


<p>Non-Executive Report of the:</p> <p>Audit Committee</p> <p>23rd September 2015</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Zena Cooke – Director of Resources</p>	<p>Classification: Unrestricted</p>
<p>Social Housing Fraud Update</p>	

<p>Originating Officer(s)</p>	<p>Tony Qayum, Corporate Anti-Fraud Manager</p>
<p>Wards affected</p>	<p>All wards</p>

Summary

This report provides the Corporate Management team 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.

Recommendations:

1. The Audit Committee is recommended to:-
 - 1.1 Note this report.

1. REASONS FOR THE DECISIONS

- 1.1 To comply with the reporting requirements of the Audit Committee's Terms of Reference.

2. ALTERNATIVE OPTIONS

- 2.1 There are no specific alternative options.

3. DETAILS OF REPORT

- 3.1 The Audit Committee has received reports previously on the creation of this team and its funding arrangements. The former Audit Commission had continued to highlight the abuse of Social Housing and in its last "Protecting the Public Purse" publication which was 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 was and currently 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 2012 the government assessed the Councils eligibility for further funding and made £100,000 available for the continuation of the function for financial years 2012-13 and 2013-14.
- 4.2 In Tower Hamlets terms we 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 acquired and developed a Fraud Case Management system funded from existing resources.
- 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. This has continued into 2015-16.

- 4.4 We have also succeeded in acquiring funding for one post to support an RP for one year 2014-15 with recoveries which have been resourced from existing resources.
- 4.5 In June of this year we were able to appoint a seconded post holder from THH to work with team for a 12 month period thus increasing resources and increasing our target for recovery to 50 for the year.
- 4.6 The Team has examined inappropriate “right-to-buy” applications or potential unlawful subletting property with live “RTB” applications.
- 4.7 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 We have also sought to make use of technology by taking our Housing Register and that of another RP’s tenancy records and running them through a Credit Reference check to test the credit footprint of our addresses on a RAG basis. This exercise has been undertaken for two successive years and results have been good e having targeted the Red and Ambers for specific investigation.
- 4.9 We are currently training both THH and the Lettings Service in the system to ensure matches are followed up and where appropriate identifying existing accommodation already acquired by applicants via the multi borough Hub element of the matching scheme.
- 4.10 We have also ensured that publicity is maintained on the whistle blowing hotline and the anti-fraud email together with referrals through the Council and THH.
- 4.11 In the last financial year we recovered 42 properties, stopped 13 Right to Buy applications from being concluded and achieved 1 conviction in Court for a Fraudulent Housing Application that was effected against the Council. The outcome was that the case was successful with a £4,000 fine, victim Surcharge and costs awarded to the Council.
- 4.13 It is intended to provide regular reports to the Audit Committee on the success and achievements of this unit.

5. COMMENTS OF THE CHIEF FINANCE OFFICER

- 5.1 There are no financial implications emanating from the recommendations within this report.

6. LEGAL COMMENTS

- 6.1. The Local Audit and Accountability Act 2014 ('the Act') abolishes the Audit Commission and repeals the Audit Commission Act 1998. The Act and supporting regulations (which replace the 2011 Regulations) came into effect on 1 April 2015 and will apply from the 2015/16 financial year onwards and are therefore not relevant to the matters referred to in this report. The aim of the Act, as stated in DCLG guidance, is to give local bodies the freedom to appoint their own auditors from an open and competitive market and to manage their own audit arrangements, with appropriate safeguards to ensure independence. However, the new local arrangements for the appointment of auditors are expected to start after the Commission's current contracts with audit suppliers end in 2016-17, although this could be later if the contracts are extended to 2019-20.
- 6.2. Under the Local Government Act 1972 the Chief Financial Officer has a duty to ensure that there is an adequate process of Internal Audit to ensure the independent appraisal of the Council's systems of internal control, practices and systems. This requirement is further reinforced by the Local Audit and Accountability Act 2014.
- 6.3. Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council is required to ensure that it has a sound system of internal control that facilitates effective exercise of the Council's functions and includes arrangements for the management of risk. The Council is also required by Regulation 5 to maintain an effective system of internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance. One of the functions of the Audit Committee under the Council's Constitution is to review internal audit findings. The consideration by the Audit Committee of this report is consistent with the Council's obligations and is within the Committee's functions.

7. ONE TOWER HAMLETS CONSIDERATIONS

- 7.1 There are no specific One Tower Hamlets considerations.

8. BEST VALUE (BV) IMPLICATIONS

- 8.1 The effective investigation of allegations of Fraud and Corruption complies with the councils Best Value duty to manage its resources effectively and

ensure that the three E's of Economy, Efficiency and Economy are preserved in order to deliver effective services to the public we serve.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

9.1 There are no specific SAGE implications.

10. RISK MANAGEMENT IMPLICATIONS

10.1 The need to manage resources effectively and identify fraud and abuse is a cornerstone in ensuring that risks to loss are effectively managed and the outcome for the last financial year demonstrates the Council's commitment to foster an Anti-Fraud culture.

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

11.1 Effective Anti-Fraud arrangements the Council contributes to a reduction in crime and offers good practice in resolving scope for abuse of assets and systems.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

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

List of "Background Papers" used in the preparation of this report

- NONE

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Officer contact details for documents:

- N/A