible reduction of service provisions to our residents. Only those with genuine entitlement will should receive discounts or relief.
22. Effective data matching through KIN (Kent information Network) has highlighted some high risk areas. The Investigation Service will review the high risk areas to ensure we maximise our income from local tax, by eradicating evasion and avoidance.
23. Application Fraud is a highlighted risk area. We will review the processes for claiming discounts, relief and exemptions. We will investigate any areas of suspected abuse.

Delegated Powers - Civil v Criminal Considerations

24. Recent focus has primarily been around the newer counter-fraud statutes such as Fraud Act 2006 and Bribery Act 2010. We must not however lose focus of the advantages of civil action. The evidential burden is lower than criminal prosecution – it is only necessary to prove the case on the balance of probability rather than beyond all reasonable doubt. The rules on admissibility of evidence are generally more tolerant, such as the need to comply with 'PACE' and the fact that civil proceedings allow parties to reach a compromise settlement hence being settled before going to trial.
25. Where Ashford BC considers that a criminal offence has been committed, any investigation must comply with relevant legislation such as;

Criminal Procedure Act 1996

Police and Criminal Evidence Act 1984
Data Protection Act 1998
Regulation of Investigatory Powers Act 2000.

26. Members have currently have Delegated authority to the Deputy Chief Executive and the Revenues and Benefits Manager to exercise powers under the Local Government Act 1972 and the Local Government Finance Act 1992. The Corporate Fraud Manger will also need to act under these delegations and members are asked to note that the delegation will be extended to this post.

Conclusion

27. Overall it has been a year of consolidation for the team after the resignation of the previous Manager. However the team has still been successful in identifying and prosecuting fraud.
28. The report outlines a broad work plan for the team which highlights a new direction for the team in response to having its powers to investigate Housing Benefit Fraud rescinded.

Portfolio Holder's Views

29. To be given at the meeting.

Contact and Email

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