

Waverley Borough Council

Report to: Audit Committee

Date: 20th June 2023

Ward(s) affected: All

Report of Director: Ian Doyle, Transformation & Governance

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Report Status: Open

Fraud Investigation Summary for 2022-2023

1. Executive Summary

- 1.1 This report provides the Audit Committee with an overview of Waverley's Internal Audit Charter that has been developed in accordance with the requirements of the Public Sector Internal Auditing Standards.
- 1.2 These standards apply to all internal audit service providers, whether in-house, shared services or outsourced. The Public Sector Internal Audit Standards (PSIAS) (Attribute Standard 1000) requires organisations to have an Internal Audit Charter that formally defines the purpose, authority, and responsibility of the internal audit activity,

consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards.

2. Recommendation to Audit Committee

- 2.1 That the Audit Committee notes the results of the fraud investigation activity in Appendix 1, which includes the recovery of 10 Properties back into the housing stock for relet to those on the housing waiting list.

3. Reason(s) for Recommendation:

- 3.1. To enable the Audit Committee to be aware of the results of the housing fraud investigation activity for the year covering 01 April 2022 to 31 March 2023.

4. Exemption from publication

- 4.1. N/A

5. Purpose of Report

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

6. Strategic Priorities

- 6.1. A financially sound Waverley, with infrastructure and services fit for the future.

7. Background

- 7.1 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).

- 7.2 In the period 01 April 2022 to 31 March 2023 successes included ten properties being made available for new tenants to occupy. These ten tenancies were a result of the tenants not utilising the properties in accordance with tenancy terms and conditions, for nine of these tenancies, the tenant was not residing at the tenancy address as their sole and principal home and the other one was the result of subletting. In this 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 ordered to pay WBC, £482 in fixed costs relating to our claim.

8. Consultations

- 8.1 No consultations were completed re the content of this report as the results would not have been affected by a consultation as they are a report of facts.

9. Key Risks

- 9.1 If the authority did not carry out this investigation work it would enable fraudsters to perpetrate housing fraud against the council and obtain services or financial benefit including housing to which they are not entitled. This investigative work therefore assists in protecting council assets and the council reputation on how it deals with fraud.

10. Financial Implications

- 10.1. Without the work of the Housing Tenancy Fraud investigator the achievement of the recovery of ten properties, in 2022-23 financial

year could not be realised. This work supports the council zero tolerance to fraud whilst providing indicative saving of £1,023,729, based on Cabinet Office notional values. Whilst recognising the cost to Waverley to build a new home is on average £300K, which these recoveries therefore equate to £3m in savings to the council, if we had been required to build ten replacement properties.

11. Legal Implications

- 11.1 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 holistic 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 to which they are not entitled.
- 11.2 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.
- 11.3 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).

12. Human Resource Implications

- 12.1. N/A

13. Equality and Diversity Implications

13.1 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.

14. Climate Change/Sustainability Implications

14.1. There are no direct implications in the report.

15. Conclusion

15.1 The contents of the report inform the Audit Committee of the recovery of properties from those not using them in accordance with the tenancy agreement and the financial and reputational value of completing this work to safeguard the councils' assets.

16. Background Papers

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

17. Appendices

17.1 Appendix 1 – Fraud investigation results for financial year 2022-23.

18. Governance Journey

18.1 The minutes of the meeting will be included on the next Council agenda.

Please ensure the following service areas have signed off your report.
Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer (Rosie Plaistowe Melham)	25/05/2023 (RP)
Legal / Governance (Ian Hunt)	23/05/2023
HR (Jon Formby)	26/05/2023
Equalities (Louise Norie)	18/05/2023
Lead Councillor	N/A
CMB	N/A
Executive Briefing/Liaison	N/A
Committee Services	25/05/2023