

Tackling Social Housing Fraud



Corporate Services & Partnerships Policy Overview Committee Review 2014/15

Members of the Committee

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CHAIRMAN'S FOREWORD

Social housing fraud is a menace carried out by a very small proportion of the Council's tenants, either through ignorance or greed.

The nett effect is to deprive decent Council housing to deserving residents in a timely manner, to cost Hillingdon money in providing Bed & Breakfast accommodation to unhoused tenants and conning unsuspecting sub-tenants out of deposits and their home when they are correctly taken back in to Council housing stock.

This review was extremely interesting in part due to the contagious energy and enthusiasm of Corporate Fraud Team officers to locate, investigate and in some cases to prosecute tenants carrying out social housing fraud.

Acting as an external auditor of the work being carried out, the Committee was able to add to the officer team's strategy and make the significant recommendations to Cabinet contained within the attached report.

I would like to thank in particular Garry Coote, Niamh Hall, Debbie Leather and Sarah Glazebrook for not only giving evidence to the Committee but also for their work ethic, perseverance and determination to help both the Council and our residence to ensure that our tenants are correctly housed.

My thanks also go to the Committee members and to Khalid Ahmed for so ably supporting the review and putting the attached report together.

A handwritten signature in blue ink that reads "R.A. Lewis".

Councillor Richard Lewis
Chairman of the Corporate Services & Partnerships Policy Overview Committee

RECOMMENDATIONS

That Cabinet welcomes the Committee's findings from their review into Social Housing Fraud and agree the following recommendations from the Committee:

- 1. That the Corporate Fraud Investigations Team be congratulated for the work they have carried out in relation to the detection of Social Housing Fraud and for the reclaiming of housing resources for residents of the Borough.**
- 2. That officers be asked to approach other Registered Social Landlords (Housing Associations) which provide social housing for residents of the Borough to enable investigations to take place into any potential social housing fraud.**
- 3. That officers be asked to investigate those measures which were raised during the review to make unsuspecting sub-letters aware if they were about to rent a social housing property.**
- 4. That consideration be given to the Council applying for Compensation Orders when people are convicted of Social Housing Fraud, to enable compensation to be paid to the victims of this crime.**
- 5. That officers be asked to consider witnesses counter-signing tenancy agreements for social housing tenants and to send annual reminders to tenants explaining their responsibilities under their tenancy agreement.**
- 6. That training is offered by Council officers to local Magistrates on the complexities involved in social housing and on the issues which local authorities face as social housing landlords.**
- 7. That officers be asked to include a Social Housing Fraud Policy within the Council's Anti-Fraud Strategies and Policies.**

Background to the Review

The aim of the review was to examine the work which this Council carries out in relation to the detection of social housing fraud and to investigate other measures which could be used to save this Council money and to recover social housing which was being fraudulently used.

What is tenancy fraud?

Tenancy fraud presents a significant challenge to providers of social housing. Preventing the fraudulent misuse of socially rented properties is a priority for local authorities and housing associations alike, but concerns about where to start and how to make an impact without unnecessary expense can be a challenge.

Tenancy fraud refers to a situation where a tenant has breached certain terms of their tenancy agreement. Tenancy fraud generally falls into three categories:

1. Not using the property as the 'sole or principal home'. This includes
 - Abandoning the property
 - Succeeding to or assigning the tenancy, without the landlord's permission, after the legal tenant has moved out or died
 - Unlawfully subletting the entire property
2. Attempting to obtain a property using false statements, for example falsely claiming to be homeless.
3. Attempting to obtain a property by using false documents, for example, using a forged passport or claiming to be someone else in order to access social housing.

Why do we need to tackle tenancy fraud?

The Committee was informed that nationally with upwards of almost 1.7 million households on the waiting list for social housing and around 250,000 social households officially classed as overcrowded, social housing fraud needed to be addressed.

Many social landlords, including this Council, are increasing their efforts to stop fraud in their housing stock, and as a result more social homes have been recovered in order to revert them to their proper use. Whilst this progress is encouraging, the Government wants local authorities to do more to prevent and stop social housing fraud. The review undertook to look at the work which this Council's Corporate Fraud Investigation Team was already doing and making suggestions which would boost detection rates or provide preventative measures to reduce fraud in this area.

When properties are used fraudulently, either sublet to unauthorised tenants, or left empty, it means that the housing provider has little or no control in terms of managing the property. If a landlord is unaware of who is living in their property, they jeopardise their ability to respond effectively to cases of anti-social behaviour, repairs issues and general neighbourhood sustainability.

Social housing is a public asset and ensuring that it is used appropriately is the responsibility of all housing providers. The fraudulent misuse of social housing is not only a waste of an important resource but it prevents landlords from offering suitable accommodation to those in most need.

