

<p>Non-Executive Report of the:</p> <p>Housing Sub-Committee</p> <p>20 November 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Neville Murton, Interim Corporate Director Resources</p>	<p>Classification: Exempt</p>
<p>Social Housing Fraud Investigation</p>	

Originating Officer(s)	Tony Qayum -Corporate Anti-Fraud Manager
Wards affected	All wards

1.1 Executive Summary

- 1.1 This report advises the Housing Sub-Committee of the joint work of Tower Hamlets Homes, local Registered Providers and the Social Housing Fraud Team based within the Corporate Anti-Fraud Team of Tower Hamlets Council. The report outlines the collaborative nature of these partnerships, in the collective effort to tackle the risk posed by the abuse of social housing and our efforts to investigate and recover misused assets.
- 1.2 The report identifies the scale and extent of the risk to housing stock from existing abuse as identified from benchmarking exercises through the Chartered Institute of Public Finance and Accountancy (CIPFA) and highlights proposed future actions to minimise abuse.

2. Recommendations:

- 2.1 The Housing Sub- Committee is recommended to:
 - To note the contents of the report.

3. DETAILS OF THE REPORT

- 3.1 In 2009 the Audit Commission highlighted the significant abuse of Social Housing and identified it as one of the key areas of risk to the public purse in its annual "Protecting the Public Purse" publication. It estimated that approximately 5% of housing stock had been subject to abuse and quantified the loss to the public purse of circa £2 billion and representing 50,000 units.
- 3.2 It further stated that through the efforts of some sixty councils in England 1,600 properties with an asset value of £240 million were recovered from unlawful tenants. The paper went on to say that fewer than 5% of those

evicted from sublet properties sought assistance from Homeless Services as in most cases they found alternative accommodation in the private rented sector.

- 3.3 Following on from the Audit Commission paper and a report by the National Fraud Authority on abuse of Social Housing the Government advised that those authorities that had made the most effective use of earlier funding would be further supported by an award of £100,000 to continue the crackdown on tenancy cheats.
- 3.4 The Government further recognised the threat of Housing abuse by the introduction of new legislation making it a criminal offence to sublet your social housing property with the creation of the Prevention of Social Housing Fraud Act 2013 which enabled ‘prosecuting authorities’ (Local Authorities and the Police) to undertake action against those who sublet their properties. At Tower Hamlets we have worked closely with our Social Housing partners including Tower Hamlets Homes and all of the Registered Housing Partners within the borough who contribute to the Common Housing Register with the investigation of alleged Subletting and Abandonment cases. Subletting is the parting of possession of a unit often for financial gain and residing elsewhere and must be distinguished from sharing a property in the form of gaining a lodger which may be permissible.
- 3.5 The Chartered Institute of Public Finance and Accountancy has reported in its latest Fraud and Corruption Tracker 2018 of investigated fraud, that Housing Fraud remains one of the main four largest threats to the public sector with a representation of 5.7% of the total detected fraud in 2017/18 but with a huge value of £216.1M consisting of Right to Buy, Illegal Subletting, Successions and False Applications.
- 3.6 We currently have a team of six resources inclusive of a Team Leader and this unit sits within the Corporate Anti-Fraud resource of the Council. Currently two of these posts are contributed to by Tower Hamlets Homes.
- 3.7 The Social Housing Fraud Team has achieved a total of 368 recoveries from the total of Social Housing partners since inception of which 261 relate to Tower Hamlets Homes, as at October 2018. The table below demonstrates the year-on-year improvement with regards to property recoveries for the last 3 financial years.

Social Housing Properties Recovered

Financial Year	Properties Recovered
2015/16	34
2016/17	42
2017/18	54

It should be further noted that a minimum target of 60 recoveries has been set for 2018/19.

