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| <b>REPORT TO:</b><br><b>Audit Committee</b>   | <b>DATE</b><br><b>22<sup>nd</sup> March 2011</b> | <b>CLASSIFICATION</b><br><b>Unrestricted</b>                                  | <b>REPORT NO.</b> | <b>AGENDA NO.</b><br><b>6.4</b> |
| <b>REPORT OF:</b><br><br><b>Corporate Director, Resources</b><br><br><b>ORIGINATING OFFICER(S):</b><br><br><b><i>Tony Qayum, Head of Audit Services</i></b> |  | <b>Social Housing Fraud Update</b><br><br><b><i>Ward(s) Affected: N/A</i></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 and to seek clarification as necessary.

## **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 latest paper "Protecting the Public Purse" issued in October 2010. It reports 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.
- 3.2 Our work on tenancy fraud began in December 2009, when the government launched a new national crackdown on tenancy cheats. This was in response to the Audit Commission's report "Protecting the Public Purse" published in September 2009 (this is the first edition, the more up to date report was published in October 2010), which estimated that 2.5% of the total stock of council housing in London is subject to illegal sub-letting.

Anecdotal evidence suggested that in some London boroughs the proportion may be much higher, perhaps up to 5 - 10% of the total stock. The large gap between social rents and private sector rents, particularly in inner London, was considered to be driving a large black market in illegally sub-let council houses and flats. In some cases, local authority fraud teams uncovered large scale illegal operations involving multiple properties, sometimes brazenly advertised through high street letting agencies, although this has not been our experience to date.

- 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 does mirror our experience at Tower Hamlets.
- 3.4 The strategy advised that the councils doing the most to tackle the problem would be given additional funds to continue the drive on rooting out and dealing with unlawful subletting.

#### **4. Current Position**

- 4.1 The Council has received £100,000 for the continuation of the function and intends to maximise effectiveness by extending the existing arrangements for a further twelve month period and utilising wherever possible the use of technology to risk assess potential cases for follow up. We continue to have good dialogue with the DCLG in promoting our successes and contributing to the national agenda.
- 4.2 The Team have enhanced the joint working arrangements with Tower Hamlets Homes and a team member is now located for one day a week at each of the three THH housing offices to provide advice and support along with identifying new cases.
- 4.3 For a more comprehensive service and “joined-up working” the Team are supporting the Letting Service on potential fraudulent housing applications and THH housing services on potential irregular mutual exchanges, assignments and successions to avert inappropriate access to property.
- 4.4 The Team are also looking 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.

- 4.5 The East London Solutions working group of five local authorities and a number of RSLs now meets regularly and this has helped to share experience and intelligence on areas to target and how to work smarter.
- 4.6 We are now providing training on how we set up our team, its scope and working practices to other authorities within the East London Solutions group.
- 4.7 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 260 referrals for investigations being received.
- 4.8 The following is a summary of the team's case load, progress and successes to date:-

#### **Open Cases**

- 123 current cases
- Of these 70 have Housing Benefit and/or Council Tax Benefit in payment
- 97 of these cases are Tower Hamlets Homes managed properties.
- 15 cases are currently with Legal Services for action to recover

#### **Closed Cases**

- 138 closed cases (excluding recovered)
- Of these 94 had Housing Benefit and / or Council Tax Benefit in payment.
- 76 of which were Tower Hamlets Homes managed properties

#### **Recovered Cases**

- 36 properties recovered with an estimated value of £7 M.
- 15 had Housing Benefit and / or Council Tax Benefit in payment.
- 25 were managed by Tower Hamlets

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

These are contained within the body of this report.

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

6.1 The Council has a duty of Best Value under Section 3 of the Local Government Act 1999. By virtue of this duty it is required to ensure continuous improvement all its dealings. This includes ownership and use of property so it can organise the most cost effective method of delivering services to the public. Fraud prevents those in real need from accessing housing accommodation. The actions described in this report demonstrates how that is to be dealt with. The Council is taking action to recover the properties which have been identified as having been obtained by means of fraud. Legal proceedings are ongoing.

## **7. One Tower Hamlets**

7.1 There are no specific one Tower Hamlets considerations.

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

## **8. Risk Management Implications**

8.1 This report highlights how actions of the anti fraud team in dealing with the fraud risks that can arise from the abuse of public sector properties. There are no other risks that need to be considered in addition to those already highlighted within this report.

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

9.1 There are no specific SAGE implications.

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Local Government Act, 1972 SECTION 100D (AS AMENDED)

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

Brief description of "background papers"

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N/A

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