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| Committee(s) | Dated: |
| Housing Management & Almshouses Sub-Committee | 05/06/2017 |
| Subject: Social Housing Tenancy Fraud Annual Report 2017/18 | Public |
| Report of: Jacquie Campbell, Assistant Director, Housing & Neighbourhoods Chris Keesing, Anti-Fraud Manager Chamberlain's Department | For Information |

Summary

This report provides Members with an overview of the work undertaken by the Anti-Fraud team to tackle social housing tenancy fraud during the 2017/18 reporting year.

In total 28 investigations have been successfully completed, identifying five housing application frauds, seven right to buy frauds and 16 tenancy frauds - where the property had been unlawfully sub-let or obtained by deception. The associated value of social housing tenancy fraud identified by the team during 2016/17 amounts to £1,134,000.

One complex tenancy fraud prosecution was secured during 2017/18, resulting in a suspended prison sentence and the recovery of £111,818 in compensation and confiscation, along with legal costs and investigation costs. A further three cases for civil recovery action and three cases for prosecution action are currently with the Comptroller and City Solicitor. Two prosecution cases are also subject to financial investigation under The Proceeds of Crime Act, with colleagues at the City Police.

Two joint fraud awareness and identification fraud awareness training sessions were delivered to housing staff in September 2017, with colleagues from the Home Office Immigration Enforcement Team. The training was very well received with 84% of delegates reporting that the training was very good.

The City is preparing to on-board to a sophisticated proactive data-matching exercise – The London Counter Fraud Hub - designed to identify additional local and cross-boundary fraud across London. This is expected to identify additional social housing tenancy fraud referrals for investigation by the team.

A tool to identify fraud at the point of access – NFI AppCheck has been rolled out to teams across the housing division, following the successful bid for funding from the Safer City team.

In response to the continuing volume of social housing tenancy fraud and the complexity of investigations in this area, the Fraud Investigator post is now a dedicated Tenancy Fraud Investigator post, it will continue to sit as part of the Anti-Fraud Team, with support provided by the Anti-Fraud Manager.

Recommendations

Members are asked to:

- Note the report.

Main Report

Background

1. This report provides Members with details of the City's response to social housing tenancy fraud during the 2017/18 reporting year. It also provides details of successful prosecution action and properties recovered under civil proceedings, along with our response to housing application fraud and right to buy fraud. Likewise details of proactive initiatives to identify and tackle social housing tenancy fraud have been provided for information.

Social Housing Tenancy Fraud

2. Social housing tenancy fraud is a key fraud risk area for the City. The team continues to provide investigative support across all aspects of housing, from initial applications to the investigation of tenancy breaches and right to buy concerns. In total there were 28 successful outcomes during 2017/18, with an associated value of £1,134,000. Where illegal occupation of City housing stock is identified and recovered, the tenancies have now been re-let to those in greater need of affordable housing.
3. The volume of tenancy fraud investigations continues to remain high, with the complexity of investigations in this area increasing. The team currently have three cases for civil recovery action and three cases for prosecution action with the Comptroller and City Solicitor, whilst two prosecution cases are also subject to financial investigation, under The Proceeds of Crime Act, with colleagues at the City of London Police.
5. One complex investigation was secured during 2017/18, resulting in a suspended prison sentence and the recovery of £111,818, in compensation and confiscation, along with legal costs and investigation costs.
6. A detailed summary of our work in this area during 2017/18, is provided in Appendix 1 to this report to this report, whilst a summary of successfully concluded cases is noted in the table below.

| Discipline | Completed Investigations 2016/17 to Date | Investigation Value (£'s) 2016/17 to Date |
|--|---|--|
| Social Housing Tenancy Fraud – Property Recovered | 16 | 288,000 |
| Right to Buy - Fraud Identified | 7 | 756,000 |
| Housing Application - Fraud Identified | 5 | 90,000 |
| Total | 28 | £1,134,000 |
| Successful possession gained/housing application fraud value of £18,000 per property sourced from Audit Commission value of national average temporary accommodation costs to Local Authorities for one family. RTB discount valued at £108,000, per property. | | |

7. Case studies detailing a number of social housing tenancy fraud cases concluded during 2017/18 can be found at Appendix 2 to this report.