- 3.8 In order to remain relevant to the changing environment of the fraud landscape and to maximise our effectiveness we have continued to develop close working arrangements with our Registered Provider partners and we engage with Tower Hamlets Homes at a senior level on both Subletting, Successions, Abandonment and Right to Buy which has been given a larger focus in the last few years given the increase in discount, currently £108,000, and the identification of inappropriate funding sources that have compromised the integrity of applications made.
- 3.9 We attend the Tower Hamlets Housing Forum, Housing Management Sub Group, which includes all of the Registered Providers within the borough and Tower Hamlets Homes to discuss our approach to assisting in the investigation of abuse of housing stock across the wider housing management community and have provided training and support on false document identification, criminal standards of evidence and Tenancy Vouching and guidance on our investigative process.
- 3.10 We are currently in preparation, with a Registered Provider, of a bespoke training and awareness series of presentations on how to identify false and altered documents in order to reduce fraud from entering their system. Following this training we intend to pro-actively engage with all other Registered Providers, Tower Hamlets Homes and the Council to focus on minimising the scope to access systems through manipulated identity records.
- 3.11 We have also recognised that the lifeblood of our success is the flow of meaningful referrals which come through whistleblows, referrals from our various housing partners and proactive referrals/ exercises.
- 3.12 We have developed an Intelligence Team, that sits within the Corporate Anti-Fraud team and receives referrals and risk assesses cases utilising a range of data sources from within the Council and elsewhere including the National Fraud Initiative pro-active data matches and Credit Reference Agencies to maximise the effectiveness of investigation work we undertake. The team generates work flow cases for investigation, to a criminal standard of evidence for potential future successful prosecution/ civil recovery.
- 3.13 The Neighbourhood Housing Manager for Tower Hamlets Homes attends our monthly Social Housing Fraud Team, Team Meetings and we work closely with all aspects of Tower Hamlets Homes, including their Right-to-Buy function as well as the systems and controls in place across Housing Management to strengthen the control environment and minimise risk going forward. This is also a feature of our work with the Registered Providers through our joint working. The ultimate objective being to learn from the lessons identified to reduce future risk.
- 3.14 Tower Hamlets Homes have also recognised the value of this work and have facilitated the engagement of a temporary post to work within the

Social Housing Fraud Team to review cases of Right to Buy and enhance processes and evaluation of suspected fraudulent applications.

- 3.15 In the past three years we have prevented the sale of 47 Right to Buy units.
- 3.16 We work together and across boundaries with all of our social housing partners in a proportionate, transparent and equitable manner to prevent and detect instances of fraud pertaining to social housing seeking to achieve the best outcomes for people who live in the borough of Tower Hamlets protecting the council from the financial risk of loss to social housing fraud.
- 3.17 We have developed a programme of training and awareness which has been, and will continue to be delivered across the Council and Tower Hamlets Homes during the current financial year; additionally an Anti-Fraud and awareness E-Learning package will be delivered in the second half of this financial year, which will be offered more widely, where appropriate.
- 3.18 We have also sought to maximise effectiveness through pro - active exercises including full participation in the National Fraud Initiative data matching exercises managed by the Cabinet Office and also ran a Key Amnesty in 2016 which was widely publicised in both the press, radio and television and yielded some positive outcomes all of which were under investigation by the team but sped up the return of keys thus reducing the cost of legal recovery thorough the Courts.
- 3.19 In collaboration with Tower Hamlets Homes we have run a number of proactive initiatives with a view to tackling social housing fraud. These have included engagement with the Caretaking Service, Gas Servicing forced entry cases, as examples. In addition a statistical analysis of fraud indicators was undertaken which indicated that there was an increased fraud risk associated with a specific of tenants. This proactive exercise concentrated on 34 specific cases that were subject to individual tenancy visits. For these cases, 11 were progressed for further fraud investigation. To date, 1 property has been successfully recovered with investigations in to the remaining 10 cases ongoing.
- 3.20 The team must rely on external reporting mechanisms to provide intelligence and information indicating that a property is not correctly occupied in accord with their tenancy terms and conditions. There is a central reporting mechanism with both an e-mail and telephone 'hotline' phone number. Referrals come from a wide range of sources including tenants in all of the social housing providers of the borough. We are currently engaged in an outreach programme whereby we have presented to a number of other departments within the council who have a public facing profile encouraging them to report concerns. The caretaking teams have a significant public profile and they are the most frequent on the various estates and blocks. We have presented to their managers and team leaders meetings and they in turn are actively encouraging reports of concern on properties.

