**Classification:** Part 1 – Public

**Key Decision:** No

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**Gravesham Borough Council**

**Report to:** Finance and Audit Committee
Public and Private Housing Committee

**Date:**
- 28 January 2013
- 25 March 2013

**Reporting officer:** James Flannery – Investigation Manager

**Subject:** Fujitsu Tenancy data match exercise

**Purpose and summary of report:**

To inform and allow Members to discuss the outcomes of the Fujitsu tenancy data match exercise.

**Recommendations:**

Members are requested to:

1. Endorse the work undertaken by the Investigation Team and the Housing Operations Team in establishing information on the level of fraud and error within the social housing stock that the council manages.

2. Acknowledge that tenancy fraud and error is an issue within social housing and that the measures undertaken to prevent and pursue tenancy fraud will safeguard the social housing stock managed within the Gravesham Borough.

**1. Background**

1.1 The National Fraud Authority *Annual Fraud Indicator 2011* identified housing tenancy fraud as the largest area of fraud nationally within local authorities (estimated at £900m) after benefit fraud (estimated for all LA benefits at £1bn).

1.2 Fujitsu invited Gravesham Borough Council to take part in a proof of value pilot project where tenancy data was matched with a credit reference agency (CRA). The cost of the credit reference data was met by Fujitsu, who also undertook the data matching exercise itself.
1.3 The objectives of the data match exercise were:

- To ascertain the level of fraud and error within the council’s housing stock via a recognised proactive approach.
- To provide assurance to members and central government that as social landlords we accept and are addressing the concern of tenancy fraud.
- To provide a learning opportunity to benefit investigation officers and housing officers in tackling this emerging area of concern.
- Provide recommendations on enhancing policies and procedures to ensure the on-going risk of fraud and error is minimised.

1.4 Due to the nature of the data match, false applications for social tenancy were not within the scope of this data match.

2. Tenancy fraud and error

2.1 Tenancy fraud can be perpetrated by:

- Illegal subletting of the property – where the tenant has vacated the property and is either making a profit or covering the current rental amount from another person living in the address.
- Key selling – where the tenant has vacated and sold the access to the property to another person who then takes on the responsibility of paying the bills.
- Abandonment – where the tenant simply leaves the property without surrendering the tenancy.
- Succession fraud – where someone claims to have lived at the property for the required period in order to succeed a tenancy when they have actually been living elsewhere.
- False representation – where someone provides false information in order to gain a tenancy.

2.2 For the purpose of this report, error is defined as the identification of inaccurate data held within the records of the council.

3. Data matching approach

3.1 Housing tenancy data was passed securely to Fujitsu who matched the data with credit reference data to identify the following discrepancies:

- Any tenant claiming credit at another address
- A person claiming credit at a tenants address who is not listed at the property
- Any tenant appearing on the mortality list held by the CRA
3.2 Following the data match Fujitsu produced a ‘red list’ of data matches which were split into, very high, high and medium risks. Each data match was analysed the Investigation Team to identify if the match required further investigation or if the match was a false positive.

3.3 False positive matches can be produced for a number of reasons such as:

- The authority was already aware of the data but had not acted upon it (for example notification of someone passing away and the time required to change the tenancy).
- The authority was already aware of the data but could not act upon it (for example where a joint tenant had vacated and was living at another address, but due to rent arrears the joint tenancy could not end).
- The CRA data was incorrect to the data held by the authority (for example where the tenant was still applying for credit at their parents address because they held a good credit rating at this address).

Once the analysis and sift had been conducted a discrepancy sheet was passed to the council for further investigation and action.

4. Data Matching results

4.1 Fujitsu provided a total of 450 data matches to the Benefit Investigation Team to analyse; this represented 7.75% of the 5,805 social tenancies managed by the authority. The Benefit Investigation Team, through their experience with the National Fraud Initiative and their access to multiple databases, were able to sift through the data matches to remove any false positive matches.

4.2 Through the initial sift a total of 76 cases (1.3% of social tenancies managed by the council) were identified for further investigation. A blended approach of system checks, telephone calls and visits were conducted to resolve these cases.

4.3 From the 76 cases the following results were achieved:

- 25 require no further action as the tenancy and occupants were deemed to be correct.
- 1 property was found to be over crowded so housing advice was given in order to meet the housing needs of the occupants.
- 28 tenancies were/are to be amended to remove joint tenants who have vacated the property; this is not classified as fraud however it ensures correct records are maintained by the council.
- 16 tenancies have been/are to be amended due to a succession taking place (this will prevent a further succession taking place and will mitigate the risk of any succession fraud occurring).
- 6 properties were recovered as the tenant had either vacated or the original household makeup had reduced to an extent that the current occupier was under occupying.

4.4 The Audit Commission has previously valued a social tenancy at £18,000; this being the cost to a council in temporary accommodation costs, repair and maintenance, administration and housing management costs as well as long term borrowing costs to provide social housing. Using this rationale, the exercise is
estimated to have identified £108,000 of tenancy fraud within the borough, as well as providing the opportunity for the council to verify and update its housing tenancy records where necessary.

4.5 The Audit Commission estimate that the level of tenancy fraud in London is in the region of 2.5% and 1% in the rest of England. This includes false applications as well as abandonment, subletting and succession. The findings of the data matching exercise undertaken by the council concur with the Audit Commission estimate.

4.6 A number of case studies are provided at appendix two to highlight some of the specific actions that have been taken by Housing Services and the Investigation Team.

5. Next steps

5.1 The exercise has provided information which shows that overall; the majority of housing stock is being appropriately used and well managed. Although instances of subletting have been identified, the level of misuse of housing stock is in line with national trends.

