

# Crawley Borough Council

Report No: FIN/303

# B

## Report to Audit and Governance Committee

25 June 2013

### Fraud and Inspections Team Report

#### 1. Key Points

- 1.1 During 2012-13, the team dealt with over 400 referrals. This led to 40 sanctions, including nine successful prosecutions.
- 1.2 Including Department of Works and Pensions (DWP) benefits overpayments in excess of £450,000 were identified.
- 1.3 Through joint working with Crawley Homes, ten properties were recovered during the year.
- 1.4 The Council has been awarded a Government grant of £190,000 to expand the work looking at housing tenancy fraud over the next two years.
- 1.5 The team will be investigating other areas of fraud that they have not traditionally looked at.

#### 2. Recommendations

##### 2.1 The Committee is requested to:

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 annual report covers the period from 1 April 2012 to 31 March 2013.

### 4. Activity for the Year

4.1 Between 1 April 2012 and 31 March 2013 the team received 407 referrals, the starting point for a potential investigation.

4.2 The work undertaken in the year is summarised below:

<u>Activity</u>	<u>2012/13</u>
Closed cases	417
Interviews Under Caution	57

4.3 As at 5 June 2013 there were 68 open investigations.

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 with Crawley Homes investigating various forms of housing fraud which include:

- Subletting
- Non occupation
- False succession applications

### 5. Outcomes and Results

#### 5.1 Benefit Fraud

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

- result in 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 2012/13 the outcome of the 417 cases closed can be summarised as follows:

<u>Outcome of closed cases</u>	<u>2012/13</u>
Referral rejected	31
No evidence of fraud	193
Overpayment raised (but no sanction) or claim corrected	63
Compliance visit request	15
Passed to DWP to investigate	75
Sanction imposed	40

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>2012/13</u>
Caution	17
Administrative Penalty	14
Prosecution	9
Amount of associated overpayment	£236,942

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 £455,655. 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 Housing Tenancy Fraud

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. During 2012/13 we have jointly with Housing recovered 10 properties back into Crawley Homes.

## **6 Changes in 2013/14**

- 6.1 The prevention of Social Housing Fraud Bill has now passed through all stages and received Royal Assent on 31<sup>st</sup> January 2013. Indications are the Act will come into force this summer. We have been looking at this Act in detail and how it can be used in the recovery of misused housing stock.
- 6.2 On the back of their work with Housing, the investigation team have been successful in their application of Government Grant funding. We will receive £190,000 over the next two years in order to tackle the growing concern over housing tenancy fraud. The funding will be used to employ additional investigators and set up a new corporate fraud case management system. This will give us the ability to carry out proactive investigations based on data matching against credit rating records. We will also set up a West Sussex Housing Fraud Forum including social housing providers to examine the best way to deal with housing fraud across the sector.
- 6.3 The Government has been promoting the increased action against fraud locally. The Audit Commission have published 'Protecting the Public Purse' and the National Fraud Authority have published 'Fighting Fraud Together'. Both publications indicate areas of loss within Local Authorities where fraud will already be taking place and have developed figures based on the profile of individual authorities.
- 6.4 The reports highlight particular areas of risk for local authorities as housing tenancy fraud, procurement, Council Tax, the Council Tax reduction scheme, staff vetting and investigations, business rates and insurance claims.
- 6.5 The additional grant money referred to above gives the team the opportunity to significantly expand the work done on housing tenancy fraud. The intention is that the team will also undertake work in most of the other areas identified. The overall intention is to ensure that the team's efforts are focused on the areas that are most beneficial to the Council, especially in financial terms.
- 6.6 As and when work is carried out in these additional areas, the results will be reported to the Committee.

## **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 Two, fixed term, additional posts have been agreed to carry out the housing tenancy fraud work associated with the Government Grant. The posts will be filled on a secondment basis, maximising the learning that is retained in the Council.

## **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](http://www.audit-commission.gov.uk)

12.2 National Fraud Authority – Fighting Fraud Together

Contact Officer: - Chris Corker  
Direct Line: - 01293 43859