

Crawley Borough Council



Report to Audit & Governance Committee 10 December 2013

Fraud Team Report

Report of the Fraud & Inspections Manager - Report no. FIN/320

1. Purpose

- 1.1 The report describes the activity of the Fraud Team in the period from 1 September to 19 November 2013.

2. Recommendations

- 2.1 That the Committee note the report.

3. Reasons for the Recommendations

- 3.1 The Committee has a responsibility to oversee the Council's anti fraud and corruption arrangements. A major part of those arrangements is the activity of the Fraud Team in identifying, investigating and taking action against cases of fraud.

4. Background

- 4.1 The Team investigates alleged and potential fraud across the Council. Until eighteen months ago its activity was focused in housing and council tax benefit fraud. Since then it has begun looking at types of fraud, with a major effort to identify and combat housing fraud of different types.

5. Information & Analysis

Housing Tenancy Fraud

- 5.1.1 The Team continues to investigate tenancy fraud and recover properties back into the stock which can be allocated to vulnerable families in need. Since work in this area begun, we have recovered 53 properties.
- 5.1.2 We have set up a West Sussex Tenancy Fraud Forum and chaired the first meeting in early November. The meeting discussed strategies and approaches to tackling housing fraud, including joint working. There was a good representation from housing associations. There was limited representation from other local authorities and steps are being taken to address this. Alan Bryce, author of "Protecting the Public Purse" has indicated that he is willing to address the Forum so that local authorities can better understand the fraud issues they are facing.
- 5.1.3 The Council has been given a seat on the national Tenancy Fraud Forum Executive.

- 5.1.4 As part of the approach to tenancy fraud, all 8,042 Crawley Homes properties have been assessed through Callcredit's tenancy verification process. This identifies data that suggests either that the tenant is living elsewhere or that there are other people living at the address. The report identified 281 properties (3.5% of the stock) as being of concern.
- 5.1.5 To date 175 of these tenancies have been looked at. Of these 46 have been opened for further investigation. In the other cases there is a legitimate explanation for the data that led to the concern.
- 5.1.6 During the reporting period, thirteen properties have been recovered, making a total of twenty since April. We have also stopped a right to buy application when the financial information supplied was investigated. The National Fraud Authority estimate that the average loss to the public purse of each tenancy fraud is £18,000 and that the cost of building a social housing unit is £150,000.
- 5.1.7 We are also developing new internal data matching systems to identify additional properties where the data raises concerns.

5.2 Housing Benefit Fraud

- 5.2.1 During the period, the Team received 143 referrals. They have closed 98 cases and 97 remain open.
- 5.2.2 The outcome of the 98 closed cases can be summarised as follows:

Outcome of closed cases

Referral rejected	7
No evidence of fraud	56
Overpayment raised (but no sanction) or claim corrected	6
Compliance visit requested	0
Passed to DWP to investigate	21
Sanction imposed	5
Properties returned *	2
Right to Buy stopped *	1

* closed cases where there has also been a benefit investigation

- 5.2.3 During the period the following sanctions have been applied:

Sanction type

Caution	2
Administrative penalty	1
Prosecution	2
Amount of associated overpayment	£27,117

- 5.2.4 Total overpaid benefit (including benefits administered by the Department of Works & Pensions(DWP)) raised by completed investigations in the period is £56,880.

- 5.2.5 One of the successful prosecutions related to Mrs Brown, 49, of Gossops Green. She was found guilty on 2 September at a trial after having pleaded not guilty. She was sentenced on 24 September. She was ordered to do 50 hours community service and to pay £625 costs.
- 5.2.6 Mrs Brown fraudulently obtained £8,666 in housing and council tax benefit. She applied for a three bedroom house stating that she needed the rooms due to her husband's medical condition. Once she had obtained the house she said her husband had moved out, allowing her to claim benefits. Her husband had never vacated the property.
- 5.2.7 The second prosecution related to Mr Tieman, 24, of Gossops Drive. Mr Tieman was overpaid £16, 402 in housing benefit, council tax benefit and income support. This covered a period between August 2011 and October 2012. During this period, Mr Tieman was claiming benefit on the basis of being a single adult. He had failed to declare that his partner had also been living at the property.
- 5.2.8 Mr Tieman admitted knowingly failing to declare a change of circumstances to the Council and the DWP. He was fined £1,245 and ordered to repay the overpayment. Costs of £85 were also awarded.

5.3 Protecting the Public Purse

- 5.3.1 The annual report from the Audit Commission has just been published. It highlights that preventing fraud is even more important in times of austerity. Every pound lost through fraud is a pound that cannot be spent on public services.
- 5.3.2 It is estimated that there is a loss to local authorities due to housing fraud of £845 million nationally. When combined with losses suffered by housing associations, this rises to £1.8 billion. This is around five times higher than the losses due to benefit fraud.
- 5.3.3 We have made excellent progress in this area and are the only council in West Sussex actively investigating housing fraud.

6. **Implications**

- 6.1 There are no implications from the report.

7. **Background Papers**

- 7.1 Protecting the Public Purse 2013
<http://www.audit-commission.gov.uk/2013/11/protecting-the-public-purse-2013/>

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