

Report to Housing Scrutiny Panel

Date of meeting: 31 January 2012

Portfolio: Housing – Councillor Mrs M McEwen

**Subject: Social Housing Fraud Pilot Scheme
- Evaluation**

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Recommendations/Decisions Required:

1. That the Housing Scrutiny Panel;

(a) Receives a presentation on progress with the Social Housing Fraud Pilot Scheme from the Council's Housing Officer (Social Housing Fraud);

(b) Undertakes a formal evaluation of the Social Housing Fraud Pilot Scheme on behalf of the Cabinet;

(c) Reports to the Cabinet on the outcome of the evaluation; and

(d) Recommends to the Cabinet, as part of the evaluation report, that the existing part-time post of Housing Officer (Social Housing Fraud) be made, with immediate effect, both permanent and full-time, with the increase of 13.5 hours per week being funded from the Housing Revenue Account; and

2. That the creation of a second Housing Officer (Social Housing Fraud) post be included on the list of possible housing improvements and service enhancements to be considered by the Housing Scrutiny Panel at its next meeting, along with the other proposals brought forward, in order for a public awareness campaign to be undertaken and for further social housing fraud to be detected and investigated, more properties brought back into proper use, and further savings made to the Council as a result.

Report:

Please note that a presentation will be given by the Housing Officer (Social Housing Fraud) on the success of the Social Housing Fraud Pilot Scheme, as part of the consideration of this item.

1. At its meeting on 19 May 2010, the Cabinet agreed that a new part-time post of Housing Officer (Social Housing Fraud) be appointed on a temporary part-time basis (22.5 hours per week) for a Social Housing Fraud Pilot Scheme for a 12-month period. The post was partly funded by a £10,000 grant received from the Department of Communities and Local Government (CLG), with the balance funded by the Housing Revenue Account. The CLG funding is part of the Government's national initiative to tackle social housing fraud, with the main focus on the unlawful sub-letting of Council properties.

2. The Cabinet further agreed that:

- A Social Housing Fraud Pilot Scheme be established;
- The Housing Options Section of the Housing Directorate introduce a system to provide photographic ID of tenants and housing applicants
- A District-wide Housing Fraud awareness raising initiative be undertaken
- A data matching regime for recent deaths within the District be implemented to cross-check with Housing records

3. Following the recruitment and selection exercise, a successful candidate was offered the Post in July 2010. However, for a number of reasons that cannot be referred to in the report, the offer was withdrawn and the Post had to be left open until matters were resolved. As a result, the Council was not able to appoint to the Post until May 2011. The Cabinet asked that after 10 months of the commencement of the project, a formal evaluation be undertaken, and a further report be submitted detailing the findings and future action proposed.

4. Progress has been made on the issues referred to in Paragraph 2. The Housing Options Section of the Housing Directorate has now introduced a system to provide photographic ID of tenants and housing applicants and the data matching regime is in place. In addition, the Government intends to introduce a new "Tell Us Once" initiative within the next couple of months – with which the Council is participating - whereby people registering deaths at the Registrar's Office can opt to have the Council automatically notified. Internal procedures have been established to ensure that all relevant Council officers are advised of such notifications. However, the awareness raising initiative has been put on hold due to the lack of staffing resources, as the Housing Officer (Social Housing Fraud) post is only part-time.

5. The Housing Scrutiny Panel will receive a presentation at the meeting from the Housing Officer (Social Housing Fraud) on both progress made to date and his general approach to the work.

6. Since the part-time Housing Officer (Social Housing Fraud) took up his Post in May 2011, 37 cases of potential social housing fraud have either been, or continue to be, investigated. The table attached as an Appendix to this report sets-out examples of cases where serious social housing fraud has been detected and resolved. The table also shows details of on-going investigations.

7. As can be seen, due to the work of the part-time Housing Officer (Social Housing Fraud), the following results have been achieved, including the potential recovery of 6 properties:

- Two fraudulent Right to Buy applications have been prevented, avoiding the Council giving discounts of around £68,000 with both properties being recovered and subsequently let to legitimate applicants on the Council's Housing Register.
- One property was found to be sub-let and has been re-possessed and let to an applicant from the Council's Housing Register.
- One property was not allocated to a housing applicant as they were found to be providing false information on a housing application form. Without the post, the property would have been let to a fraudulent applicant. Instead, it was offered to a legitimate applicant.
- One case is being investigated by Housing Benefit Fraud Investigators, which may result in the recovery of overpaid housing benefit
- Two further cases are close to being resolved, which are expected to result in two properties being recovered due to non-occupation or sub-letting and re-let to legitimate Housing Register applicants, with Housing Benefit's Investigators also investigating associated benefit fraud

8. In addition to specific case work, the Housing Officer (Social Housing Fraud) has undertaken "Tenancy Audits" on certain housing estates to ensure that properties are being occupied by the lawful tenants, and has also arranged for Housing Management Officers to undertake joint visits with the Council's Valuer when Right to Buy valuations are undertaken.

