

Committee(s):	Date(s):
Audit and Risk Management Committee Housing Management & Almshouses Sub Committee	9 September 2014 25 September 2014
Subject: Social Housing Tenancy Fraud Anti-Fraud & Prosecution Policy. Delegated Authority to Authorise Proceedings	Public
Report of: Chamberlain	For Information

Summary

The City of London owns and manages in excess of 1900 social housing properties across the City of London and in six London Boroughs. City of London social housing is highly sought after and desirable to fraudsters, who can make substantial profits from unlawful sub-letting, owing to its quality and location.

The investigation of social housing tenancy fraud is undertaken by Internal Audit. In the past three reporting years 20 properties have been recovered as a direct result of investigations undertaken by this team.

No specific delegation to Officers currently exists to authorise prosecution proceedings where social housing fraud has been identified. The Comptroller & City Solicitor has a blanket delegation to issue proceedings that are in the interests of the City of London Corporation, which has been exercised in recent cases. The Chamberlain's Business Support Director and the Head of Audit & Risk Management hold a delegated authority to authorise criminal proceedings in housing benefit fraud matters, it is proposed that these same officers are given delegated authority to authorise criminal proceedings where social housing tenancy fraud is identified.

A Social Housing Tenancy Anti-Fraud & Prosecution Policy has been developed, setting out our response to tackling social housing fraud, and the actions that may be taken where social housing tenancy fraud is identified.

This Policy and proposed delegation is being presented to the following Committees for information:

1. Audit & Risk Management Committee
2. Housing Management & Almshouses Sub Committee

The Policy and proposed delegation will be presented to the Community & Children's Services Committee for decision on 10th October 2014.

Recommendations

Members are asked to:

Support and recommend for decision to the Community and Children's Services Committee the Social Housing Tenancy Fraud – Anti-Fraud & Prosecution Policy and the proposed delegation to officers to authorise criminal proceedings where social housing tenancy fraud is identified.

Main Report

Background

1. The City of London Corporation owns and manages in excess of 1900 social housing properties across the City of London and in six London Boroughs - Hackney, Islington, Southwark, Tower Hamlets, Lewisham and Lambeth. Social housing is provided to eligible persons in need that could otherwise have difficulty in affording private rents or home purchase. Social housing rents in London are substantially lower than those charged for similar properties in the private sector.
2. Social Housing provided by the City of London Corporation is highly sought after, owing to the location and quality of the housing provided; this makes the City's social housing desirable to fraudsters, who can make substantial profits from sub-letting.
3. Social housing fraud investigations relate to offences including illegal sub-letting, dishonest applications for social housing, failure to use as sole or principle residence, and right to buy discount fraud.
4. In October 2013, the Prevention of Social Housing Fraud Act came in to force; this Act criminalised unlawful sub-letting, and gave additional powers to Local Authority Investigators to gather evidence from financial institutions to investigate social housing tenancy fraud, likewise it introduced unlawful profit orders, meaning tenants that sub-let their properties can be ordered to pay any profits they make to the local authority.
5. The City of London Corporation is committed to taking robust action against those that seek to abuse the social housing it provides.

Current Position

6. The investigation of social housing tenancy fraud is undertaken by the Anti-fraud & Investigation team, part of the Chamberlain's Internal Audit section. This team have been successful in identifying and returning possession of social housing that has either been obtained by deception, or illegally sub-let. The following table details the number of social housing tenancy fraud investigations undertaken over the past three reporting years.

	April 2011 to March 2012	April 2012 to March 2013	April 2013 to March 2014
No. of referrals received in year	21	20	38
No. of properties recovered in year	4	6	10
Value*	£72,000	£108,000	£180,000
*Value based on Audit Commission estimates of £18,000 per sub-let property			

7. The City of London Corporation secured its first social housing tenancy fraud, criminal prosecution at the Old Bailey in April 2014, resulting in a former City

of London social housing tenant being sentenced to two years imprisonment for dishonestly obtaining a social housing property using counterfeit Portuguese passports.

8. The Comptroller & City Solicitor will take appropriate civil and criminal action in social housing fraud cases, as appropriate and in line with the evidential test and the public interest test.
9. There is currently no specific delegation to Officers to authorise prosecution proceedings where social housing fraud has been identified. The Comptroller & City Solicitor has a blanket delegation to issue proceedings that are in the interests of the City of London Corporation, this has been the process used to proceed with criminal action in recent cases. Likewise, there is no specific social housing tenancy fraud prosecution Policy.
10. The City of London Corporation will utilise appropriate legislation including the Fraud Act 2006, and the Protection of Social Housing Fraud Act 2013, to prosecute, and pursue the criminal gains made by those tenants that seek to benefit from illegally sub-letting the social housing awarded to them by the City of London Corporation.

Proposal

11. The Head of Audit & Risk Management and the Business Support Director currently have delegated authority to authorise criminal proceedings in housing benefit fraud investigations; it is proposed that both postholders are also given delegated authority to authorise criminal proceedings in social housing fraud investigations.
12. The proposed delegation brings the decision making for criminal action in social housing tenancy fraud investigations, in line with criminal action in housing benefit fraud investigations. This proposal is supported by the Housing Service Director.
13. In order to support our robust approach to tackling social housing tenancy fraud, a Social Housing Tenancy Fraud – Anti-Fraud & Prosecution Policy has been developed. The key objectives of this Policy are to:
 - i. Underpin the City's zero-tolerance approach to housing fraud, seeking possession orders, prosecution and restitutionary payment (unlawful profit orders, under the provisions of Prevention of Social Housing Fraud Act 2013) in all appropriate cases;
 - ii. Proactively prevent fraudulent activity;
 - iii. Raise awareness amongst staff and the public about tenancy fraud and what that means;
 - iv. Encourage staff, residents and members of the public to report suspected cases of tenancy fraud to the City of London Corporation;
 - v. To deal efficiently and effectively with reports and allegations of social housing tenancy fraud; and
 - vi. Work in partnership with Registered Providers (Housing Associations) to share information, data and resources, where appropriate

14. This Policy has been reviewed by the Business Support Director and the Comptroller & City Solicitor, and reflects the current legislative powers available for dealing with social housing tenancy fraud.

Conclusions

15. The proposed Social Housing Tenancy Fraud – Anti-Fraud & Prosecution Policy sets-out and strengthens the City's response to tackling social housing tenancy fraud across its housing estates.
16. It is essential that the City of London has the ability to take criminal prosecution action where social housing tenancy fraud has been identified; the proposed delegation of powers brings the authorisation process for social housing tenancy fraud in-line with an existing delegation for housing benefit fraud offences.

Appendices

Appendix 1: Social Housing Tenancy Fraud – Anti-Fraud & Prosecution Policy

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