

Crawley Borough Council

Report No: FIN/296

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Report to Audit and Governance Committee

13 March 2013

Fraud and Inspections Team Report

1. Key Points

- 1.1 Team have applied 33 sanctions since April 2012 with an associated amount of overpayments of £181,504

2. Recommendations

2.1 The Committee is requested to:

- a. Note the report

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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 fourth report on the work of the Fraud Investigation and Inspections Team for 2012/13. It covers the period from 24 November 2012 to 14 February 2013.

4. Activity for the Quarter

4.1 Between 24 November 2012 and 14 February 2013 the team received 101 referrals, the starting point for a potential investigation.

4.2 As at 14 February 2013 there were 112 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	90	343
Interviews Under Caution	11	47

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. The Audit Commission estimate it costs councils on average £18,000 a year for each family they place in temporary accommodation. A reorganisation within Crawley Homes and a focus on dealing with the impact of the Government's welfare reforms has resulted in far fewer referrals being received. No properties have been recovered this reporting period.

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 24 November 2012 to 14 February 2013 the outcome of the 90 cases closed can be summarised as follows:

<u>Outcome of closed cases</u>	<u>This period</u>	<u>YTD</u>
Referral rejected	0	17
No evidence of fraud	55	120
Overpayment raised (but no sanction) or claim corrected	13	32
Compliance visit request	3	9
Passed to DWP to investigate	15	38
Sanction imposed	4	29
Note – in addition - properties recovered by Fraud/Crawley Homes (keys returned)	0	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	3	17
Administrative Penalty	1	10
Prosecution	0	6
Amount of associated overpayment	£6,588.93	£181,504

5.5 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 £385,016. This amount includes all overpayments obtained by the investigation team. On average, the Council recovers around 65% to 70% of benefit overpayments raised.

5.6 The team is currently reviewing the National Fraud Initiative data match exercise of Single Person Discounts applied to Council Tax. This data match specifically targets persons in receipt of Council Tax Benefit but there are concerns that another adult is living at the property. The Council Tax bill is reduced by 25% if there is a sole adult in the property. We will report the outcome in a future report but early signs are promising and the service has started to cancel the 25% discounts.

6 Future Changes

6.1 The prevention of Social Housing Fraud Bill has now passed through all stages and received Royal Assent on 31st January 2013. We are now looking at this Act in detail and how it can be used in the recovery of misused housing stock.

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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