

Crawley Borough Council

Report No: FIN/281

Report to Audit and Governance Committee

26 September 2012

Fraud and Inspections Team Report

1. Key Points

- 1.1 The period saw successful joint prosecutions. Sentences handed out included a suspended prison sentence and a massive £25,000 fine.
- 1.2 Benefit fraud investigations have continued to be successful, with 12 sanctions imposed in the reporting period (including two prosecutions).
- 1.3 There has been continued success working with Crawley Homes in recovering a further five properties in this reporting period.

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 This is the second report on the work of the Fraud Investigation and Inspections Team for 2012/13. It covers the period from 1 July 2012 to 14 September 2012.

4. Activity for the Quarter

4.1 Between 1 July 2012 and 14 September 2012 the team received 74 referrals, the starting point for a potential investigation.

4.2 As at 14 September 2012 there were 116 open investigations

4.3 The work undertaken in the period is summarised below:

<u>Activity</u>	<u>In period</u>	<u>YTD</u>
Closed cases	125	186
Interviews Under Caution	16	24

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

4.4 We have continued to work jointly with Crawley Homes investigating various forms of housing fraud which include:

- Subletting
- Non occupation
- False succession applications

We continue to develop our investigation techniques into Housing Fraud and continue to be extremely successful in recovering properties. The Audit Commission estimate it costs councils on average £18,000 a year for each family they place in temporary accommodation.

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
- find no, or insufficient, evidence of fraud
- find errors that can be corrected because there was no intent to defraud – an overpayment may still result that will be recovered
- 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
- 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
- result in fraud being proven and a sanction applied

5.2 During the period 1 July 2012 to 15 September 2012 the outcome of the 125 cases closed can be summarised as follows:

<u>Outcome of closed cases</u>	<u>This period</u>	<u>YTD</u>
Referral rejected	7	9
No evidence of fraud	59	92
Overpayment raised (but no sanction) or claim corrected	20	23
Compliance visit request	2	4
Passed to DWP to investigate	20	29
Sanction imposed	12	22
Properties recovered by Fraud/Crawley Homes (keys returned)	5	11

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 Note – there are changes taking effect in the level of the administrative penalty. For overpayments wholly occurring after a specified date, the penalty will be 50% with a minimum amount of £350 and a maximum amount of £2,000.

During the period the following sanctions have been applied:

<u>Sanction type</u>	<u>In period</u>	<u>YTD</u>
Caution	7	12
Administrative Penalty	4	6
Prosecution	2	4
Amount of associated overpayment	£137,411	£161,322

5.5 Several prosecution cases have concluded since the last report.

- Mrs W. A joint prosecution with Reigate & Banstead. Mrs W had several significant capital assets which she failed to declare. She actually owned the property she claimed Housing Benefit for. She pleaded at the last minute as was fined £25,000 and ordered to pay full costs.
- Mrs Buck. (Appendix A – Press release). Another joint prosecution this time with the DWP. Mrs Buck failed to declare she was living with her partner and had done so since 2003. This was continuously denied until the last moment and when she pleaded guilty in Crown Court just before the trial commenced. She was sentenced to 12 months imprisonment suspended for 2 Years with a requirement to do 200 Hours community work.
- Miss E was claiming Housing and Council Tax benefit and failed to tell Crawley Borough Council for a 7 month period she was also working. She pleaded guilty and was convicted and ordered to pay a £150 fine and costs.

5.6 To date the total overpayments of housing and council tax and DWP benefits recorded on closed cases during 2012/2013 by the investigation team amounts to £241,740. This amount includes all overpayments obtained by the investigation team. On average, the Council recovers around 65% of benefit overpayments raised.

6 Future Changes

6.1 Since the publication by DWP of the SFIS High Level Business Design document on 30 April 2012 the only update that has been received is that four trials are taking place from September; three with teams based within the DWP and one with the team based within a local authority.

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	n
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	n
(ii) Community:	y
(iii) Environment:	n
(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

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Benefit fraudster convicted

A woman who falsely claimed more than £100,000 of benefits was sentenced to 12 months' imprisonment suspended for two years and ordered to carry out 200 hours of unpaid work yesterday (Monday August 13).

Ashley Buck, of Wisborough Court, Bewbush, pleaded guilty to five charges of benefit fraud at Lewes Crown Court.

Judge Richard Brown told her the only thing stopping her being sent to prison was the fact she has three children.

The 33-year-old claimed £103,590.01 she was not entitled too. She failed to declare that she was living with her husband between 2003 and 2011, dishonestly claiming Income Support (£57,886.77), Housing Benefit (£37,826.53) and Council Tax Benefit (£7,876.71).

The Housing Benefit and Council Tax Benefit overpayments are to be paid back to the council. Arrangements are being made to recover this money.

This case was taken to court by the Department for Work and Pensions. Crawley Borough Council and Crawley Jobcentre worked on the investigations.

Judge Brown added: "If you do not do your unpaid work properly you will be sentenced to prison. These are very serious offences, ripping off the council and the Department for Work and Pensions."

Councillor Bob Lanzer, Leader of Crawley Borough Council, said: "The council takes a very serious view of people who obtain benefit when they are not entitled to it.

"We are committed to detecting and prosecuting people who commit benefit fraud. Any claimant whose circumstances change should contact us immediately."

Based at the Town Hall, the Fraud Team works to prevent, detect and investigate all fraud committed against the council.

Anyone who thinks they know someone who is claiming benefits fraudulently can call the council free and in confidence 24 hours a day on 0800 634 0180 or email investigations@ Crawley.gov.uk