

Report To:	Date	Classification	Report No.	Agenda Item No.
Audit Committee	25 September 2012	Unrestricted		
REPORT OF: Corporate Director, Resources		Social Housing Fraud Update		
ORIGINATING OFFICER(S): Tony Qayum, Corporate Fraud Manager		WARD(S) AFFECTED: N/A		

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 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 Council's eligibility for further funding and made £100,000 available for the continuation of the function for financial year 2012-13.
- 4.2 We are determined 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. In the past six months the Post Holder has recovered 9 properties.
- 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 and we have also provided advice and presentations to and on behalf of the Chartered Institute of Housing and Tenancy Fraud Forum and London Boroughs Fraud Investigation Group.
- 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 600 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

- 253 current cases
- Of these 131 have Housing Benefit and/or Council Tax Benefit in payment
- 150 of these cases are Tower Hamlets Homes managed properties
- 30 cases are currently in various stages of recovery.

Closed Cases

- 287 closed cases (excluding recovered properties)
- Of these 194 had Housing Benefit and / or Council Tax Benefit in payment.
- 198 were Tower Hamlets Homes managed properties

Recovered Cases

- 91 properties recovered to date
- 38 had Housing Benefit and / or Council Tax Benefit in payment.
- 66 were managed by Tower Hamlets Homes

In addition the team have achieved one court conviction for a fraudulent housing application, one Right to Buy stopped and one 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 These are contained within the body of this report.

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

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

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

9. Sustainable Action for a Greener Environment (SAGE)

9.1 There are no specific SAGE implications.

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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