

Scrutiny Committee on the Environment

14th June 2012

Report of the Director of Adult, Community and Housing Services

Housing Fraud

Purpose of Report

1. The purpose of this report is to advise Members on the approach taken in Housing Services on the prevention and detection of Housing Fraud.

Background

2. The demand for Council housing in Dudley is much higher than its availability. It is imperative therefore that we prevent it being obtained and or used fraudulently.
3. The Audit Commission published a report titled 'Protecting the Public Purse 2011'. In this report the Audit Commission estimates that social housing fraud costs the public purse at least £900 million each year. This is the single largest category of fraud across local government. In a more recent publication by the National Fraud Authority they have estimated based on national trends that the cost of Housing Fraud to Dudley may be somewhere between £3,100,000 and £5,200,000.
4. There is no evidence locally to suggest that housing fraud is a significant problem in Dudley. However we are mindful that Dudley will not be immune from the same risks as other Social landlords around the Country and work has been completed to map the risks of fraud and mitigating actions that are in place to prevent this from occurring and to detect it when it does. This work has highlighted areas for improvement where more robust mitigating actions can be introduced and has also recommended action that should be taken when fraud is identified.
5. Dudley's 'Housing – Counter Fraud Policy' has recently been approved (Decision Sheet Reference DACHS/00502012) and is attached as Appendix A. Its intended purpose is to ensure we protect our Council houses from being obtained and or used fraudulently and will also contribute to the Council's wider objectives for tackling other types of fraud.

Housing – Counter Fraud Policy

6. A full copy of the policy is attached for information but outlined below are some key areas of the policy that have been or are due to be introduced in the coming months.
7. We are currently reviewing and revising processes and procedures to ensure we get signed declarations from housing applicants and tenants at key stages in applications and tenancy management as a first measure to counter fraud.

8. We are also reviewing when and how we ask for and confirm a person's identity during key stages of housing applications and tenant management processes. This will in the future include the requirement for applicants and tenants to provide photo identification and their national insurance numbers to be held on their housing records for the purpose of conducting identity checks.
9. Where there is reasonable suspicion that an individual is trying to or has committed a housing fraud, housing services will make use of economic activity and other data tracing tools to collect evidence to detect and take appropriate action to stop the fraud. This has been used in the investigation of 11 cases where we have had reasonable suspicion that the tenant is not using their tenancy as their only or principal home.
10. An example from these cases is where a Housing Manager became suspicious that the tenant may not be using their property in Halesowen as their only or principal home during attempts to resolve no access for the annual gas service at the property. Intelligence that had been provided to the Housing Manager suggested that the tenant may have another property in Cornwall. A trace on the economic activity of the tenant identified the tenant being resident at an address in Liskeard, Cornwall. Possession proceedings were issued and the tenant surrendered possession of the property.
11. Housing Services subscribes to and is an active member of the national fraud initiative currently run by the Audit Commission. The NFI combats the threat of fraud by comparing information held by different organisations to identify potentially fraudulent claims. The Audit Commission has run the NFI since 1996, carrying out data matches every two years. Dudley is also developing local data matching exercises using data held across Council Departments in an effort to detect and prevent housing fraud in Dudley.
12. 207 data matches from the NFI were investigated in 2011/12 as potential frauds. No fraud has been detected but 6 remain open and under investigation where we are awaiting information or action to be taken by another Authority before confirming if a fraud has occurred and if so what action to take on it.
13. The cases still open include three instances where data has matched names of former tenants who have exercised their Right to Buy but have subsequently made claims for Housing Benefit from a different address outside of the Borough. Investigations on these cases have included establishing if the person who bought the property remains in occupation of the RTB property. In all three cases we have established they have subsequently sold the property and are currently investigating if they have re-paid the discount given on the RTB as the sale has taken place within 5 years of the purchase.
14. There are also three cases where the current tenant's name's have been matched with names on tenancies or Housing Benefit applications from other addresses outside the Borough, in these cases we are awaiting information from the other Authorities to confirm if the person is in occupation of their property. In one case we have confirmed that they are no-longer our tenant but have moved by way of mutual exchange but will pass on the details to the new landlord if the match is confirmed.
15. Audit Services also provide the facility to carry out local data matches for us and

earlier in 2012 a report was run to match data on Right to Buy and allocations records. This match did not detect any housing fraud but was the first of a series of internal data matches we intend to run to increase the number of leads for detecting possible fraudulent activity.