- 3.21 There is a programme in place by the Neighbourhood Team as part of their tenancy audit procedure. The Neighbourhood Team employ various approaches towards identifying properties which could be subject to some form of social housing abuse or which have been abandoned. Audit checks are carried out as part of a ‘business as usual’ approach whilst conducting other housing management related visits. The team also carry out planned visits targeting addresses based on selective criteria such as but not limited to age, rent credit, rent arrears and the absence of repairs calls.
- 3.22 The Neighbourhood Team also use the repairing of entry phone systems to identify any subletting in Tower Hamlets Homes properties. Residents are asked to provide proof and verification of tenancy before obtaining a key fob. The emphasis here is on the team being proactive in its pursuit of cases to provide the Fraud Team to investigate as well as responding to whistle blow intelligence.
- 3.23 The advent of the Fire Safety Team has contributed to the success that the Neighbourhood and Fraud Teams have had. The team have been instrumental in identifying cases whilst carrying out their remit of fire safety assessments. To date the Fire Safety Team has identified 11 suspected sublet properties and 32 Air B&Bs which were referred to the Fraud Team. 3 of the suspected sublet properties have been returned following investigation by the Fraud Team. 1 more property will be recovered soon as part of the same process.
- 3.24 There is a risk assessment based approach to the work the Neighbourhood Team does around tenancy fraud. The team work collaboratively with the Leasehold Team to tackle tenancy fraud and minimise the abuse and exploitation of the Right to Buy (RTB) process. Applicants purchasing a property are audited by Neighbourhood Housing Officers upon submission of their application where there is an absence of an audit carried out at least 6 months prior to the RTB application. This work goes some way toward protecting the Council’s and the public purse when you consider the discount offered to RTB applicants.
- 3.25 With regard to the commencement of applications we are focussing on the ‘front end’ of the housing process with Housing Options and Applications. At this stage any misleading facts on the original application or subsequent change in circumstances that are not declared can render an application as void over time.
- 3.26 In summary the coordinated counter fraud approach has achieved the following successes so far this financial year :-

- 15 - Tower Hamlets Homes Recoveries
- 7 - Right-to-Buy preventions
- 1 - Convictions
- 10 - Cancelled Housing Applications
- 2 - Profit Orders awarded
- 1 - Homeless case
- 4 - Parking Permit Successes related to Housing matters

- 3.27 Pro-active initiatives to be undertaken during the balance of the financial year will include successions, aged profile rent arrears and overpayments and mortality checks against housing records.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific equalities implications from this report.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 There are no further specific statutory implications that are not covered within the main body of the report.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report advises the Housing Sub-Committee of the actions being taken and progress made by Tower Hamlets Homes, local Registered Providers and the Social Housing Fraud team within the Council, in relation to Social Housing fraud.
- 6.2 As highlighted in paragraph 3.5, housing fraud is one of the main four threats to the public sector with an estimated cost to the public purse of over £216 million. The actions undertaken to identify social housing fraud as detailed in this report help to protect social housing assets and ensure that scarce public resources are used legitimately.
- 6.3 The costs of the Council's social housing fraud team are met from within existing resources, of which an element is funded by the Housing Revenue Account to reflect work undertaken in relation to the detection and prevention of fraud within the Council's own housing stock.

7. COMMENTS OF LEGAL SERVICES

- 7.1 There are no specific legal implications arising from this report, however it is good practice for the Committee to receive information on the performance of the Council's Social Housing Fraud Investigation Team and its Social Housing Landlord partners in relation to combating social housing tenancy fraud in the Borough.

Linked Reports, Appendices and Background Documents

- NONE.

Appendices

- NONE.

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- NONE.

Officer contact details for documents:

N/A