

Crawley Borough Council

Report to Audit Committee

15 March 2022

Fraud and Investigation Team Report

Report of the Operational Benefits & Corporate Fraud Manager - Report no. FIN/563

1. Purpose

- 1.1. This report describes the activity of the Corporate Fraud & Investigation Team for the period 7 July 2021 to 27 February 2022. All outcome figures are taken from closed cases. Year to date figures are also included in the report for 2021/22.

2. Recommendation

- 2.1. That the Committee note the report.

3. Reasons for the Recommendation

- 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. Work During Covid 19

- 4.1. During the pandemic the Investigation Team have been reactive to new threats of fraud and assisting teams which have faced a considerable increase in work such as the Benefits Team.

5. Information & Analysis

- 5.1. Business and Self Isolation grants have played a big part in the activities of the Investigation Team this year but this does not mean fraud has eased in other areas.

The Fraud Team are currently investigating the following case types:

<u>Case Type</u>	<u>Number of open cases</u>	<u>Number of open cases in the last report</u>
Council Tax Support	9	4
Fly Tipping	3	2
Housing Cases	17	15
Non Domestic Rates	2	4
Single Person Discount	6	2
Other	1	1
Enforcement	0	1
Total	38	29

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

5.2. Housing Fraud

During the reporting period the team have achieved the following:

	<u>In period</u>	<u>2021/22 (YTD)</u>
Properties recovered	6	12
Prevented allocation (inc homeless applications)	1	1
Stopped Right to Buy (actual discount value)	1 (£84,600)	2 (£169,200)
Notional value of savings	£210,600	£403,200

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.

5.3. Single Person Discount

Throughout the year the Investigators and Inspectors will routinely look into referrals received from the public or other means suggesting there are 2 adults resident and are therefore not eligible to the discount.

	<u>In period</u>	<u>2021/22 YTD</u>
Discounts removed	16 (£11,488)	24 (£16,094)

In addition, the Inspectors have now completed their annual Single Person Discount data matching exercise. This is where we match Council Tax accounts against other data sets which highlights there is a 2nd adult living in the property. We will then take action to correct these accounts.

	<u>2021/22 Exercise</u>
Discounts removed from exercise	166 (£98,392)

5.4. 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	2021/22	In period	2021/22
New billable CT or Rates	£493,801	£672,851	£5,122,436	£5,756,486

6. **Prosecution Case**

- 6.1. The team was asked by the Community Warden team to help investigate a fly tipping case.

The illegal disposal of waste was captured on video. It showed waste being dumped from a back of a transit van near the public highway off Metcalf Way. The total amount dumped weighed 287kg.

Mr Hird was established as the person making the illegal disposal.

Mr Hird refused to attend an interview, however we were able to collate all evidence required to bring a criminal case.

Mr Hird initially failed to attend the Magistrate Court on summons but later attended after a warrant with bail was issued by the court.

Mr Hird pleaded guilty to fly tipping and received a financial penalty fine totalling £6,168.50. This comprised of a £4,500 fine, £184.50 compensation, £190 victim surcharge and £1,294 prosecution costs.

7. **Unlicensed House of Multiple Occupation (HMO)**

- 7.1. The team was asked by Private Sector Housing to help investigate a suspected unlicensed HMO managed by Gatwick & Crawley Room Rents Ltd of whom Carolyne Hunt was sole Director.

Evidence was obtained showing 5 households and 7 residents living in 1 property creating an unlicensed HMO.

A financial penalty of £10,000 was issued to Gatwick & Crawley Room Rents Ltd and £10,000 to Carolyne Hunt.

The penalties were appealed to HM First-Tier Tribunal Property Chamber (Residential Property) asking for the Council's decision to be overturned.

The tribunal upheld the order but varied the liability stating it mainly fell on Carolyne Hunt and not the company. £5,000 to be imposed on the company and £15,000 on Carolyne Hunt.

8. Staffing

- 8.1. We have recently just recruited a Counter Fraud Apprentice who will be undertaking a 2 year intensive training programme through the Chartered Institute of Public Finance and Accountancy. In addition, the Apprentice will be learning from, and taking part in, the Council's own investigations.
- 8.2. Once qualified they will become an official accredited Counter Fraud Investigator.

9. Implications

- 9.1. There are no implications from the report.

10. Background Papers

- 10.1. None

Report author and contact officer:

Chris Corker, Operational Benefits & Corporate Fraud Manager (telephone 01293 438598).