

REPORT TO:	DATE	CLASSIFICATION	REPORT NO.	AGENDA NO.
Audit Committee	20 September 2011			
REPORT OF:  <b>Corporate Director, Resources</b>	Social Housing Fraud Update			
ORIGINATING OFFICER(S):  <b>Tony Qayum, Corporate Fraud Manager</b>	<b>Ward(s) Affected: 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.

## 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 last paper "Protecting the Public Purse" issued in October 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.
- 3.2 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.
- 3.3 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.

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

- 4.1 In December 2010 the government assessed the Council's eligibility for further funding and made £100,000 available for the continuation of the function for financial year 2011-12.
- 4.2 We intend 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 enhanced the joint working arrangements with Tower Hamlets Homes and a team member is now located for one day per week at each of the three THH housing offices to provide advice and support along with identifying new cases.
- 4.4 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.
- 4.5 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.
- 4.6 The East London Solutions working group of six local authorities and a number of Registered Providers meets regularly and this has helped to share experience and intelligence on areas to target and how to work smarter.
- 4.7 The Council is providing training on how we set up our anti fraud team, its scope and working practices to other authorities within the East London Solutions. We have also taken the lead on the training of both the East London Partners and Registered Partners and a robust training and development programme has been produced to take forward during the autumn of 2011.
- 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 350 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

- 162 current cases
- Of these 94 have Housing Benefit and/or Council Tax Benefit in payment
- 125 of these cases are Tower Hamlets Homes managed properties
- 17 cases are currently in various stages of recovery.

### Closed Cases

- 183 closed cases (excluding recovered properties)
- Of these 143 had Housing Benefit and / or Council Tax Benefit in payment.
- 89 were Tower Hamlets Homes managed properties

### Recovered Cases

- 50 properties recovered ( as at end of August)
- 23 had Housing Benefit and / or Council Tax Benefit in payment.
- 30 were managed by Tower Hamlets Homes

4.10 There has been much national debate to assess the notional value of properties recovered by the work of the fraud team. The Audit Commission have attached an average notional value of £75,000 for each property across England. Being an inner London borough, properties in Tower Hamlets are likely to attract a far higher figure; we have used £200,000 as an estimate. Based on this notional sum, the work of the fraud team has brought back properties valued at £10 million. A comparator using the Audit Commission notional value would be £3.5 million.

## **5. Next Steps**

5.1 A report has been circulated to the Corporate Management Team highlighting the work of the tenancy fraud team and the manner in which the team is responding to this type of fraud. Following discussions, the tenancy team has been tasked with putting together a business case to assess whether there is any justification to do more work in this area.

**6. Comments of the Chief Financial Officer**

6.1 These are contained within the body of this report.

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

7.1 There are no immediate legal implications arising from this report.

**8. One Tower Hamlets**

8.1 There are no specific one Tower Hamlets considerations.

8.2 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.

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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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