

Report to Housing Scrutiny Panel

Date of meeting: 23 April 2014

Portfolio: Housing – Councillor D Stallan

Subject: Social Housing Fraud Progress Report

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Recommendations/Decisions Required:

- (1) That the Housing Scrutiny Panel undertakes a formal evaluation of progress made on the Prevention of Social Housing Fraud from 1 April 2013 to 31 March 2014 as part of its Work Programme; and**
- (2) That consideration of the Housing Service Strategy on the Prevention of Social Housing Fraud be dealt with as exempt business (exempt information under Paragraph 7 – information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime) under item of the agenda.**

Report:

Background

1. On 22 February 2010, the Housing Portfolio Holder agreed that a new 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. Due to recruitment problems of a confidential nature (unrelated to the person appointed), it was not possible to appoint to the post until May 2011.

2. On 31 January 2012, the Panel undertook a formal evaluation of the Social Housing Fraud Pilot scheme. The Panel noted in summary that the following progress had been made:

- The Housing Options Section of the Housing Directorate introduced a system to provide photographic ID of tenants and housing applicants
- 37 potential cases of Social Housing Fraud had either been, or were, continuing to be investigated
- Two fraudulent Right to Buy applications were prevented avoiding the Council giving discounts of around £68,000 at that time, both properties were recovered and were let to applicants from the Council's Housing Register
- One property was found to be sub-let and subsequently let to an applicant from the Council's Housing Register
- One property was not let to a housing applicant as they were found to be providing false or mis-leading information on their housing application. The property was instead let to a legitimate applicant
- Two further cases at that time were about to be resolved on grounds of suspected sub-letting
- A number of Tenancy Audits had been undertaken
- As a direct result of the work of the Housing Officer (Social Housing Fraud) the Council were in the process of recovering £7,800 in overpaid Housing Benefit

3. At its meeting on 12 March 2012 (Minute 142 refers), due to the success of the Pilot, on the Panel's recommendation, the Cabinet agreed that the temporary part-time post of Housing Officer (Social Housing Fraud) be made both permanent and full-time, with the increased costs being funded from the Housing Revenue Account.

4. At its meeting on 23 April 2012 (Minute 158 refers), the Cabinet approved on the recommendation of the Panel that, in view of the success of the Pilot Social Housing Fraud Scheme, a second permanent post of Senior Housing Officer (Social Housing Fraud) be created, funded from the Housing Improvements and Service Enhancements Fund.

5. Between January 2012 and March 2013, a further 60 cases were referred to the Social Housing Fraud Team. The following table sets out the type of fraud, the number of cases investigated in each category and the outcomes:

Type of Fraud	Number of Cases Investigated	Outcome
Non-occupation	24	9 properties recovered
Sub-letting	21	4 properties recovered
Right to Buy	5	1 Right to Buy prevented
Succession	3	1 property recovered
Attempting to obtain a property by deception	7	None found to be fraudulent

6. As can be seen, during this period, 14 properties were recovered due to either non-occupation, unlawful subletting or unlawful succession. One fraudulent Right to Buy application was prevented. Although the actual discount that may have been claimed is not known, as most applicants are eligible for the maximum discount, an estimated £75,000 would have been saved.

Housing Service Strategy on Social Housing Fraud

7. The Panel is asked to consider the Housing Service Strategy on the Prevention of Social Housing Fraud later in the Agenda in private session. The Strategy sets out to approach in dealing with cases of Social Housing Fraud in more detail and will give Members the opportunity to review the Council's procedures. This Strategy is in private session because public disclosure of the Strategy would undermine the Council's efforts to deal with this issue. The review is deemed to be exempt information under Paragraph 7 of the exempt information provisions, namely "information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime".

Formal Evaluation of the Prevention of Social Housing Fraud Scheme

8. The Housing Scrutiny Panel is asked to undertake a formal evaluation of progress made on the Prevention of Social Housing Fraud from 1 April 2013 to 31 March 2014 which is as

follows:

9. During this period, 40 further cases were referred to the Social Housing Fraud Team, 32 of which were worthy of intensive investigation. Of these cases, 10 resulted in properties being recovered by the Council and have subsequently been allocated to homeseekers from the Housing Register. A further 9 properties were recovered as a result of on-going investigations from previous years, totaling 19 properties being recovered over the year, an average of 3 every 2 months.

10. Reports came from a number of sources, including from the general public, Members, other Council officers and services, through Tenancy Audits, and the checking of internal documentation held on persons and general processes. The types of Social Housing Fraud investigated fall mainly into the following 6 categories:

- Sub-letting of a Council property
- Fraudulent Right to Buy applications
- Obtaining a tenancy by deception
- Non-occupation of a Council property
- Unlawful successions to a Secure Tenancy
- Fraudulent Private Sector Grant applications

Sub-letting of a Council Property

11. During the period, the Social Housing Fraud Team have investigated 13 cases of sub-letting. At the time of writing, 6 of these investigations have resulted in the recovery of the property, with 6 cases still being under investigation, and one case awaiting a Court hearing.