9. As around 75% of all cases either investigated or under investigation involve housing benefit claimants, the Housing Officer (Social Housing Fraud) has made important links with the Housing Benefit Fraud Investigation Team and often briefs the Team on progress. On some occasions, joint home visits and interviews under caution are undertaken. As a direct result of the work of the Housing Officer (Social Housing Fraud), in one case, the Council are in the process of recovering £7,800 in overpaid benefit. Smaller amounts are also being recovered and it is expected that in other cases housing benefit will be withdrawn, which is only due to the introduction of the Social Housing Fraud Pilot.

10. As social housing is a very valuable asset, it is important to ensure that properties are let fairly and are occupied by the legitimate tenants. Currently, the legal remedy for proven cases of sub-letting is re-possession in order that it can be let to a housing applicant who has the greatest need of the accommodation. However, the Government has now announced proposals to help ensure that "tenancy cheats" who deny social housing homes to families in need will face tougher justice. The Housing Minister has recently set-out proposals to criminalise the abuse of social homes (particularly unlawful sub-letting), with a possible two-year prison sentence, which the Government believes will free-up thousands of homes for waiting lists. The Government is consulting on the proposals to strengthen councils' legal rights as landlords to help them detect and prosecute tenancy fraud more effectively.

11. In addition, the Audit Commission has recently published a report entitled "Protecting the Public Purse 2011" in order to identify trends in fraud generally, gather best practice and assess actions being taken by councils. The results of the survey will be shared with councils nationally. A questionnaire within the publication is asking what action councils are taking specifically to deal with "housing tenancy fraud". This underlines the importance placed upon combating social housing fraud by both the Government and the Audit Commission at a national level. As the Council is likely to lose its Benefit Fraud function when this is centralised, the Government is keen that councils continue to combat fraud in other areas.

12. The amount of progress made with the Council's Social Housing Fraud Pilot Scheme, which has only been operating for just 8 months from a standing start, is considered to be a major achievement by the present incumbent, bearing in mind that this is only a part-time role. It is considered that many further cases could be identified and resolved if staff resources were increased in this area. Indeed, the success to date has been without **any** public awareness campaign encouraging members of the public to provide information on potential social housing fraud. This is because the Housing Officer (Social Housing Fraud) is unable to cope with the current number of referrals being received from housing officers, members and the public, and as a result is reluctant to raise awareness with the general public as the response and expectations would be difficult to manage. Although Housing Management Officers do on occasions investigate cases themselves, there is not sufficient staff resources available to be proactive in seeking out fraud.

13. In view of the success of the Social Housing Fraud Pilot Scheme, it is proposed that the Scheme be made permanent, and that the existing part-time post of Housing Officer (Social Housing Fraud) be made both permanent and full-time, with an increase in hours from 22.5 hours to 36 hours per week. The cost of these additional 13.5 hours per week would only be £8,200 per annum and would be funded from the HRA. The current post-holder has indicated that he would have no objections to either of these proposals.

14. The £68,000 alone that the post has saved the Council within the past 8 months by identifying and investigating the two Right to Buy frauds, amounts to more than treble the annual cost of employing one full-time Fraud Officer, which is in addition to all the other social benefits of combating and deterring social housing fraud and providing accommodation to legitimate housing applicants on the Housing Register in the most need.

15. Under HRA self financing, the Cabinet has agreed that provision be made within the HRA Financial Plan to fund £770,000 per annum for housing improvements and service enhancements from 2012/13, increased to £5.5m per annum in Year 10 (2020/21), and has asked the Housing Scrutiny Panel, in consultation with the Tenants and Leaseholders Federation, to come forward with proposals on the best use of this additional funding. A report will be considered by the Housing Scrutiny Panel at its next meeting on the 5th March 2012.