NFI AppCheck

8. NFI AppCheck is a sophisticated product provided by the Cabinet Office's NFI team; AppCheck is designed to identify fraud at the point of access to housing in public sector organisations, by verifying application data against data held in the core NFI database along with third party data from organisations including the Home Office and General Register Office. The Anti-Fraud Team recently worked with colleagues from the Smarter City team, successfully bidding for a year's funding to introduce AppCheck Corporation wide. AppCheck is now being rolled out to colleagues in housing benefits and housing rents. Colleagues in the housing allocations team have been using AppCheck on an ad-hoc basis for the past 18 months, identifying 23 potentially fraudulent applications for further review during 2017/18. The Anti-Fraud team is also working with the tenancy audit project team to ascertain how AppCheck can support this initiative. There are no limits to the number of checks that can be undertaken against AppCheck data.

Resourcing

9. Owing to the continuing volume and complexity of social housing tenancy fraud work, the Fraud Investigator post has now become a dedicated Tenancy Fraud Investigator post, and will continue to undertake investigations across all social housing fraud disciplines, along with providing support across a wider remit within the housing division in areas such as intelligence gathering and support for identifying former tenant rent arrears, anti-social behaviour and court liaison activities. The post will remain within the Chamberlain's department, however funding for the post has now been provided by DCCS. The Anti-Fraud Manager will continue to support and lead on the City's anti-fraud and investigation response to social housing tenancy fraud, ensuring a professional and successful approach to tackling fraud in this area is maintained.
10. We are continuing to monitor the impact of anti-fraud and investigation activity on the team's workloads, and ability to provide an adequate response to the City's social housing tenancy fraud risks and will consult with the Chamberlain and the Assistant Director, Housing & Neighbourhoods as appropriate.

Fraud Awareness Training

11. The Anti-Fraud & Investigation Team delivered two joint fraud awareness and identification fraud awareness training sessions in September 2017, with colleagues from the Home Office Immigration Enforcement Team; the training provided an overview of fraud risk, the cost and warning signs of fraud, how to handle and report concerns, and how to spot and identify fraudulent and/or counterfeit identity documents provided as supporting evidence. The training was very well received and attended mainly by front line staff in housing and social services, with 84% of delegates reporting that the training was very good and 70% feeling confident about using the new skills they've learnt in the work place.

London Counter Fraud Hub (LCFH)

12. The LCFH is a sophisticated proactive data-matching exercise designed to identify additional local and cross-boundary fraud across London not identified via current methods, the LCFH will initially focus on the areas of Council tax

fraud, social housing tenancy fraud and business rates (NNDR) fraud. The City has now signed a letter of intent for participation in the LCFH, with an assumed on-boarding date in January 2019. The LCFH is expected to increase the identification of social housing tenancy fraud at The City, resulting in additional recoveries from those inhabiting the City's social housing property illegally. Consultation with key stakeholders across the City, along with an analysis of contract and on-boarding requirements will be undertaken over the coming months in order to prepare the City for on-boarding in January 2019. We will update Members with the progress on preparations for the City's involvement in the LCFH and its likely impact on social housing tenancy fraud investigations during future up-date reports.

Tenancy Audit

13. Members will be aware of The City's full housing audit. The Anti-Fraud & Investigation team are consulting with the Project Managers in order to ensure there is an appropriate and professional response to social housing tenancy fraud identified as part of the project. Academic studies suggest that at any time approximately 5% of social housing property in London is occupied illegally. Therefore, should this be the case for The City Corporation, we can expect approximately 100 fraud referrals for further investigation. We are committed to providing appropriate fraud awareness training to visiting officers to provide them with the skills to know how to identify social housing tenancy fraud through their visiting activity, and how to respond and raise concerns. Likewise, we will be working to ensure that a professional investigation response is provided, where needed, during the project cycle in order that evidence can be obtained in a legal fashion, so that any subsequent investigation is not prejudiced.

Conclusion

14. The City of London Corporation has a joined up approach to tackling social housing tenancy fraud. During 2016/17, a total of 28 successfully concluded investigations have returned 16 social housing tenancies that were either obtained by deception or were being fraudulently sub-let, whilst five fraudulent housing applications were detected and cancelled, and seven fraudulent right to buy applications identified. One complex prosecution was secured, resulting in a suspended custodial sentence and the recovery of £111,818 in compensation and confiscation, demonstrating our commitment to taking the most robust action against those that seek to defraud the City of London and deprive much sought after housing to those in genuine need. Two initiatives are being introduced – the NFI AppCheck and the LCFH to help the City identify fraud across its social housing provision. Two joint fraud and identity fraud awareness training sessions delivered to housing staff in September 2017 were very well received.

Appendices

- Appendix 1: Analysis of cases investigated during the 2017/18 reporting year
- Appendix 2: Case studies detailing a number of cases concluded during 2017/18

Contact

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