

**WAVERLEY BOROUGH COUNCIL**  
**HOUSING OVERVIEW AND SCRUTINY COMMITTEE**

**18 SEPTEMBER 2018**

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**Title:**

**FRAUD INVESTIGATION SUMMARY**

**[Portfolio Holder: Cllr King]**

**[Wards Affected: All]**

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**Summary and purpose:**

The report provides an update to the Committee on the progress made by Waverley officers on the work being completed in investigating Housing Tenancy fraud.

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

Internal Audit and fraud investigation work initiatives contribute to the safeguarding of assets against loss and waste. This contributes to the corporate priorities of People, Place and Prosperity.

**Resource/Value for Money implications:**

Through the detection of instances of housing related fraud, the Council's resources are better safeguarded thus improving value for money and reducing the waiting list for homes. This work ensures that members of the public are only provided with housing and other services that they are legally entitled. As a by-product of the fraud investigation cases changes to Council Tax and Business Rates discounts may materialise. The Housing Revenue Account funds have continued to support this work through providing resources that have been utilised 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 through to prosecution. However, these costs are far out weighed by the Council's belief that fraud perpetrated against the council and its tax payers will not be tolerated and there are tangible and intangible benefits of the recovery of HRA properties by stopping fraudsters receiving services that they are not entitled to.

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**Introduction**

1. This report provides the Committee with an update on the progress being made on fraud investigations that are being completed. As part of the Surrey Counter Fraud Partnership (SCFP) eight Surrey councils and other social housing providers are working together, including attendance at relevant sub

groups in collaboration to fight fraud and share information, ideas and achievements. The SCFP and its partners have signed up to Information Sharing Protocols to facilitate data matching exercises between members.

2. Waverley has one dedicated experienced Fraud Investigator since March 2015. The success of the work completed has been supported by the introduction of the Prevention of Social Housing Fraud Act 2013 where the maximum penalty is up to two years imprisonment or a fine (or both) and the continued support of the council to fund this post until April 2019.

### **Details of Results**

3. A summary of the volume of cases being investigated is detailed in Annexe 1, for activity up until the end of Quarter 4, 31 March 2018. The Audit Committee are provided with updates throughout the year at each audit Committee. The results are also collated and provided to Surrey County Council to enable these to be cascaded to the Surrey Treasurers and used for publicising the success of the partnership.
4. For comparison purposes, the final figures for 2016/17 have been provided.
5. In this period, results include nine tenancies being relinquished, and these properties have now been made available to be relet to tenants on our housing needs register. Five of these were due to the homes 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. The remaining four instances were a result of unsuccessful successions (transfer of tenancy following death of tenant) where investigations concluded that details provided on the application did not reflect the true circumstances of the applicant/s.
6. In the last financial year the Council also successfully obtained legal possession of a property, owned by Ewart Bequest but managed by Waverley. After many years of non occupation in accordance with the tenancy agreement, a previous attempt through the benefits process to secure a conviction had failed; this success highlights the thorough process applied to obtain a result. This successful prosecution informs those that seek to abuse their tenancy agreements that Waverley will not tolerate this behaviour as it deprives others of much needed accommodation. The information has also been passed on to the DWP to investigate years of false claims.
7. The latest statistics, 2018/19 quarter one, show that two properties have been recovered where the tenants were not residing at their respective tenancy addresses; when presented with the evidence they opted to voluntarily terminate their tenancies.
8. An increased tenancy fraud awareness of staff and training has enabled cases to be dealt with more confidently and efficiently. The Fraud Investigations Officer continues to embed new ideas and processes to safeguard our assets.

9. Due to the high values involved in the Right to Buy process, there is a strong focus on reviewing all applications to ensure eligibility. The current maximum discount is £80,900 and when taking the value of the property and the cost to replace it in to consideration, this value can exceed £500,000.
10. During a Right to Buy application the entire tenancy is scrutinised; this includes the initial allocation and current occupancy of the home. The Fraud Investigation Officer has introduced Anti Money Laundering Forms to be completed by tenants who are funding their purchase with money gifted by family or friends; checks are carried out to ensure that the funds are in no way linked to any proceeds of crime and were obtained from a legitimate source.
11. Examples of current investigations include:
  - A Right to Buy application where the Fraud Investigation Officer discovered that the family members gifting almost £200,000 towards the purchase have been in receipt of Housing Benefit for many years.
  - Unlawful subletting; we will soon commence legal proceedings against the tenant - this investigation has also led to information being passed on to the DWP for substantial Housing Benefit irregularities.
  - Housing application in which the applicant has not declared his true circumstances in order to make himself eligible.
  - Non occupation; the tenant has been living elsewhere with family for several years whilst the council property remains unoccupied.

## **Conclusion**

The Fraud Investigation Officer, supported by the Internal Audit Manager, will continue to investigate the cases reported and introduce, where applicable, enhancements to policies and procedures to maintain effective working practices. Where the need arises we will work closely with other officers in the council and in the partnership to maximise successful outcomes. The housing team support this work by reporting cases for investigation, informing tenants that breaches of a tenancy agreement will not be tolerated and this will also assist in minimising the risk of fraudulently activity.

The notional value of financial savings detailed in Annexe 1 up to 31 March 2018, is £700,000 based on Audit Commission figures. However, these notional figures do not include the real value to Waverley, as it costs on average £200,000 to build a new house.

These outcomes not only highlights the fundamental financial value of continuing to support the work being carried out but the ethical and social responsibility 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.

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## **Recommendation**

It is recommended that the Committee notes the success of the investigation activity and the results achieved.

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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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