

<b>REPORT TO:</b> <b>Audit Committee</b>	<b>DATE</b> <b>26<sup>th</sup> March 2013</b>	<b>CLASSIFICATION</b> <b>Unrestricted</b>	<b>REPORT NO.</b>	<b>AGENDA NO.</b>
<b>REPORT OF:</b> <b>Corporate Director, Resources</b>		<b>Social Housing Update</b>		
<b>ORIGINATING OFFICER(S):</b> <b>Head of Risk Management and Corporate Anti-Fraud Manager</b>		<b>Ward(s) Affected:</b>  <b>N/A</b>		

**1. Introduction**

- 1.1 This report provides the Audit Committee with an update on the work of the Social Housing Fraud team and its successes to date in the recovery of unlawfully let public sector dwellings.

**2. Recommendations**

- 2.1 The Audit Committee is asked to note this report.

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**LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D**

***LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT***

Brief description of "background papers"

Name and telephone number of holder  
And address where open to inspection

N/A

*Tony Qayum, 0207 364 4773*

### **3. Background**

- 3.1 The Audit Committee has received reports previously on the creation of this team and its funding arrangements. The Audit Commission has continued to highlight the abuse of Social Housing and in its annual "Protecting the Public Purse" publication which is issued in October each year.
- 3.2 In 2010, it reported 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.
- 3.3 The paper stated 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. This is not dissimilar to the experience at Tower Hamlets.
- 3.4 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.

### **4. Current Position**

- 4.1 In December 2011 the government assessed the Councils eligibility for further funding and made £100,000 available for the continuation of the function for financial year 2012-13.
- 4.2 In Tower Hamlets terms we have continued to utilise the services of the three temporary officers for which funding was awarded and have committed to maximise effectiveness by extending the existing arrangements for a further full financial year and to utilise, wherever possible, the use of technology to risk assess potential cases for follow up. To this end we have acquired and developed a Fraud Case Management system funded from existing resources, and are testing it while under development with the provider.
- 4.3 The Team have continued its joint working arrangements with Tower Hamlets Homes and following agreement to temporary funding a short term post was created to support THH on their recoveries. Following the recruitment of a temporary post holder the number of cases brought to a successful conclusion has increased thus justifying the initiative.
- 4.4 The team has also forged closer working arrangements with the Housing Benefit Fraud team, which now forms part of the enhanced Corporate Anti- Fraud team and this has resulted in the identification of potential abuse of the Homeless Service system where fraudulent applicants use

a THH or RP address as their home but upon further examination the tenant confirms that either the applicant has never lived there or that the address was used as a device to acquire permanent accommodation.

- 4.5 This is an area where we feel there is some considerable scope to further develop and we have met with the Homeless Service to develop an authorised procedure for initial applications to be verified against the Housing Benefit system and where there is a concern the case is referred to a Single Point of Contact in the Corporate – Anti Fraud team for further investigation. Since the function was introduced 25 of the 35 referrals received had resulted in a positive anti-fraud outcome.
- 4.6 We have continued to provide training to staff in THH and those RP's that form part of the Common Housing Register.
- 4.7 The Team has continued to look into inappropriate "right-to-buy" applications or potential unlawful subletting property with live "RTB" applications. These are either from referrals from THH "Right-to-Buy" team or from whistle blows, to avert an in-appropriate disposal of property and consider prosecution action. It is considered that this risk is likely to increase in light of the enhanced discount made available to tenants following the revisions to the Right to Buy scheme.
- 4.8 The publicity on the whistle blowing hotline and the anti-fraud email together with referrals through the Council and THH have proved effective with over 737 referrals for investigations being received.
- 4.9 The following is a summary of the team's case load, progress and successes to date:-

#### Open Cases

- 290 current cases
- Of these 185 have Housing Benefit and/or Council Tax Benefit in payment
- 170 of these cases are Tower Hamlets Homes managed properties
- 25 cases are currently in various stages of recovery.

#### Closed Cases

- 335 closed cases (excluding recovered properties)
- Of these 232 had Housing Benefit and / or Council Tax Benefit in payment.
- 235 were Tower Hamlets Homes managed properties

## Recovered Cases

- 118 properties recovered to date
- 51 had Housing Benefit and / or Council Tax Benefit in payment.
- 84 were managed by Tower Hamlets Homes

In addition the team have achieved 1 court conviction for a fraudulent housing application, 2 Right to Buy stopped and 1 set of keys handed back to a property after a false homeless claim was discovered- work undertaken by our Housing Benefit Fraud team in conjunction with Homeless Services.

- 4.10 It is intended to provide regular reports to the Audit Committee on the success of this unit.

## **5. Comments of the Chief Financial Officer**

- 5.1 The comments of the Chief Financial Officer are contained within the body of the report

## **6. Concurrent Report of the Assistant Chief Executive (Legal Services)**

- 6.1 These are contained within the body of this report.

## **7. One Tower Hamlets Considerations**

- 7.1 This progress update on Social Housing sub letting should allow the Audit Committee to assess the management action taken to date to improve risk management and control in order to provide greater assurance that this risk is being managed effectively.

## **8. Anti-Poverty Considerations**

- 8.1 There are no specific Anti-Poverty issues arising from this report.

## **9. Risk Management Implications**

- 9.1 This report highlights risks relating to illegal letting of social housing properties. The report identifies potential risks to the control framework that may be exploited by fraudsters.

## **10. Sustainable Action for a Greener Environment (SAGE)**

- 10.1 There are no specific SAGE implications.