

Crawley Borough Council

	Report No: FIN/263	B
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Report to Audit and Governance Committee

23 February 2012

Fraud and Inspections Team Report

1. Key Points

- 1.1 A successful pilot looking at Housing fraud has led to agreed joint working arrangements for future cases.
- 1.2 Significantly improved end of year sanction results.

2. Recommendations

- 2.1 The Committee is requested to:
 - a. Note the report

CHRIS CORKER
Fraud and Inspections Manager

3. Background

3.1 In June 2010 the Fraud and Inspections Service was formed. The purpose of their work is to:

- ensure housing benefit is paid to the right person and the right time;
- investigate reported anomalies and suspected fraud;
- ensure correct liability for council tax and national non domestic rates through property inspections; and
- assist in the recovery of arrears

3.2 In accordance with the Anti Fraud and Corruption Strategy and Response Plan, this is the fourth report on the work of the Fraud Investigation and Inspections Team for 2011/12. It covers the period from 1 January 2012 to 23 February 2012.

4. Activity for the Quarter

4.1 Between 1 January 2012 and 23 February 2012 the team received 58 referrals, the starting point for a potential investigation.

4.2 As at 23 February 2011 there were 108 open investigations.

4.3 The work undertaken in the period is summarised in the table below:

Activity	In period	YTD
Closed cases	54	342
Interviews Under Caution	15	60

4.4 The open cases are shared throughout the team, depending on their role and experience. The Fraud and Inspections officers have fewer cases than the two Investigators to reflect their wider taxation responsibilities.

4.5 The Fraud & Inspections Manager has been looking at the possible impact of housing fraud against the Council and a pilot into this activity has been completed with seven properties being recovered back into Crawley Homes. A separate report on this has been prepared for the committee.

4.6 We have continued with our agreement with the Department for Work and Pensions (DWP) to submit our prosecution files to them. A further conviction was secured this quarter and another case is pending trial.

5. Outcomes and Results

5.1 There are a number of possible outcomes of an investigation. The investigation:

- may be rejected because the referral provides insufficient grounds for investigation
- may find no, or insufficient, evidence of fraud
- may find errors that can be corrected because there was no intent to defraud – an overpayment may still result that will be recovered

- may occasionally warrant sending a warning letter because though fraud has been identified, the circumstances of a case and/or person do not warrant more punitive action
- may be passed to Department of Work and Pensions because housing and/or council tax benefit has been passported from income support, jobseekers allowance or pension credits
- may result in fraud being proven and a sanction applied

5.2 During the period 1 January 2012 to 23 February 2012 the outcome of the 54 cases closed can be summarised as follows:

<u>Outcome of closed case</u>	<u>This period</u>	<u>YTD</u>
Referral rejected	6	36
No evidence of Fraud	17	119
Overpayment raised (but no sanction) or claim corrected	6	52
Compliance Visit request	8	32
Passed to DWP to Investigate	13	47
Sanction Imposed	5	39

5.3 Usually, where fraud is identified, a sanction will be applied. There are three possible sanctions:

- a. a caution
- b. an administrative penalty (a financial penalty equal to 30% of the amount of benefit fraudulently obtained)
- c. a prosecution

5.4 During the period the following sanctions have been applied:

<u>Sanction type</u>	<u>In period</u>	<u>YTD</u>
Caution	2	17
Administrative Penalty	2	17
Prosecution	1	5
Amount of associated overpayment	£15,099	£92,496

5.5 Five prosecution cases have been concluded during 2011/2012 with a further case awaiting trial. A further three cases have been authorised for proceedings and are awaiting submission to DWP.

5.6 To date the total overpayments of housing and council tax and DWP benefits recorded on closed cases during 2011/2012 by the investigation team amounts to £183,000. This amount includes all overpayments obtained by the investigation team. On average, the Council recovers around 65% of benefit overpayments raised.

5.7 The Committee will be aware that there was an improvement in performance throughout 2010/11 and this report shows that service continued to improve further throughout 2011/12, most notably in the area of prosecutions and other sanctions.

6 Future Changes

- 6.1 Very little further information has been received from DWP regarding the future of the new Single Fraud Investigation Service (SFIS).

7. Ward Members' Views

- 7.1. The work of the Fraud and Inspections Team does not impact on any specific wards.

8 Staffing, Financial and Legal Implications/Powers

- 8.1 None

9. Other Implications

- 9.1 None

10 Links to the Sustainable Community Strategy and Corporate Plan

- 10.1 The proposals contained in this report relate to the following key areas of the Sustainable Community Strategy

Community Cohesion	y	Community Safety	y
Young People and Children	y	Health and Well Being	y
Older People	y	The Environment	y
The Local Economy	y	Social Inclusion	y

The following key principles are applicable:-

(i) Working together	y
(ii) Dignity, respect and opportunities for all	y
(iii) Involving people	y
(iv) Making it last	y

The report relates to the following areas in which the Council operates to enhance the town and the quality of life of local people:-

(i) Prosperity	y
(ii) Community:	y
(iii) Environment:	y
(iv) Value for Money	y

11 Reasons for the Recommendations

- 11.1 The Audit and Governance Committee has the responsibility to review the effectiveness of the Councils anti-fraud and anti-corruption arrangements

12 Background Papers

12.1 None

Contact Officer:- Chris Corker
Direct Line:- 01293 438598