Recovering a property lost to tenancy fraud means it can be re-let to another household, providing a secure home for a family.

Regulatory Framework

In response to this increasing problem, the Government introduced the Prevention of Social Housing Fraud Act and made almost £10m available to tackle the issue.

This legislation had seen tenancy fraud become a criminal matter and local authorities have the power to prosecute those who unlawfully sublet their social housing.

The Act applies to social housing tenants and introduces two new criminal offences. Firstly, where the tenant sublets or parts with possession of a property or ceases to occupy knowing that it is a breach of tenancy. The second, more serious offence is where a tenant dishonestly, in breach of tenancy, sublets without consent and ceases to occupy the property as their only or principal home.

The first offence only requires knowledge that the tenant sublet their home in breach of their tenancy agreement, the second requires proof this was done dishonestly.

The maximum penalty for the first offence is a fine of up to £5,000. The second, more serious, offence is punishable by a jail sentence of up to 2 years and/or a fine of up to £50,000. The Court also has the power to make "unlawful profit orders" that require the tenant to pay back any profits "the court considers appropriate".

In addition, local authorities have been given more powers to investigate social tenancy fraud by enabling better access to data from banks, building societies, telecoms companies and utility companies.

What is happening in Hillingdon?

The Council's Social Housing Fraud Project commenced in October 2010 and since the commencement of the project, some 190 properties had now been recovered and would be let to people with a genuine housing need.

The Committee was informed that the Audit Commission, in their report 'Protecting the Public Purse 2014' estimated that nationally it costs councils on average £18,000 a year for each family placed in temporary accommodation. Working on this basis, the savings to date for the recovery of the 190 properties has provided a saving to the Council of £3.4m.

Evidence Gathering

The Committee undertook a series of witness sessions which involved receiving evidence from the following witnesses:-

- Garry Coote - LBH Corporate Fraud Investigations Manager
- Niamh Hall - LBH Investigator - Corporate Fraud Investigation Team
- Debbie Leather - LBH Investigator - Corporate Fraud Investigation Team
- Sarah Glazebrook - Deputy Principal Lawyer - Housing

A summary of the evidence

The Team

The Corporate Fraud Investigation Team currently comprised of two full time Housing Investigation Officer Posts, one part-time Visiting Officer, administrative support and the Corporate Fraud Investigator Manager.

The Committee was informed that the Team met every week to review cases and to agree the appropriate course of action. The Team was provided with legal advice from the Deputy Principal Lawyer for Housing. This legal advice was vital in terms of making decisions on whether to progress further with investigations.

Current work

The Committee was provided with an update on the current work which the Team was involved in. Reference was made to the work which was taking place with a credit reference agency (Experian) to data match all Hillingdon's housing tenancy records with credit reference data. These matches would identify if tenants were linked to another address other than their Council property, if they had a mortgage for a different address, or if there were people other than the registered tenants living at the property.

From August 2014 Corporate Fraud Officers had been working with Housing Needs reception staff to carry out enhanced checks and verification of people's homeless status. This work had ensured resources had only been allocated to residents with a genuine housing need.

Reference was made to other projects which included a bungalow project whereby 520 had been visited, and 5 had come back as being non-occupation. Tower blocks within the Borough would also be an area which would be investigated.

Investigations

The Committee was informed that the Team received referrals from the Council's Fraud hotline and from a variety of sources both within the Council, and outside the Council such as from Council contractors. Examples were given whereby contractors who were working on behalf of the Council making the Team aware if there had been suspicions regarding the occupants of a property.

Records were checked against the electoral register, Council Tax and Housing Benefit records. The Committee was informed that investigators made varied visits to check occupants of social housing and these visits took place at anytime during the day, evening and at weekends. The Team worked flexible hours to enable visits to be made to homes when occupants were likely to be at home, which proved the exceptional commitment of the Team.

The Committee was provided with examples of the meticulous detail which the investigators went to in terms of their investigations and in the majority of cases the actions of officers would be enough to either close cases because no further action was required, or to take the matter further.

An example of one case where the property was recovered was initiated by a phone call from a housing tenant who was suspicious about the new residents at the property next door. On investigation it was found that the property had been advertised for private rental on Gumtree for £750 a month. The person who had rented the flat was unaware that it was a Council property and was an innocent victim of the sub-letting fraud. The property has now been re-let to a person in genuine housing need and the original tenant is being prosecuted.

The Committee was informed that after three visits, investigations would be stepped up. There would be more IT checks and tenants could possibly be invited into the Council offices for an informal meeting. At this meeting, a tenant would be informed that housing fraud was a criminal offence and that a breach of tenancy was a civil offence.

If tenants were adamant that they did live at the property, they would be asked to provide evidence in the form of bank statements, utility usage statements etc. Tenants would be advised to seek independent legal advice and the Council would write a Data Protection Act request to other agencies or local authorities.

