# Reform UK chair accuses Tier 1 contractors of pothole repair fraud amid rising fake claims



The growing prevalence of potholes across the UK has sparked significant debate, particularly following claims from the Chair of Reform UK, Zia Yusuf. He contends that a primary cause of the enduring issue is the prevailing practices of Tier 1 contractors. In a recent social media post, he highlighted that these contractors tend to subcontract repairs based on daily rates, thus lacking incentives for speed or quality. As Yusuf pointed out, while millions of taxpayers’ pounds are allocated for road repairs, many potholes remain inadequately addressed, as councils often revert to outdated methods—like using pickaxes—rather than adopting more advanced technologies, such as the JCB Pothole Pro. He emphasised the urgent need to investigate these practices, suggesting that whistleblowers have already begun to step forward with information about the inefficiencies plaguing the system.

The issue of potholes and the methods used to rectify them is not merely a matter of aesthetics or inconvenience; it directly impacts road safety. The government has taken steps to hold companies accountable for their role in exacerbating the pothole crisis. Recently, it introduced financial penalties for utility companies that leave behind poorly completed roadworks. This initiative, championed by Transport Secretary Grant Shapps, aims to safeguard drivers from unwarranted repair costs while simultaneously improving national road conditions. The push for greater accountability reflects a broader recognition of the infrastructure's deterioration, which has reached critical levels in many areas.

Moreover, the intricacies of the construction industry, particularly concerning fraud and malfeasance, compound the pothole crisis. HM Revenue & Customs have released guidelines aimed at identifying labour fraud within the sector. This type of fraud often involves creating convoluted supply chains that evade taxes or regulations, leaving legitimate subcontractors at a disadvantage. Such practices not only undermine the quality of work but also contribute to the erosion of public trust in infrastructure projects.

In recent years, the troubling trend of fraudulent claims linked to pothole damage has also surfaced. Reports indicate that local authorities faced a dramatic increase in such claims, tripling in frequency during 2022. The rise in extreme weather has exacerbated road defects, inadvertently creating opportunities for opportunistic individuals to fabricate claims of damage. Insurers like Zurich Municipal warn that the cost-of-living crisis may further fuel this trend, as more people seek to exploit system weaknesses for financial gain.

The construction industry's challenges extend beyond simple negligence to encompass serious corruption as well. Recent convictions in a bribery case tied to the demolition industry underscore the need for vigilance and reform. Four individuals were found guilty of corrupt practices that resulted in over £600,000 in bribes exchanged for advantageous contracts. This incident not only highlights a concerning breach of ethics but also illustrates how corruption can distort competition within the sector, ultimately affecting the quality and safety of public works.

As Zia Yusuf and the Reform UK party aim to launch their initiative to address these issues, the call for comprehensive reform resonates within a broader context of societal impatience for accountability. With 10 councils now under Reform’s control, there exists a tangible opportunity to influence policies that could fundamentally reshape the landscape of public infrastructure. The challenges of potholes, fraud, and inefficiency demand urgent attention, and the solutions must be imbued with transparency and integrity.

In summation, while the concerns around potholes are immediate, they highlight systemic issues within the construction and public works sectors that require not just quick fixes but a holistic approach to reforming practices and enhancing accountability across the board.

### Reference Map

* Paragraph 1: [[1]](https://highways-news.com/reform-chair-accuses-contractors-of-pothole-fraud/?utm_source=rss&utm_medium=rss&utm_campaign=reform-chair-accuses-contractors-of-pothole-fraud)
* Paragraph 2: [[2]](https://www.gov.uk/government/news/government-cracks-down-on-companies-for-creating-plague-of-potholes)
* Paragraph 3: [[3]](https://www.gov.uk/guidance/check-for-signs-of-labour-fraud-in-construction)
* Paragraph 4: [[4]](https://www.zurich.co.uk/media-centre/councils-warned-over-rise-in-fake-pothole-claims)
* Paragraph 5: [[5]](https://www.cps.gov.uk/cps/news/four-convicted-demolition-industry-corruption-worth-over-ps600000)
* Paragraph 6: [[6]](https://www.rsmuk.com/insights/advisory/combat-the-ongoing-rise-of-fraud-and-bribery-in-the-construction-industry)
* Paragraph 7: [[1]](https://highways-news.com/reform-chair-accuses-contractors-of-pothole-fraud/?utm_source=rss&utm_medium=rss&utm_campaign=reform-chair-accuses-contractors-of-pothole-fraud)