16. In addition to sharing data through the National Fraud Initiative (NFI) we have also recently entered into an agreement with Birmingham City Council to share data from our housing records. A number of Social Landlords within Dudley and across the West Midlands have also signed up to this agreement. We envisage this data sharing will produce more timely and robust data matches for investigation than are currently provided through the NFI. This also provides a forum to meet with other social landlords to share good practice on processes for tackling housing fraud.
17. We will also be participating in a 'best use of stock summit' in June with other social landlords from across the region where we are jointly running, with Birmingham and Wolverhampton Councils, a workshop on housing fraud to explore other opportunities for collaborative working across the region. The outcomes of this workshop can be feed back to members of this committee if requested.

Raising awarness

18. We are developing a communications strategy on housing fraud to raise awareness amongst our communities and internally amongst our own staff of the potential scale of the problem of housing fraud and also its consequences.
19. Cases we are currently investigating suggest to us that residents may be aware of housing fraud being committed within their communities but may not be motivated to report it to us. An example of this is a case where the Housing Manager responded to a neighbour complaint about a tenant's dog causing a nuisance. During the investigation of this complaint the neighbour who made the complaint mentioned that the tenant's of the property were not living at the property and had not done so for some time but had left a family member in occupation of the property. It was believed this was common knowledge in the local community but the only motivation for reporting it came as a result of the occupant causing a nuisance, not because of the act of Fraud. Following investigation we established the tenant's were living and running a business from another address in a neighbouring local authority. We have subsequently recovered possession of the property.
20. We have recently updated our web-pages (link below) <http://www.dudley.gov.uk/housing/council-housing/applying-for-a-council-home/housing-fraud/> and run an article in our tenant magazine (Home Affairs) to highlight the impact of housing fraud and to encourage communities to report any concerns to us to investigate. A Council Fraud Hotline (01384 814242) was set up by Audit Services at the end of 2011 to enable residents of Dudley to report any suspicions of fraud against the Council including housing fraud. Five calls have been received through this hot line to report suspicions of housing related fraud since it was established. Two have been investigated and closed with the allegation unsubstantiated and three remain under investigation with possible fraud relating to two housing applications and one abandonment.
21. We are also planning further work to raise awareness amongst staff to ensure

they are alert to the possibilities of fraud when processing other work and know who to alert so the matter can be investigated thoroughly.

CLG Consultation

22. Department for Communities and Local Government issued a consultation paper earlier this year on how social homes believed to be unlawfully occupied can be recovered and returned to intended use. This includes proposals to make Tenancy Fraud a criminal offence and providing a mandatory gateway covering banks, building societies and utility companies to disclose information on suspected fraud. The consultation closed in April and a summary of responses is expected to be published later in the summer. The full consultation is available at <http://www.communities.gov.uk/publications/housing/socialhousingfraud>

Performance Monitoring

23. We have recently introduced mechanisms to collect data on the number, type and outcomes of investigations carried out on suspected cases of housing fraud. We have not previously recorded actions taken in this way so have found benchmarking with others difficult. We have now signed up to a benchmarking club on housing fraud provided by 'HouseMark' and will be able to compare outcomes with other social landlords.

Finance

24. It is intended that the Housing Counter Fraud Policy will protect the Council from financial loss that may result from someone obtaining or using a Council property fraudulently. The measures contained in the Policy are being implemented within existing resources however there is a risk that the enforcement of the policy could result in increased costs associated with void management and legal enforcement action.

Law

25. The Housing Act 1985 gives grounds for possession.

The Fraud Act 2006, Theft Act 1968 & 1978 and Proceeds of Crime Act provide authority for action to be taken on acts of Fraud.

Equality Impact

26. An equality impact assessment has been completed during the development of the Housing Counter-Fraud Policy and mitigating actions agreed to reduce the risk of any adverse impact that the introduction of photo identification and additional identify checks may have on vulnerable persons and specific faith groups.

Recommendation

27. It is recommended that Members note the progress made to date on the prevention and detection of Housing Fraud and schedule into their workplan scrutiny of performance in this area at the end of the financial year.



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List of Background Papers

Housing Counter Fraud Policy
Response to CLG Consultation
Fighting Fraud Locally
Protecting the Public Purse
NFI Members Briefing