



# Crawley Borough Council

## Report to Audit & Governance Committee 12 March 2014

### Fraud Team Report

Report of the Fraud & Inspections Manager - Report no. FIN/331

---

#### **1. Purpose**

- 1.1 The report describes the activity of the Fraud Team in the period from 20 November 2013 to 19 February 2014.

#### **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 Committee has a responsibility to oversee the Council's anti fraud and anti corruption arrangements. A major part of those arrangements are the activity of the Fraud Team in identifying, investigating and taking action against cases of fraud or loss.
- 4.2 During the period the team received 149 referrals, the large majority relating to benefit fraud. We have closed 147 cases, leaving a current live caseload of 108 cases.
- 4.3 The team is now looking into all areas of fraud and loss against the council. The main areas of investigation have been housing benefit, housing, council tax and business rates.

## 5. Information & Analysis

### 5.1 Housing Benefit Fraud

5.1.1 The outcome of the 138 closed benefit fraud cases are as follows:

<u>outcome of closed cases</u>	<u>this period</u>
Referral rejected	29
No evidence of fraud	69
Overpayment raised (but no sanction) or claim corrected	3
Compliance visit request	7
Passed to DWP to investigate	17
Sanction imposed	13

5.1.2 During the period the following sanctions have been imposed:

<u>sanction type</u>	<u>in period</u>	<u>year to date</u>
Caution	1	7
Administrative Penalty	10	18
Prosecution	2	7
Amount of associated overpayment	£44,371	£111,264

5.1.3 Total overpaid benefit (including DWP benefits) identified by the investigation team during the reporting period is £57,683. The year to date total is £321,899.

#### 5.1.4 Benefit Prosecution Outcomes

Miss Holmes of Mill Road falsely claimed more than £23,000 in benefits. She hid the fact that the owner and landlord of the property was her ex partner and therefore the arrangement was not a commercial rent. She also failed to declare her new partner Mr Smith had moved in. She pleaded guilty and was sentenced to 150 hours of community work.

5.1.5 Miss Bond of Festival Court falsely claimed nearly £9,000 of housing and council tax benefit by failing to declare she was living with her partner Mr Smith. Miss Bond initially indicated the male at her property was her brother and that Mr Smith lived at his mothers. This was proved to be untrue and she pleaded guilty at court and was sentenced to 80 hours community work order.

### 5.2 Housing Fraud

5.2.1 The National Fraud Authority state the average loss to the public purse for each property subject to fraud is £18,000 and the cost of building a social housing unit from new is £150,000.

5.2.2 In the reporting period a further three properties have been recovered which were not being used as their main and principle home by our tenant or had been sublet, making a total of 23 during the year 2013/14.

5.2.3 The investigation team have identified a number of false housing applications. Where there is a concern that the application is false it is being passed to the team to investigate. During this reporting period we have prevented four properties from being allocated and lost from our stock. (Two of these cases have been closed and the other two are being interviewed under caution) In each of these cases where we have shown the application to be false they have also been removed from the housing register.

<u>Housing Issue</u>	<u>In Period</u>	<u>Year to Date</u>
Property recovered	3	23
Prevented property being allocated	2	3
Value of preventing loss	£90,000	£468,000

5.2.4 A caution has also issued against a customer who gave false details on their housing application form. She declared she was living in the front room, sleeping on the sofa of her mother's home when, in fact, she was living elsewhere with her partner in a double bedroom.

### 5.3 Council Tax and Business Rates

5.3.1 The Investigation and Inspection staff are now reporting the fraud and loss they discover in these areas in the following way:

**Loss Prevented** – This is where we identify a loss before it happens. This could be an application for single person discount or for business rates exemption. The discount or exemption is refused based on our findings.

**Loss Stemmed** – This is where we identify an ongoing loss and stop it. This could be recovering a property into stock, stopping an ongoing council tax discount or business rate exemption.

**Loss Recovered** – This is where we are able to go back and retrospectively bill for a past period due to evidence provided by the team. This could be the retrospective removal of a council tax discount or business exemption.

**Rates Gained** – Additionally, the inspectors look for properties which are not on the valuation list. These could be new houses, businesses or properties which we have not previously known about.

5.3.2 Complete results are not available for the year as the results have only been recorded in this year from November 2013.

<u>Council Tax</u>	<u>this period</u>	<u>year to date</u>	<u>year to date</u>	<u>year to date</u>
	<u>Fraud</u>	<u>Fraud</u>	<u>Inspectors</u>	<u>Total</u>
Loss Prevented	£703	£703	£832	£1,535
Loss Stemmed	£1,941	£3,080	£55,368	£58,448
Loss Recovered	£3,138	£5,735	£28,242	£33,977
New Rates Gained			£104,290	£104,290

<u>Business Rates</u>	<u>year to date</u> <u>Inspectors</u>
Loss Prevented	£612
Loss Stemmed	£166,363
Loss Recovered	£NIL
New Rates Gained	£974,000 *

\* A new hotel was found at Gatwick Airport which was already trading with a rateable value of approximately £950,000.

5.3.3 Year to date figures (since November for council tax and business rates) are summarised in the following table.

	<u>Housing</u>	<u>Council</u> <u>Tax</u>	<u>Business</u> <u>Rates</u>	<u>Total</u>
Loss Prevented	£54,000	£1,535	£612	£56,147
Loss Stemmed	£414,000	£58,448	£166,363	£638,811
Loss Recovered	NIL	£33,977	NIL	£33,977
New Rates Gained	NIL	£104,290	£974,000	£1,078,290

## **6. Implications**

6.1 There are no implications from the report.

## **7. Background Papers**

7.1 None

Report author and contact officer: Chris Corker, Fraud & Inspections Manager  
(telephone 01293 438598)

ENDS