16. In view of the success of the Scheme, and the demonstrable significant financial saving to the Council that can be achieved, it is proposed that the creation of a second Housing Officer (Social Housing Fraud) post be included on the list of possible service enhancements considered by the Housing Scrutiny Panel at that time, along with the other proposals brought forward. The creation of a second full-time post would also enable a public awareness campaign to be undertaken, which it is believed will bring forward a significant number of additional leads that could be investigated, with more properties brought back into proper use and further savings to the Council achieved. It would also enable the Council to be in a better position to respond to the Government's proposals to criminalise social housing fraud, which brings with it a higher test of evidence.

Reason for decision:

The work undertaken by the temporary part-time Housing Officer (Social Housing Fraud) since his appointment in May 2011, has demonstrated that there are a number of tenants and applicants who are either sub-letting properties, obtaining Council properties by deception or fraudulently exercising the Right to Buy. The work completed to date suggests that the level of social housing fraud within the District is potentially extensive, and that the cost of creating the post is far less than the financial savings alone have achieved. It therefore appears to be sensible to make this temporary post permanent and to increase the hours to full-time in order that the excellent work already undertaken can be taken forward.

The creation of a second post through the service enhancements budget would enable a public awareness campaign to be undertaken, which would increase the benefits.

Options considered and rejected:

1. To extend the part-time Housing Officer (Social Housing Fraud) post on a temporary basis for a further period.
2. To extend the Housing Officer (Social Housing Fraud) post on a temporary basis for a further period on a full-time basis.
3. To cease the Social Housing Fraud initiative.
4. Not to give further consideration to the creation of a second post.

Consultation undertaken:

The Tenants and Leaseholders Federation will be consulted on the report at their meeting on 26 January 2012. Their comments will be reported orally.

List of Resolved Fraud Investigation Cases

Type of Suspected Fraud	Action Taken	Outcome
Sub-letting	Home visit undertaken including interviews with neighbours. Suspected Tenant had moved to Spain. Liaised with the Spanish Embassy and the Foreign Office. Benefits being claimed on behalf of tenant by a third party	Discovered tenant had sub-let the property and subsequently died 2 years ago and left the "sub-tenant" in occupation. Proceeded to Court and gained possession and the property was let to an applicant from the Housing Register. DWP notified as pension was continuing to be paid into the former tenant's bank account.
Attempting to gain accommodation by deception	Homeseeker was claiming that his two children were part of his household and in these circumstances his application was assessed as Band 3. However, following investigation it was found that the two children were not part of his household.	A property was not allocated to this housing applicant who was providing false information and under the requirements of the Housing Allocations Scheme he was removed from the Housing Register for a period of 12 months.
Obtaining a property by deception	Following an anonymous call reporting that a tenant had failed to inform the Council that they had assets which could exceed the amount allowed under the Council's Housing Allocations Scheme, records were obtained from the tenant's solicitor to prove this to be the case. False statements were made on the housing application and to the Housing Benefits Division	Assets were found not to be in excess of the permitted amount under the Allocations Scheme, therefore the tenant remains in occupation. However, a fraud investigation is being undertaken by Benefits Investigation staff

List of on-going Fraud Investigation Cases

Type of Suspected Fraud	Action Taken	Current Position
Right to Buy Fraud	Tenant applied to exercise his Right to Buy. However, following investigation it was found that he was not living there but allowing his daughter and partner and child to occupy the property exclusively with no tenancy status	Notice to Quit served, proceeding to Court, right to buy application terminated saving the Council £34,000 discount and the property will be allocated to a housing applicant
Right to Buy Fraud	Following investigation it was found that the tenant had left the property and allowed her sister and her sister's partner to live in the property with no tenancy status	Notice to Quit to be served late January 2012, proceed to Court, Right to Buy application will be terminated saving the Council £34,000 discount and the property will be allocated to a housing applicant
Non-occupation & benefit fraud	Report received from a neighbour about non-occupation and potential benefit fraud. Neighbours have been interviewed and statements taken, all neighbours making the same accusations. Tenant to be interviewed by the Housing Officer (Social Housing Fraud) and the Benefits Fraud Investigations Team.	Decision on way forward will be taken after tenant is interviewed under caution
Sub-letting & benefit fraud	Case reported by a Ward Member. Occupier interviewed, witness statements taken from neighbours which has resulted in the Council serving a Notice to Quit in order to gain possession of the property	Following the Court process the property will be re-possessed and let to an applicant on the Council's Housing Register