Fraudulent Right to Buy applications

12. During the period, the Council received 60 Right to Buy applications. Each application is investigated by the Social Housing Fraud Team regardless of any concerns being reported; 29 sales have either completed or are near to completion, 27 are ongoing, and 4 applications have been withdrawn. Of the four that have withdrawn their application, one has surrendered the keys to the property as a direct result of the investigation into the application. This has resulted in a saving to the Council of £65,000 discount and led to the recovery of the property, which will now be let to an applicant from the Council's Housing Register. It is suspected that the other 3 applicants who withdrew their application may have done so as a result of the investigation. Although the actual discount in each case is not known, as the majority of Right to Buy applications achieve the maximum discount of £75,000, if officer suspicions were correct, an estimated £290,000 in discounts would have been saved due to these withdrawn sales.

Obtaining a Tenancy by deception

13. During the period, 3 cases of obtaining a tenancy by deception were (and continue to be) investigated by the Social Housing Fraud Team. One case involves an allocation of a Housing Association property through a nomination from the Council's Housing Register. The tenant is being investigated for alleged Benefit Fraud. If proven, then the tenant would have been ineligible to be included on the Housing Register and it would be expected that the property will be recovered following a joint investigation involving the Council and the Department for Work and Pensions (DWP) and any necessary Court proceedings. A second property is expected to be recovered shortly, with the tenant having already agreed to surrender his keys. The third case is still in the early stages of investigation.

Non-occupation of a Council property

14. During the period, 7 allegations of non-occupancy have been investigated. Of these

cases two have resulted in the recovery of the property, the remainder are still in various stages of investigation.

Unlawful Successions to a Secure Tenancy

15. The Social Housing Fraud Team currently investigates all successions to a Secure Tenancy (where a spouse or family member takes over the tenancy following the previous tenant's death). In the period covered by the report there have been three successions. In one case the "successor" was not an eligible person to succeed to the tenancy and the property has been recovered and allocated to a homeseeker from the Council's Housing Register. The Council is considering whether to prosecute the offender. The other two successions have been found to be lawful.

Fraudulent Private Sector Housing Grant applications

16. Two cases of fraudulent Private Sector Housing Grant applications have been investigated where applicants have provided false information in order to obtain grants that they would not otherwise be entitled to. Both cases were referred to the Social Housing Fraud Team by officers who had concerns about their validity. One case was an application for a new central heating boiler and double glazed window to the value of £10,000. The applicant failed to inform the Council that there were charges on the property and that the applicant was seeking to sell the property. The investigation concluded that there was therefore insufficient equity in the property to qualify for the grant. In the second case (still under investigation), it was identified that the applicant failed to declare assets which made the application ineligible for the grant of £6,000.

Other Initiatives

17. The Council now participates in the Government's "Tell Us Once" initiative 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. The initiative assists the Social Housing Fraud Team to detect social housing fraud and in particular unauthorised successions and sub-letting.

18. The Social Housing Fraud Team have set up an initiative whereby a member of the Team undertakes joint visits with the Council's Valuer when Right to Buy valuations are undertaken. The officer can check to ensure that the person making the application is the tenant and if they qualify for the Right to Buy.

19. It is important to note that the Social Housing Fraud Team work very closely with those reporting allegations of Social Housing Fraud, and report back to them on progress. This gives those reporting fraud confidence that their concerns are being taken seriously and are being dealt with effectively. Such action may encourage other members of the public to also report concerns.

Conclusion

20. The introduction of the Social Housing Fraud Team, comprising just two officers, has undoubtedly been a resounding success. In the last year alone, 19 Council properties have been recovered and re-let to legitimate applicants where social housing fraud has been uncovered. Furthermore, the estimated saving of £290,000 from the 4 suspicious Right to Buy applications and the £16,000 fraudulent private sector housing grants applications is more than 4 times the annual cost of the officers.

Future Steps

21. During 2014/2015, now that the Social Housing Fraud Team has become established, a high profile campaign will be undertaken to encourage residents to report any cases of social housing fraud. As part of a recent Senior Management Restructure, the line management of the Social Housing Fraud Team will transfer into the Corporate Fraud Team during 2014/2015 under the management of the Chief Internal Auditor. This is to improve further intelligence gathering and to share expertise and resources. However, the Corporate Fraud Team will have a Service Level Agreement with the Communities Directorate to ensure that the Social Housing Fraud Team continues to respond to the requests and requirements of the Housing Service in a timely manner.

Reason for decision:

The Housing Scrutiny Panel is asked to undertake a formal evaluation of progress made on the Prevention of Social Housing Fraud from 1 April 2013 to 31 March 2014 as part of its Work Programme.

Options considered and rejected:

That the Housing Scrutiny Panel does not undertake a formal evaluation of progress made on the Prevention of Social Housing Fraud from 1 April 2013 to 31 March 2014.

Consultation undertaken:

The Tenants and Leaseholders Federation will be consulted on the report at their next meeting, which follows the meeting of the Panel.