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## Bibliography

1. <https://highways-news.com/reform-chair-accuses-contractors-of-pothole-fraud/?utm_source=rss&utm_medium=rss&utm_campaign=reform-chair-accuses-contractors-of-pothole-fraud> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/news/government-cracks-down-on-companies-for-creating-plague-of-potholes> - The UK government has introduced measures to penalize companies responsible for leaving potholes on roads after carrying out street works. Utility companies will face financial penalties for poor-quality roadworks and leaving behind potholes. This initiative aims to protect drivers from unfair repair costs and improve road conditions nationwide. Transport Secretary Grant Shapps emphasized the importance of holding companies accountable to ensure safer journeys for all road users.
3. <https://www.gov.uk/guidance/check-for-signs-of-labour-fraud-in-construction> - HM Revenue & Customs provides guidance on identifying and reporting labour fraud in the construction industry. Labour fraud involves the creation and use of fraudulent labour supply chains, leading to tax evasion and other illegal activities. Employers and workers are advised to recognize signs of fraud, such as unusually low labour costs, lack of documentation, and complex supply chains. The guidance outlines steps to report potential fraud and the consequences of failing to do so.
4. <https://www.zurich.co.uk/media-centre/councils-warned-over-rise-in-fake-pothole-claims> - Zurich Municipal reports a significant increase in fraudulent pothole damage claims against local authorities. In 2022, fraudulent claims trebled, with claimants falsely alleging vehicle damage from road defects or exaggerating existing damage. The rise in extreme weather conditions has led to more road defects, providing opportunities for opportunistic fraudsters. Zurich urges local authorities to remain vigilant as the cost of living crisis continues to drive up fraud rates.
5. <https://www.cps.gov.uk/cps/news/four-convicted-demolition-industry-corruption-worth-over-ps600000> - Four individuals have been convicted of corruption within the demolition industry, involving over £600,000 in bribes. Arben Hysa bribed three Keltbray managers, resulting in his company benefiting from £15 million in specialist labour contracts. The convictions highlight the issue of corruption in the construction sector, which distorts competition and undermines trust in the industry. The Crown Prosecution Service emphasizes the importance of holding individuals accountable for such corrupt practices.
6. <https://www.rsmuk.com/insights/advisory/combat-the-ongoing-rise-of-fraud-and-bribery-in-the-construction-industry> - RSM UK discusses the rising challenges of fraud and bribery in the construction industry, noting that they account for over 40% of all crime in the UK, costing £7 billion annually. A survey found that more than a quarter of construction firms have fallen victim to fraudulent activities. The article highlights recent cases of collusion and bid rigging, leading to substantial fines. It also mentions the Economic Crime and Corporate Transparency Act, which introduces the 'failure to prevent fraud' offence, affecting large organizations in the construction sector.
7. <https://www.gov.uk/government/publications/changes-to-tackle-construction-industry-scheme-abuse/changes-to-tackle-construction-industry-scheme-abuse> - HM Revenue & Customs outlines changes to the Construction Industry Scheme (CIS) rules aimed at tackling abuse. The measures include allowing HMRC to amend CIS deduction amounts claimed by subcontractors, clarifying that only direct costs of materials are exempt from deductions, and expanding penalties for supplying false information when applying for gross payment status. These changes aim to address issues such as VAT abuse and fraudulent activities within the construction industry.