

**WAVERLEY BOROUGH COUNCIL**  
**AUDIT COMMITTEE – 21 MARCH 2017**

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**Title:**

**FRAUD INVESTIGATION SUMMARY**

[Wards Affected: All]

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**Summary and purpose:**

The report provides an update to the Committee on the progress made by Waverley Borough Council officers on the work being completed in investigating all types of fraud, primarily focusing on Housing Tenancy fraud, supported by the Surrey Counter Fraud Partnership.

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**How this report relates to the Council's Corporate Priorities:**

Internal Audit work and other fraud initiatives contribute to the safeguarding of assets against loss and waste. This contributes to the corporate priority of Value for Money.

**Resource/Value for Money implications:**

Through the detection of instances of fraud, the Council's resources are better safeguarded thus improving value for money by reducing the waiting list for homes and ensuring that members of the public are only provided with housing and other services that they are entitled to including Council Tax and Business Rates discounts. The Housing Revenue Account funds have supported this work through providing funding that has been utilised at Waverley to obtain the services of an experienced Fraud Investigator.

**Legal Implications:**

It is the Council's duty to safeguard public funds, and there may be legal costs in taking any matters to prosecution. However, these costs are far outweighed by the Council's belief that fraud perpetrated against the council and its tax payers will not be tolerated and tangible and intangible benefits of the recovery of HRA properties.

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**Introduction**

1. This report provides the Audit Committee with an update on the progress being made on fraud investigations that are being completed supported by the funding obtained from the Housing Revenue Account and the residual funding from 2015-16 from the DCLG. The Surrey Counter Fraud Partnership (SCFP) membership has now increased to 8 Surrey councils and other social housing providers attend relevant sub groups in collaboration to fight fraud. The funding enabled Waverley to obtain the services of an experienced Fraud Investigator focusing on Housing Tenancy Fraud since March 2015, which was supported by the introduction of the Prevention of Social Housing Fraud

Act 2013 where the maximum penalty is up to 2 years imprisonment or a fine (or both).

## **Findings**

2. A summary of the volumes of cases being investigated is detailed in Annexe 2, for activity up until the end of Quarter 3, 31 December 2016. The Audit Committee are provided with updates at each committee meeting throughout the year. Results are also collated and provided to Surrey County Council to enable these to be cascade to the Surrey Treasurers and used for publicising the partnerships successes.
3. In this period, results include 10 properties relinquished, and have been made available to be re-let to tenants on our waiting list. This was due to either the properties not being occupied by the tenant in accordance with the Tenancy Agreements terms and conditions, or the tenancy was originally obtained by providing inaccurate information, therefore fraudulently obtained tenancies. Of the 10 cases, this includes 2 Right to Buy applications and 1 mutual exchange where the information provided on the applications did not reflect the true circumstances of the applicant's situation. After evidence was presented to them this resulted in the tenant's decision to relinquish the tenancy rather than going through legal proceedings. 5 housing register applications have been refused as the information provided on the application did not reflect the true circumstances of the applicants.
4. An increase in Housing staff training and awareness has enabled cases to be dealt with more confidently and efficiently. Cases that require further investigation or legal intervention from other bodies are also continuing to progress. Opportunities that occur that enables members of the public to be made aware that we will not tolerate fraud will be taken where appropriate and where properties have been recovered as part of our action will act as a deterrent to others that may consider committing fraud.

## **Conclusion**

5. The Fraud Investigation Officer, supported by the Internal Audit Client Manager, will continue to investigate the cases reported and introduce enhancements to policies and procedures to maintain strong working practices, and where possible liaise with others in the council and in the partnership to maximise successful outcomes. The housing team also continue to raise awareness with tenants that breaches of tenancy agreements will not be tolerated and will assist in minimising the risk of fraudulent activity.
6. The value of financial savings detailed in Annexe 1 for Quarter 3 of 2017-18, is currently £591,745 based on Audit Commission notional figures. However, these notional figures do not include the real value to Waverley Borough Council, as it costs on average £200,000 to build a new house. When tenancies are relinquished these are then allocated to those on our housing waiting list who fulfil the necessary criteria. Therefore the investigation activities have resulted in savings of £2.0m, not being required to replace the

10 tenancies relinquished since the start of April 2016. These outcomes not only highlights the fundamental financial value of continuing to support the work being carried out but the ethical importance to ensure that only those that qualify for social housing are successful, and by securing the return of properties back into housing stock helps Waverley to meet the needs of legitimate housing applicants.

7. In support of the fight against fraud the authority participates in the National Fraud Initiative (NFI). Key datasets of information are data matched on a ongoing basis with other data contributor's including other local authorities, insurance companies and pension providers, this information was uploaded to the Cabinet Office Data Portal at the end of 2016 and results started to come through at the beginning of February 2017 but is constantly being refreshed with new updates. Work has commenced on the recommended matches. Annexe 2 provides a summary of the current position and these cases will be investigated by the relevant service areas and a progress report will be provided to the September Audit Committee. This exercise assists in identifying data anomalies that require investigation and ensures that fraudulent practices are not in operation. The Audit Committee should note that the council will also take the opportunity to contribute to the Surrey Counter Fraud Partnership data hub to data match on other data sets not included in NFI.

### **Recommendation**

That the Audit Committee notes:-

1. the success of the investigation activity and the results achieved; and
2. the Council's participation in the data matching exercises and the work to be completed to assist in identifying fraudulent activities throughout the council's services.

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### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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