

# Crawley Borough Council

## Report to Audit Committee

19 March 2019

### Fraud and Investigation Team Report

Report of the Operational Benefits & Corporate Fraud Manager - Report no. FIN/471

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#### 1. Purpose

- 1.1 The report describes the activity of the Corporate Fraud & Investigation Team for the period 13 November 2018 to 4 March 2019. All outcome figures are taken from closed cases. Year to date figures are also included in the report for 2018/19.

#### 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 Corporate Fraud & Inspection Team in identifying, investigating and taking action against cases of fraud.

#### 4. Information & Analysis

##### Active Caseload

The fraud team are currently investigating the following case types

Case Type	Number of Cases
CT Liability Investigation	1
Council Tax Reduction Scheme	14
Housing Applications	9
Housing Investigations (General)	3
Housing non occupation	22
Housing Right to Buy	10
CT Single person Discount	5
Legacy Housing Benefits	1
Total	65

The above cases are all at various stages in the investigation lifecycle and will be reported on when the cases are closed.

#### 4.1 Housing Fraud

During the reporting period the team have achieved the following:

	<u>In period</u>	<u>2018/19 (YTD)</u>
Properties recovered	3	10
Prevented allocation (inc homeless applications)	4	11
Properties recovered for our RSL partners	1	4
Stopped Right to Buy (actual discount value)	3 (£242,700)	10 (£804,400)
Notional value of savings	£386,700	£1,254,400

The previous Audit Commission through their 'Protecting the public purse' studies conservatively estimated, that for each property being misused and not available to the Local Authority it cost the Authority £18,000 per year per property. Housing vulnerable families in Bed & Breakfast on a temporary basis is very expensive and can cost in excess of £100 per night. The Audit Commission figure is therefore used for recovering properties and preventing false applications.

The Right to Buy figures are the actual discounts which would have awarded had the sale of the property gone through.

#### 4.2 Single Person Discount (Council Tax Inspectors & Investigators)

A 25% discount in Council Tax liability is given to households where only 1 adult is resident.

The investigators and inspectors throughout the year will routinely look into referrals received from the public or other means suggesting there are 2 adults resident and therefore not eligible to the discount.

	<u>In period</u>	<u>2018/19 YTD</u>
Discounts removed	7	25
Loss being recovered	£3,307	£17,786

#### 4.3 Council Tax and Business Rates

The team continue to investigate and inspect Council Tax and Business rates. 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.

	Council Tax		Non Domestic Rates	
	In period	2018/19 (YTD)	In period	2018/19 (YTD)
New billable CT or Rates	£518,762	£873,092	£2,279,484	£5,663,978

## **5 Significant Case**

### **Housing Application Fraud**

Miss A made an application for accommodation stating she had been made homeless due to a relationship breakdown and was sofa surfing. Due to concerns raised by the homelessness team we were able to establish Miss A was evicted from her last property by her landlord due to anti-social behaviour. As she made herself homeless the Council has no responsibility to house her.

Miss A was interviewed under caution and admitted submitting a false document to obtain a council property. She was later cautioned for the offence.

## **6 Other Fraud**

Procurement fraud is a complex problem. It covers a wide range of illegal activities from bid rigging during the pre-contract award phase through to false invoicing in the post-contact award phase. It can be perpetrated by those inside and outside and organisation. Procurement fraud is difficult to detect; cases are rarely reported and subsequently it is difficult to measure the extent of the problem.

The team work closely with other Investigation Teams in Sussex and have been working with the Ministry of Housing Communities & Local Government in order to review the risks of fraud and corruption in procurement.

Our intention is understand through case studies how the fraud and corruption was perpetrated, discovered or prevented and apply that knowledge locally.

## **7 Implications**

There are no implications from the report.

## **8 Background Papers**

8.1 None

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