

**Environment Scrutiny Committee - 18<sup>th</sup> March 2013**

**Report of the Director of Adult, Community and Housing Services**

**Housing Fraud**

**Purpose of Report**

1. The purpose of this report is to update Members on the work being undertaken 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. Dudley's 'Housing – Counter Fraud Policy' was approved in February 2012. During the last twelve months officers have been working on the practical implementation of this policy.
4. The Audit Commission published their annual 'protecting the public purse report' in December 2012, this report continues to report Housing tenancy fraud as the single largest category of fraud loss in local government, by value. The Audit Commission has revised its estimates from previous reports and suggests that between 2% and 4% of social housing in England is being used for tenancy fraud, this equates to nearly 98,000 social homes.
5. The Prevention of Social Housing Fraud Bill was introduced as a Private Members Bill by Richard Harrington MP, in July 2012. The Bill features measures to make tenancy fraud a criminal offence. The new powers to be introduced under the Bill to prosecute for offences associated with social housing fraud will lie with Local Authorities. Housing associations and local authorities will be expected to work in partnership to jointly investigate and prosecute cases. The Bill can be viewed at [www.publications.parliament.uk/pa/bills/cbill/2012-2013/0082/20130082.pdf](http://www.publications.parliament.uk/pa/bills/cbill/2012-2013/0082/20130082.pdf)
6. Dudley is a member of the West Midlands Best Use of Stock (WMBUS) partnership. There are a number of sub-groups that report to a Project Board which include a regional Tenancy Fraud Forum (TFF) which has been established to share good practice on tackling tenancy fraud.

**Prevention and Detection of Tenancy Fraud**

7. The most cost effective way to tackle tenancy fraud is to prevent it from taking place. The new on-line housing application form, that will be available for use from early next Financial year, includes within it new questions and declarations aimed at preventing fraudulent applications. A revised document checklist for officers and the introduction of photo identification at application stage will also

specifically improve our safeguards against identity fraud on housing applications.

8. We are mindful that those who wish to commit Fraud will not do so neatly within Local Authority boundaries. We remain committed to supporting and contributing to the regional TFF and have signed up to the WMBUS Fraud Offer (attached at Appendix A) which demonstrates the commitment in the West Midlands to tackling tenancy fraud. The West Midlands is the first region in England to agree such an offer.
9. The regional TFF has collated good practice from across the region and developed in partnership with the Chartered Institute of Housing a good practice guide on how to prevent and detect Social Housing. We are already following much of the good practice outlined in this document within Housing Services but will use it as a guide for further improvements in the next twelve months.
10. Whilst prevention of Fraud is an important part of our Counter Fraud Policy we are mindful there is also a need to improve our detection rate of Fraud already in our system. Approval was given in October 2012 to create and appoint to a new post of Tenancy Fraud Officer. The recruitment process for this post was completed in December 2012 and the person appointed is expected to be in post by April 2013. This Officer will lead and co-ordinate our approach to fraud prevention and detection.
11. At the end of January 2013 the Department for Communities and Local Government announced that £9.5m of funding was being made available for 2013/14 and 2014/15 to tackle tenancy fraud and invited Local Authorities to bid for a share of this funding. Dudley is bidding for resources that would be used to recruit a second Tenancy Fraud Officer to work in partnership with Housing Associations who hold stock in the Borough to assist them with investigations of fraud within their stock, as well as adding capacity for investigations in our own stock and on housing applications. Resources are also being sought to purchase software to assist with case management of fraud investigations which are often very complex in nature. A regional bid is also being made for funding under the umbrella of WMBUS, if successful resources from this bid will support the development of data warehouse software hosted by Birmingham City Council to which we subscribe our data for the purpose of identifying data matches that indicate the existence of fraud. The regional bid is also seeking resources to recruit officers to audit compliance with the regional fraud offer and to capacity build partner's skills and knowledge on prevention and detection of fraud. If successful the funding for these bids will be released in April 2013.
12. Regular articles to raise awareness on what housing fraud is and what Housing Services are doing to tackle it have been included in our tenant magazine "Home Affairs". A number of staff briefings were held with all housing management staff during the summer of 2012 to raise awareness on how housing fraud may be committed, why its important for us to tackle it and what to do when you spot it.
13. We continue to promote the Council's Fraud Hotline (01384 814242 / [hotline@dudley.gov.uk](mailto:hotline@dudley.gov.uk)) to encourage members of the public to report any incidents of housing fraud to us for investigation. Since April 2012 there have been seventeen reports made to this hotline which have been investigated in Housing Services. One such report has resulted in the tenant surrendering possession of the property and handing back their keys following investigation. A further 4 cases are being monitored, including one report of sub-letting. We plan

to do further promotion of the hotline in April when the Fraud Officer is in post. This will include the promotion of the hotline on the side of our repair vans when they are out on the estate.

14. We continue to work closely with Audit Services to develop local data matching exercises that will alert us to the existence of fraud within our stock. Work on a number of data sets will be developed further once the Tenancy Fraud Officer is in post.

### **Performance Monitoring**

15. In 2011/12 we reported to the audit commission the detection of 43 cases of tenancy fraud. In previous years we had returned a figure of zero as our recording methods did not allow us to identify from the reasons tenancies had ended which ones had resulted from the detection of housing fraud.
16. In 2012/13 (April – December) 74 tenancy fraud investigations have been concluded resulting in:
  - 44 cases closed as no fraud
  - 30 cases fraud detected

Of the 30 Case where fraud has been detected, in 15 cases the tenants surrendered the keys after investigation, 14 have resulted in Legal Notice been issued on the tenant or the tenant themselves giving notice to end their tenancy. 1 case has resulted in court action to end the tenancy.

For the same period 13 Housing Applications have had fraud investigations concluded resulting in:

- 6 cases closed as no fraud
- 7 cases fraud detected

Of the 7 cases where the fraud has been detected 6 had their existing applications cancelled and 1 applicant was excluded from making an application.

During the same period 1 Right to Buy application has been denied as a result of a fraud investigation.

### **Finance**

- 17 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.
- 18 It was previously reported to this committee that the National Fraud Authority had estimated based on national trends the cost of Housing Fraud to Dudley may be somewhere between £3,100,000 and £5,200,000.
19. An indicative figure of £18,000 has been used nationally to calculate the cost of tenancy fraud. This is considered to be the average cost of housing homeless families in temporary accommodation. The Audit Commission has also suggested another way to calculate the value of unlawfully occupied properties is to calculate their replacement building costs and have suggested the use of an

indicative figure of £150,000 per unit of accommodation.

20. If the above costs are applied to the number of tenancy fraud detections during the financial year we can estimate the cost of tenancy fraud to us is somewhere between 540,000 and 5,040,000. Locally there are no significant costs for temporary accommodation as we make use of our own stock for this purpose. The real financial cost to the Authority of tenancy fraud is therefore some what subjective and can be legitimately described either as significant or insignificant. However the real cost is the impact, that those who obtain or use social housing fraudulently, have by blocking access to those who are in genuine need of social housing on our waiting lists.

### **Law**

33. 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**

34. An equality impact assessment was 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**

35. It is recommended that Members note the progress made to date on the prevention and detection of Housing Fraud.



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### **List of Background Papers**

Housing Counter Fraud Policy  
Protecting the Public Purse 2012  
WMBUS Fraud Offer