The Committee was made aware that once a strong case had been built by the Council, it was hoped at this point that the tenant would hand back the keys to the social housing property.

The Committee was informed that if a case did go to court and trial, investigating officers attended court to provide evidence. If the court case was successful and a bailiff's warrant was obtained, investigation officers would attend the eviction to ensure that the property was ready to hand over to lettings to enable the property to re-house another family.

Use of Social Media and information from other agencies

Officers informed the Committee that the Team used social media as a means of detecting suspected fraud. Investigators used tools such as Facebook, Google searches, 192.com and Gum Tree to investigate potential fraudsters. The Committee was provided with examples of some of the methods which had been used on individual cases.

Liaisons took place with many outside agencies, Citizen Advice Bureaus within prisons, other fraud teams within other local authorities, housing associations, charities etc.

Reference was made to internal liaison which took place within the Council and examples were given of the work which took place with the Education Team, Social Services, Mental Health Team, Anti Social Behaviour Team, Housing Teams and Democratic Services Registrars.

1

That the Corporate Fraud Investigations Team be congratulated for the work they have carried out in relation to the detection of Social Housing Fraud and for the reclaiming of housing resources for residents of the Borough.

Other Initiatives

Throughout the review, the Committee was provided with the details of the work which had been carried out in some of the Council's tower blocks and bungalows. The work on these schemes provided good publicity for the work being done and would also act as a preventative measure for any would be fraudsters.

Reference was made to other areas which the Team could look to build on the Council's current success on Social Housing Fraud and the Committee referred to the Team offering their services to Registered Social Landlords (Housing Associations) within the Borough.

During the review, the Committee was informed that approaches have been made to one Registered Social Landlord, A2, who currently have 1171 properties within Hillingdon. Work was taking place to data match their records and to work with them to investigate cases where there appeared to be an identified risk of fraud.

The Committee noted that there could be an opportunity to recover further properties back to the Council to let. This would be above the Council's normal nominations rights where Hillingdon gets a certain percentage of properties from each Registered Social Landlords.

Moving forward, the Committee asked that the Team arrange to meet with all the other Registered Social Landlords to promote the work of the team and to promote a partnership approach to combat Housing Fraud. The message being that the more properties recovered will help reduce the associated costs of temporary accommodation and reduce the numbers on the waiting list.

Officers made reference to possible work which could take place with hospitals, colleges, universities and officers would look at these areas.

2

That officers be asked to approach other Registered Social Landlords (Housing Associations) which provide social housing for residents of the Borough to enable investigations to take place into any potential social housing fraud.

Sub-Letting

Social Housing accommodation which is unlawfully sublet is classed as tenancy fraud. This was an increasing problem nationally, particularly in the London area. The Committee was informed that there were cases where tenants of sub let social housing, had been unaware that they had been renting a social housing property.

The Committee was provided with case study examples of investigations which had taken place and the detail and work which was carried out by officers to undercover fraud. Discussion took place on possible measures which could be introduced by the Council to make unsuspecting sub-letters aware of social housing properties.

Some of these included:-

- looking at means of subtly branding social housing to enable unsuspecting sub-letters to know that the property was Council owned. This could be in the form of a sticker during an annual inspection of utilities.
- Providing a list of Council properties for letting agents, estate agents and the general public, to enable people to check prior to renting a property, that it was not social housing

The Committee was given assurance that the victims of sub-letting were given professional support and advice from the Council's Housing Options Team to enable them to find suitable accommodation. However, it was acknowledged that these people were more often than not, the innocent victims of Social Housing Fraud and often ended up losing vast amounts of money.

Officers were asked to investigate whether the Council could apply for Compensation Orders against those people convicted of Social Housing Fraud which would enable compensation to be paid to the sub-letter, if they had been the victim of the crime.

3

That officers be asked to investigate those measures which were raised during the review to make unsuspecting sub-letters aware if they were about to rent a social housing property.

4

That consideration be given to the Council applying for Compensation Orders when people are convicted of Social Housing Fraud, to enable compensation to be paid to the victims of this crime.

Promotion and publicity

The Committee was informed that to promote this project the "Blow the whistle on Housing Cheats" poster appeared in every issue of Hillingdon People. This helped to generate calls to the Council's fraud hotline, and all referrals were fully investigated.

Examples of combating social housing fraud were also publicised in Hillingdon People. These articles often described the improved quality of life for Hillingdon residents who have been allocated the tenancy of a recovered property. This generated positive feedback from residents and encouraged reporting of suspected social housing fraud.

One such example which the Committee was provided with was that a one bedroom first floor flat in Hayes was reclaimed after a neighbour notified the Council that the tenant had a dog in the property. The Committee was informed that the Council could not make contact with the tenant and a home visit revealed two subtenants had rented the property after seeing an advert on the classified adverts website Gumtree.

