

Crawley Borough Council



Report to Audit Committee 11 March 2015

Fraud Team Report

Report of the Corporate Fraud and Inspections Manager - Report no. FIN/360

1. Purpose

- 1.1 The report describes the activity of the Corporate Fraud & Inspection Team in the period from 14 November 2014 to 16 February 2015. All reporting figures are from closed cases.

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. Information & Analysis

4.1 Housing Benefit Fraud

- 4.2 The investigators currently have 84 open Housing Benefit cases, 31 of these being opened this reporting period.
- 4.3 During the period the following overpayments have been discovered and calculated. All overpayments must be repaid.

<u>Overpayment</u>	<u>In period</u>	<u>2014/15</u>
Sanction overpayments	£27,527	£173,330
All overpayments (inc above sanctions)	£81,816	£335,497

Sanction overpayments relate to cases where the claimant has been either prosecuted, cautioned or received a penalty.

- 4.4 During the period the following sanctions have been imposed:

<u>Sanction type</u>	<u>In period</u>	<u>2014/15</u>
Caution	4	6
Administrative Penalty	3	9
Prosecution	2	8

4.5 Benefit Prosecution Outcomes

Mr McGregor claimed Housing Benefit, Council Tax Benefit and Employment Support Allowance on the basis of no income and unable to work. Working with our licencing colleagues we established he had a valid Taxi Licence. Details obtained from two local taxi companies showed he had been working since 2010. He fraudulently obtained £5,500 in benefits. Mr McGregor pleaded guilty at Crawley Magistrates court and was sentenced to 6 months community integration order and included 12 hourly sessions with probation.

Mr McCabe claimed Housing Benefit and Council Tax Benefit based on his partner income. Various jobs came to light including Taxi and chauffeuring which had never been declared. He had fraudulently obtained over £11,500 in benefits. Mr McCabe was convicted and received a 125 hours community work order.

All overpayments must be repaid regardless of whether a case is prosecuted or not.

4.6 Housing Fraud

4.7 The investigators currently have 18 open Housing fraud cases.

4.8 During the reporting period the we have achieved the following:

	<u>In period</u>	<u>2014/15</u>
Properties recovered	2	10
Prevented allocation	2	12
Stopped Right to Buy	1	4
Notional value of savings	£149,000 (inc £77,000 RTB)	£695,000 (inc £299,200 RTB)

4.9 During the period the following sanctions have been imposed:

<u>Sanction type</u>	<u>In period</u>	<u>2014/15</u>
Caution	0	3
Prosecution	0	2

4.10 Council Tax and Business Rates

Details below show the amount of new recoveries, losses stemmed / prevented and additional rates gained by the inspectors and investigators.

	Council Tax		Non Domestic Rates	
	In period	2014/15	In period	2014/15
New recoveries	£24,697	£214,130	£19,915	£28.302
Loss stemmed or prevented	£38,060	£194,818	£1,023,632	£1,853,896
New billable CT or Rates	£47,378	£256,500	£1,011,139	£2,980,524

New Recoveries – This is where we are able to go back and retrospectively bill for a past period due to evidence showing a CT discount or business exemption was incorrect. This would also be where an inspector has set up an agreement to pay for a non paying account

Loss stemmed or prevented – This is where we stop an ongoing loss or prevent it happening in the first place.

New billable CT or Rates – Inspectors are constantly looking for properties or businesses that are not on the valuation list and therefore not being billed. Legislation does not require occupiers to report new properties.

4.11 In house Council Tax Single Person Discount (SPD) exercise

If there is a single adult living in a property then a 25% reduction in Council Tax can be applied for. The applicant is required to notify the council should this situation change. This discount is worth on average £375 per year on a band D property.

Using the National Fraud Initiative (NFI) Council Tax data was matched against electoral roll information. This highlighted concerns where there were two adults registered at the property but a SPD was being claimed.

Initially there were 694 matches. Rather than outsourcing this work the team undertook the work in house. Shifting through these matches produced 335 cases still of concern and were investigated.

170 cases (51% of investigated cases) have so far had their SPD's removed resulting in £63,626 in new Council Tax income and £57,937 prevented loss in future years.

There are still a few cases outstanding and I will report the full set of results at the next meeting.

5. Implications

6.1 There are no implications from the report.

6. Background Papers

6.1 None

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