5.2 Referrals from the public and council staff continue to be received on properties being abandoned as well as allegations of sub-letting. The exercise has increased the knowledge of housing officers and the Investigation Team to enable them to react accordingly to these referrals.

5.3 Procedures are currently being prepared and will be implemented to manage allegations of tenancy fraud received. It is intended that these procedures will focus on Housing Officers seeking to obtain assurance of compliance with a tenancy initially, making use of investigative and legal resources within the council where it is considered a potential fraud has occurred.

5.4 The fraud pages of the council’s website will be reviewed and enhanced to include information on tenancy fraud and how suspicions of tenancy fraud can be reported, including reporting through the website. Details of the website and what tenancy fraud is are also to be advertised through local publications such as Open Door.
6. BACKGROUND PAPERS

6.1 Background papers pertaining to this report include:

National Fraud Authority *Annual Fraud Indicator 2011*

Audit Commission *Protecting the Public Purse 2012*
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<tr>
<th>Legal</th>
<th>Tenancy fraud has been successfully prosecuted under the Fraud Act 2006, A Private Members Bill is being progressed through Parliament currently to empower Local Authorities further in tackling tenancy fraud, not only for social housing stock managed by Local Authorities but for Housing Associations as well.</th>
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<td>Finance and Value for Money</td>
<td>Financial Considerations</td>
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|  | Although there are no direct savings for the authority in tackling tenancy fraud, the proper management of housing stock enables tenancies to be awarded to those with the most need for them. Without proper management of the housing stock, increased costs in temporary accommodation may be incurred and additional properties may be needed.
For these reasons, tackling tenancy fraud should be seen as an investment rather than an expense.
As skills and knowledge increase within Housing Services and the Investigation Team, an opportunity to assist other social landlords will be created which could be used to attract additional funding. |
| Risk Assessment | Tenancy Fraud Risk |
|  | Gravesham Borough does not face the same issues as higher risk councils in London, however the high speed rail link, the effective action being taken by the London Authorities and the changes in the welfare system capping benefit payments in London may lead to an increase in the risk of tenancy fraud occurring within the boundaries of Gravesham. |
| Equality Impact Assessment | Screening for Equality Impacts |
| Question | Answer | Explanation |
| a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? | No | |
| b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? | Yes | By potentially removing fraudulent tenancies and subletting, social housing properties will become available for allocation to people who are genuinely eligible and entitled. |
| c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above? | Consideration will be given in accordance with current investigation processes to ensure vulnerable people are identified and treated | The Criminal Procedure and Investigation Act/Police and Criminal Act followed by the Benefit Investigation Team provide safe |
In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.

| Corporate Business Plan | This pilot project has assisted in the council delivering against Area of Focus 17 of the corporate Business Plan – Managing the Council’s Business, in that it will help to:  

“Ensure that the Council has sound processes in place to ensure it is doing the right things for the right people in the right way, whilst minimising the opportunities for fraud and corruption”. |
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<td>Crime and Disorder</td>
<td>The pilot was a pro-active step to identifying crime; if social housing properties are obtained on a fraudulent basis or are being used to make a gain through subletting an offence under the Fraud Act or the Theft Act has been committed. Test cases have been successful in London in taking people to court; advertising of the work has built public confidence in the authorities.</td>
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Case studies

Case Study 1

Ref: 1

Household composition: Tenant 1

Match Type: Mortality

The match showed that Tenant 1 had mortality markers. Housing confirmed they have been notified of the death.

However, a non dependant resident in the property has been trying to secure succession. Benefit information is available to show this non dependant has claimed benefit from another address within the relevant 12 month period and the case is currently going through legal proceedings to gain possession of the property.

Result – illegal succession prevented.

Case Study 2

Ref: 74

Household composition: Tenant 1, Tenant 2

Match Type: Tenant 1 links to another address, Undeclared Potential Resident at property

The match showed that Tenant 1 links to an alternative address.

No Data Protect Act checks were done on this case.

A visit was made to the property by Housing and Investigation Team, they met Tenant 2 who confirmed Tenant 1 had left and was now at the linked address. Tenant 2 completed a Tenancy Audit ‘Getting to Know You’ form and a property inspection was carried out. Tenant 1 has been given Use & Occupation and advised to bid for a smaller property.

Result: identified an underused property that can be reused for a larger family.

Case Study 3

Proof of Value Pilot Project – Tenancy Fraud
Ref: 213

Household composition: Tenant 1,

Match Type: Tenant 1 links to another address, Undeclared Person Resident at property

The match showed that Tenant 1 links to an alternative address.

A check of internal systems confirms Tenant 1 was placed on Estate 1 where the majority of her family live on Estate 2. In a similar property on Estate 2, a tenant was placed, the majority of whose family lived on Estate 1. The tenants appear to have swapped in an illegal mutual exchange. This is further complicated as Tenant 1’s whereabouts are currently unknown and damage has been caused in the property she moved into.

Result: Tenant 1’s property has been recovered, Tenant 2 has been assisted to conduct a mutual exchange legally.

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Case Study 4

Ref: 361

Household composition: Tenant 1,

Match Type: Tenant 1 links to another address, Undeclared Person Resident at property

The match showed that Tenant 1 links to an alternative address.

System shows several reports from neighbours reporting Tenant 1 has left the property. Housing has made several visits to the address. Housing Benefit records show they were aware tenant had moved to out of the area, but did not tell Housing. Housing have now obtained an outright possession order.

Result: property recovered