The subtenants were unaware that they had been renting a Council property. The tenant had sublet the property and was receiving a rental income which he was not entitled to. The tenant was jailed for fraudulently claiming more than £25,000 of benefits which he had not been entitled to.

There were also examples given of several cases of housing fraud where the tenant had emigrated from the country and had sublet their Council property. A two bedroom ground floor flat in Hillingdon was investigated after the tenant had failed to pay their rent. Home visits revealed the property was illegally sublet and the tenant was living in America. An eviction warrant was obtained and the subtenants abandoned the property; allowing the Council to recover and re-let the property to someone in genuine housing need.

The Committee noted that the publicity posters asked that the public contact the Council on the 24-hour, confidential and anonymous hotline 0800 389 8313 or email fraud@hillingdon.gov.uk if they suspected that someone was illegally sub-letting a Council property.

The Committee was informed that the Team was also promoting the social housing fraud work which was taking place at resident's association meetings from April 2015 as part of the forward work programme.

Tenancy Agreements

Members were informed of the difficulties which the local authority had in proving breach of tenancy and dishonest sub-letting, but that it was slightly easier to bring possession proceedings. This was because the Council would be able to include multiple grounds and provide evidence of the practical steps that could be taken by officers to identify and evidence non-occupation / sub-letting cases.

Reference was made to tenants under their tenancy agreements, having the right to take lodgers in their homes, provided they had sought the permission of the local authority. Permission for this was subject to the individual circumstances of the tenant and if the property would not be overcrowded if there was to be a lodger.

The Committee discussed tenancy agreements and were informed by officers that tenancy agreements were not reviewed annually but were reviewed periodically every five years or so. Reference was made to the terms and conditions of tenancy agreements and the requirement for these to be clearly and concisely communicated to tenants.

The need was for the "dos and don'ts" of renting social housing, to be clearly and regularly communicated to tenants. This would re-enforce the Council's case, should a social fraud case come before the Courts.

Discussion took place on possible measures which could be introduced to re-enforce the message and to clearly communicate the terms and conditions of tenancy agreements and it was asked that consideration be given to tenancy agreements being countersigned to ensure that social housing tenants were aware of their tenancy legal obligations. A witness countersigning this would strengthen the Council's position in terms of communication of the terms of a tenancy agreement and would help to prove the case if taken to court.

Also officers were asked to investigate whether literature could be sent out to tenants, included in tenant's annual rent statements which again could reinforce the terms and conditions of social housing tenancy agreements.

5

That officers be asked to consider witnesses counter-signing tenancy agreements for social housing tenants and to send annual reminders to tenants explaining their responsibilities under their tenancy agreements.

Training for Magistrates

During the witness session with the Council's Deputy Principal Lawyer - Housing, the Committee referred to the need for magistrates to understand fully the complexity of social housing and the issues which confronted local authorities as social housing landlords. The Committee was informed that training could be given which would help magistrates during Social Housing Fraud Court Cases.

6

That training is offered by Council officers to local Magistrates on the complexities involved in social housing and on the issues which local authorities face as social housing landlords.

Social Housing Fraud - Council Policy

The Committee was made aware of the policy statement on serious housing fraud which had been agreed by the Leader of the Council and Deputy Chief Executive and Corporate Director for Residents Services in August 214. This had added clarification to the Council's approved Anti- Fraud Strategies and Policies.

In this reference was made to Hillingdon Council having a zero tolerance approach to housing fraud and that the Council undertook a robust programme to detect and investigate housing fraud and applied sanctions and recovery procedures where fraud was identified.

In cases of serious housing fraud, Hillingdon will always consider legal action in the form of prosecutions against offenders and convictions for housing fraud frequently result in significant sentences or financial penalties.

Reference was made to the types of serious housing fraud which could be pursued to prosecution which included:

- Evidence of the presentation of false documents e.g. right to remain in UK documentation, false representation from landlords.
- Evidence of false representation of housing need by the housing applicant - That was if it had been established that the applicant did not have a genuine housing need. This could include failure to disclose alternative available accommodation and therefore the applicant was not homeless and the Council had no duty to provide housing.
- There was evidence that the alleged offence that the offence was planned ie premeditated.
- There was evidence that the alleged offence had been carried out by an organised group.
- Evidence of habitual false information on application forms.
- The housing applicant had previous convictions or cautions which were relevant to the present alleged offence.

The Committee suggested that a more general policy could be developed which could provide a framework for the Council to prevent, identify and address social housing fraud with the Council's social housing stock. Officers were asked to give consideration to including a Social Housing Fraud Policy within the Council's Anti-Fraud Strategies and Policies.

7

That officers be asked to include a Social Housing Fraud Policy within the Council's Anti-Fraud Strategies and Policies.