

Crawley Borough Council

Report to Audit Committee 23 July 2019

Fraud and Investigation Team Report

Report of the Operational Benefits & Corporate Fraud Manager - Report no. FIN/476

1. Purpose

- 1.1 This report describes the activity of the Corporate Fraud & Investigation Team for the period 5 March 2019 to 1 July 2019. All outcome figures are taken from closed cases. Year-end 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
Non domestic rates	3
Council Tax Reduction Scheme	12
Housing Applications	7
Housing Investigations (General)	4
Housing non occupation	18
Housing Right to Buy	13
CT Single person Discount	12
Taxi	1
Total	70

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</u>
Properties recovered	1	11
Prevented allocation (inc homeless applications)	4	10
Properties recovered for our RSL partners	NIL	4
Stopped Right to Buy (actual discount value)	2 (£163,700)	13 (£1,044,800)
Notional value of savings	£253,700	£1,494,800

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

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.

The team have just completed a single person discount exercise where households claiming the 25% discount are matched against the electoral register.

Initially 112 Council Tax accounts were flagged, requiring further investigation. After sifting through the referrals and contacting account holders 65 accounts had the Single Person Discount removed.

	<u>SPD Exercise 2018</u>	<u>Value of discounts</u>
Discounts removed	65	£27,733

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	In period	2018/19
New billable CT or Rates	£274,067	£909,790	£1,477,356	£5,430,399

5 **Significant Cases**

Housing Fraud

- 5.1 Working jointly with one of our partner housing associations, CBC investigators successfully recovered a one bedroom property following a 2 day trial at Brighton County Court. The property, which was found to have been unoccupied by the tenant for some time, had also been illegally sublet for a period to her son. The tenant herself was living elsewhere with her partner. As a result of the evidence, the judge awarded an outright possession order.

Business rates (NDR)

- 5.2 We received details about a business that was trying to avoid paying their business rates by declaring that a 3rd party was resident and liable to pay as they had sub-let the premises.

Checks and visits were made and information was gathered to show that the original company appeared to still be in occupation of the premises. The rate payer argued this until he was interviewed at the premises. He would not identify himself at the time but the team had some irrefutable evidence that it was him and when confronted he admitted who he was.

In the 2 months since the visit the rate payer has paid over £16,000 in business rates that would have been lost if the alleged bogus occupier had been billed.

6 **Implications**

There are no implications from the report.

7 **Background Papers**

- 7.1 None

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