

Crawley Borough Council

Report No: FIN/288

Report to Audit and Governance Committee

11 December 2012

Fraud and Inspections Team Report

1. Key Points

- 1.1 Benefit fraud investigations have continued to be successful, with six sanctions imposed in the reporting period (including one prosecution).
- 1.2 Our proactive good work in dealing with Housing Fraud is highlighted the Audit Commissions 'Protecting the Public Purse 2012'

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 third report on the work of the Fraud Investigation and Inspections Team for 2012/13. It covers the period from 8 September 2012 to 23 November 2012.

4. Activity for the Quarter

4.1 Between 8 September 2012 and 23 November 2012 the team received 74 referrals, the starting point for a potential investigation.

4.2 As at 23 November 2012 there were 95 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	66	253
Interviews Under Caution	12	36

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 8 September 2012 to 23 November 2012 the outcome of the 66 cases closed can be summarised as follows:

<u>Outcome of closed cases</u>	<u>This period</u>	<u>YTD</u>
Referral rejected	7	17
No evidence of fraud	28	120
Overpayment raised (but no sanction) or claim corrected	12	32
Compliance visit request	5	9
Passed to DWP to investigate	8	38
Sanction imposed	6	29
Note – in addition - properties recovered by Fraud/Crawley Homes (keys returned)	1	12

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	14
Administrative Penalty	3	9
Prosecution	1	6
Amount of associated overpayment	£13,593	£174,915

- 5.5 One prosecution case has been concluded since the last report.
- Mrs E claimed Council Tax Benefit for a period of 3 years but failed to declare she had savings accounts in excess of £45,000. She pleaded guilty to 2 counts of benefit fraud. She was sentenced to a 12 month conditional discharge and ordered to pay a contribution towards costs of £100. The overpaid Council Tax Benefit has been recovered.
- 5.6 To date the total overpayments of housing and council tax (and DWP benefits where we have worked jointly) recorded on closed cases during 2012/2013 by the investigation team amounts to £334,253. This amount includes all overpayments obtained by the investigation team. On average, the Council recovers around 65% to 70% of benefit overpayments raised.
- 5.7 Our housing fraud activities during 2011/12 were highlighted by the Audit Commission in their 2012 publication of 'Protecting the Public Purse 2012'. They highlight In 2011/12, not one property was recovered in over half on non-London councils with housing stock. In the report the Audit Commission state:

'53 However, some district councils have demonstrated what can be done, even with limited investigative resources. Before 2011, Crawley Borough Council had never reported recovering a home from tenancy fraudsters. It was a widely held view in the Council that tenancy fraud was not a problem. But the housing department supported an initiative by the benefits fraud investigation team to tackle it.

54. In 2011/12, Crawley recovered 23 properties. The Council attributes much of this success to close working between specialist benefit fraud investigators and housing officers. The Council found that enquiries into alleged benefit frauds also uncover tenancy fraud.'

6 Future Changes

- 6.1 Following on from previous reports and the publication by DWP of the SFIS High Level Business Design document on 30 April 2012 I am aware of the following updates:
- From now to March 2014 pilots and pathfinders will be set up, run and evaluated
 - Councils during this phase will not need to identify staff who may in future work for SFIS
 - From April 2014 to March 2015 there will be a national roll out.
 - Crawley Borough Council has already logged their interest with DWP to take part in future pilots.
- 6.2 The prevention of Social Housing Fraud Bill has now passed through the Commons and is now ready for its 2nd reading in the Lords.

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 Audit Commission – Protecting the Public Purse - www.audit-commission.gov.uk

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