

# WAVERLEY BOROUGH COUNCIL

## AUDIT COMMITTEE

28 NOVEMBER 2022

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**Title:**

**FRAUD INVESTIGATION SUMMARY FOR 2022-2023**

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**Lead Councillor: Councillor Peter Marriott, Chairman of Audit Committee**

**Strategic Director: Ian Doyle**

**Key decision: Yes**

**Access: Public**

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**1. Purpose and summary**

The report provides an update to the Committee on the work being completed in investigating fraud, primarily focusing on Housing Tenancy fraud.

**2. Recommendation**

It is recommended that the Audit Committee notes the results of the fraud investigation activity, attached in: -

**Annexe 1** covering the first half of the year 01 April 2022- 30 September 2022. In line 1, highlighted in yellow, includes the number referrals made by members of the public through our website at Report IT/Report Fraud and Corruption.

**3. Reason for the recommendation**

To inform the Audit Committee of the work that has been completed to date in relation to fraud investigation matters.

**4. Background**

- 4.1 This report provides the Audit Committee with an update on the activity relating to fraud investigations. The success of the work completed has been supported by the Prevention of Social Housing Fraud Act 2013 where the maximum penalty for the offence of acting dishonestly in the subletting/parting with possession of a property is up to 2 years' imprisonment or a fine (or both).

- 4.2 In the period 01 April 2022 to 30 September 2022 successes included six properties being made available for new tenants to occupy. These six tenancies were a result of the tenants not utilising the properties in accordance with tenancy terms and conditions, for 5 of these tenancies by not residing at the tenancy address as their sole and principle and the other a result of subletting. In the subletting case a possession order was granted by the courts as the tenant had sublet to a third party. The court also accepted and awarded the council an UPO (Unlawful profit order) for a value of £3,684, for the unlawful profits made from the subletting. The defendant was also to pay WBC £482 in fixed costs of the claim.
- 4.3 Through this period care has been taken to protect members of the public and staff where reduced contact was necessary. Although this initially placed limitations on the normal activities taken to investigate cases, work continued to investigate allegations of misuse of council properties in breach of tenancy agreements terms and conditions.

## **5. Relationship to the Corporate Strategy and Service Plan**

- 5.1 A financially sound Waverley, with infrastructure and services fit for the future supporting financial sustainability.

## **6. Implications of decision**

### **6.1 Resource (Finance, procurement, staffing, IT)**

The notional value of financial savings detailed in Annexe 1 for the cumulative period 1<sup>st</sup> April 2022- 30<sup>th</sup> September relates to the recovery of 6 tenancies and related activity re Single Person Discount being claimed when it was not applicable. This provided a total value of £558,729 indicative savings to the council for this period, based on Cabinet Office figures relating directly to housing fraud casework and associated activities.

These however are indicative values do not include the real value to Waverley Borough Council, as an estimated average cost of £200,000 to build a new house, (£1.2m). Outcomes from this work not only highlight the fundamental financial value of continuing to support the work being carried out to investigate these cases, but the ethical and social responsibility importance to ensure that only those that qualify for social housing are successful and Waverley properties continue to be used as the sole residency of the tenancies in accordance with the terms of the tenancy agreement. By recovering and/or retaining these 6 properties in the housing stock helps Waverley to meet the needs of legitimate housing applicants.

### **6.2 Risk management**

If the authority did not carry out this investigation work it would enable fraudsters to perpetrate fraud against the council and obtain services or financial benefit including housing that they are not entitled to and this work helps to protect council assets.

### 6.3 **Legal**

It is the Council's duty to safeguard public funds; the work being completed may incur legal costs where matters escalate to prosecution. However, these costs are assessed on a case-by-case basis and are outweighed by the Council's stance that fraud perpetrated against the council and its taxpayers will not be tolerated, and the benefits (financial and otherwise) in pursuing these cases. There are tangible and intangible benefits to the recovery of HRA properties by stopping perpetrators from receiving services that they are not entitled to.

The Prevention of Social Housing Fraud Act 2013 contains two offences regarding the sub-letting or parting with possession of properties held under secure tenancies. The first is committed where the tenant no longer occupies the property as their only or principal home and sublets or parts possession of all or part of it in the knowledge that this is in breach of tenancy. A person convicted of this offence is liable on summary conviction to a fine of up to £5,000.

A more serious offence is committed if the tenant acts dishonestly in the subletting/parting with possession. A person convicted of this offence is liable to imprisonment for a term not exceeding 2 years or a fine (or both).

### 6.4 **Equality, diversity, and inclusion**

There are no direct equality, diversity, or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

### 6.5 **Climate emergency declaration**

There are no direct implications in this report.

## 7. **Consultation and engagement**

7.1 Head of Housing and the Fraud Investigation Officer

## 8. **Other options considered**

8.1 N/A

## 9. **Governance journey**

9.1 The minutes of the Audit Committee will be presented to Council.

**Annexe:**

Annexe 1 – Provides the analysis of the caseload and cumulative outputs from the Fraud Investigation activity for the following periods 01 April 2022 to 30 September 2022.

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**Background Papers**

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

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Agreed and signed off by:  
Legal Services: 01/11/2022  
Financial Services Manager:01/11/2022  
Head of Finance (S151):