

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Review of Fraud Investigation Activity  
**Meeting/Date:** Corporate Governance Panel – 3 June 2015  
**Executive Portfolio:** Executive Councillor for Customer Services  
**Report by:** Benefits Manager  
**Ward(s) affected:** All

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**Executive Summary:**

This report provides an overview of the activity of the Corporate Fraud Team for 2014/15.

During the year, the team:

- Received 1028 allegations of fraud
- Investigated 345 cases and identified fraud valued at £464k
- Recovered 7 social housing properties
- Carried out 29 prosecutions

This performance is comparable to that of the previous year. This is against a national trend of a reduction in the number of investigators employed by local authorities which has in turn resulted in a decline in the number of cases investigated. However, the value of fraud found nationally has increased as authorities widen their remit beyond benefit fraud.

This has been the last year that the Corporate Fraud Team's remit within Huntingdonshire District Council included the investigation of Housing Benefit fraud before its transfer to the Department for Work and Pensions (DWP) which also saw the transfer of a number of staff.

**Recommendation(s):**

It is recommended that the Panel:

- Reviews the work undertaken by the Fraud Team during 2014/15.

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## 1. WHAT IS THIS REPORT ABOUT?

- 1.1 This report provides a summary of the activity of the Council's Corporate Fraud Team in 2014/15 including the number of investigations undertaken, types of investigation and the value of the fraud identified.

## 2. BACKGROUND

- 2.1 Housing Benefit fraud remained the main emphasis of the team during 2014/15 as this is where the biggest numbers and highest value of fraud is found, but resources also targeted Council Tax discounts and Housing tenancy fraud.
- 2.2 The Cambridgeshire Tenancy Fraud Forum (CTFF), which was funded by CLG and established in 2013 continued to run throughout 2014/15.
- 2.3 HDC was again the lead authority in a successful bid for funding of £335,000 from CLG to implement the Cambridgeshire Anti-Fraud Network (CAFN) as a successor to the CTFF. The partners comprise five other local authorities and four housing associations. The funding lasts until March 2016 and will create individual data warehouses with a central intelligence hub to carry out the data matching process. A website will also allow members of the public to report suspected fraud. As the lead authority, HDC is responsible for project management, procurement, running the central intelligence hub, carrying out the initial sift of fraud allegations and then passing cases on to the relevant authority.
- 2.4 The final quarter of the year saw the team concentrate on the transfer of the welfare benefit fraud work to the DWP as part of the national roll out of the Single Fraud Investigation Service (SFIS). SFIS brings together the fraud investigation work of the DWP, local authorities and HM Revenue & Customs.

## 3. ANALYSIS

- 3.1 This was a year of transition for the team in the knowledge that welfare benefit fraud work would transfer to the DWP at some point. Decisions had to be made on the future make up of the team and what sort of work they would do once the transfer had taken place in the knowledge that DWP grant funding which had previously funded the work would end.
- 3.2 Despite this, the outturn figures for the team were comparable to the previous financial year.

## 4. WORK UNDERTAKEN

- 4.1 Corporate Fraud Team:

	2013/14	2014/15
Allegations of fraud	1070	1028
Cases investigated	330	345
Cases where fraud was found	166 (50%)	152 (44%)
Value of fraud	£444k	£464k
Social housing recovered	11	7
Prosecutions	28	29
Cautions/penalties	34	28

All allegations are assessed – those that are malicious, not relating to HDC business or are of a low value that doesn't warrant a full investigation and potential prosecution are not taken further by the Fraud Team.

The value of the fraud established is broken down as follows:

Housing Benefit	£381,460
Council Tax Benefit/Support	£ 62,000
Council Tax Discount	£ 20,500
Value of administrative penalties issued:	£ 18,520
Court costs awarded:	£ 7,270

#### 4.2 Cambridgeshire Tenancy Fraud Forum (CTFF):

108 referrals were made to the CTFF during 2014/15 and were passed on to the appropriate partner authority to investigate.

The CTFF website was visited by 2500 users during the year generating 250 sessions a month.

### 5. WHAT ACTIONS WILL BE TAKEN

5.1 Three Investigating Officers transferred to the DWP on 1 May 2015 leaving a team comprising of a Team Leader, Investigator and an Intelligence Officer. In addition, a Data Analyst and an Intelligence Officer are employed on fixed term contracts funded by the CAFN project. At the same time, the Housing Benefit Credit Control Officer moved from the Fraud Team to the Benefit Assessment Team.

5.2 Any welfare benefit fraud investigation still in progress as at 1 May 2015 has been transferred to SFIS. Any future allegations of benefit fraud originating from HDC must also be passed to SFIS. There will now be a period of consolidation as the team complete work on other types of fraud work received prior to the SFIS transfer and deal with on-going referrals from the Benefits, Local Taxation and Housing Teams.

5.3 The management of the CAFN project will require resources to ensure that it fulfils its remit especially as there has been a delay in getting the project up and running due to staffing issues and co-ordinating the large number of partners involved. However, it is anticipated that savings will be found in the following areas:

- Tenancy Fraud
- Council Tax Discounts
- Tenancy audit work carried out by the housing associations
- Empty homes/NNDR fraud

5.4 Once the capacity of the new set up of the team has been established, an exercise will be undertaken to determine what other types of fraud could be looked at based on risk, value and volume. This will include looking at the Corporate Risk Register and issues identified during internal audits as well as working with services across the Council.

5.5 The Audit Commission was disbanded in March 2015 and their counter-fraud

activities have transferred to the Chartered Institute of Public Finance and Accountancy (CIPFA). HDC plans to use the CIPFA Counter Fraud Code to underpin its approach to fraud investigation in the future.

## 6. LINK TO THE CORPORATE PLAN

- 6.1 Strategic priority and objective: Ensuring that we are a customer focused and service led council.

## 7. LEGAL IMPLICATIONS

*(Comments from the Acting Legal Services Manager / Solicitor)*

- 7.1 None

## 8. RESOURCE IMPLICATIONS

- 8.1 Fraud Team costs 2014/15:

	<b>£'000</b>
<b>Direct Expenditure</b>	
Staff costs	267
Legal fees	1
Other expenses	10
	<hr/> 278
<b>Direct Income</b>	
DWP subsidy on HB overpayments	(153)
Council Tax Support/Benefit/Discounts	(83)
Financial penalties imposed	(18)
Court costs awarded	(7)
	<hr/> (261)
<b>Net Direct (Surplus)/Deficit</b>	<b>17</b>

## 9. OTHER IMPLICATIONS

*(Equalities, environment, ICT, etc)*

- 9.1 None

## 10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 This report shows that the Fraud Team continues to be a valuable resource for the Council, preventing, identifying and investigating various types of fraud.
- 10.2 Despite a national trend showing a reduction in available resources and the amount and value of fraud found, the team has maintained a comparable performance with previous years.

## BACKGROUND PAPERS

Protecting the public purse 2014 (Audit Commission)

## CONTACT OFFICER

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