

**Department of  
Finance and Personnel  
Memorandum on the Twenty Fourth  
Report from the  
Public Accounts Committee  
Session 2011-2016**

**Tackling Social Housing Tenancy Fraud in Northern  
Ireland**

**Presented to the Northern Ireland Assembly  
by the Minister of Finance and Personnel**

**17 December 2014**

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# **Glossary of Abbreviations**

<b>DSD</b>	Department for Social Development
<b>NFI</b>	National Fraud Initiative
<b>NIAO</b>	Northern Ireland Audit Office
<b>NI</b>	Northern Ireland
<b>NIFHA</b>	Northern Ireland Federation of Housing Associations
<b>NIHE</b>	Northern Ireland Housing Executive

## Twenty Fourth Report

### Department for Social Development

#### Tackling Social Housing Tenancy Fraud in Northern Ireland

##### *PAC Recommendation 1*

**The Committee expects the Department to urgently drive forward efforts to establish an evidence based baseline figure for the level of tenancy fraud in social housing in Northern Ireland. The Committee recommends that a progress report is compiled by the Department to determine the extent of tenancy fraud and to assess the success of the Department's counter fraud measures over the next twelve months. This report should be forwarded to the Committee.**

The Department for Social Development (DSD) accepts this recommendation.

As part of its forthcoming 2015 tenancy audit the Northern Ireland Housing Executive (NIHE) will gather data on a random sample of its stock and analyse this to provide an evidence based baseline figure for the level of social housing tenancy fraud in Northern Ireland (NI). This is in line with the approach taken by the Audit Commission in England. Housing Associations will also explore the feasibility of a sample survey. It is planned that a baseline figure for the level of social housing tenancy fraud will be available by 30 September 2015.

DSD will complete a progress report measuring the extent of tenancy fraud and provide an assessment of the success of its counter fraud measures over the next twelve months. A copy of this report will be provided to the Committee.

##### *PAC Recommendation 2*

**The Committee recommends that the Department, as a matter of urgency, should update the Housing Association Guide, to ensure that dedicated tenancy fraud strategies become part of the Department's regulatory requirement. The Committee also recommends that the need for a dedicated tenancy fraud strategy should be reflected in NIHE's Financial Memorandum.**

DSD is in the process of implementing this recommendation.

Tenancy Fraud Strategies are now an integral part of DSD's regulatory regime and the Housing Association Guide has been amended to require Housing Associations to have a tenancy fraud strategy. To date 15 out of the 24 Housing Associations have already developed and adopted dedicated tenancy fraud strategies. This represents just over 53 per cent of the housing stock held by Housing Associations. The remaining Associations are in the process of finalising tenancy fraud strategies.

NIHE's Management Statement and Financial Memorandum has also already been amended to require it to have a tenancy fraud strategy and NIHE already has one in place.

##### *PAC Recommendation 3*

**The Committee recommends that the assessment of the adequacy of tenancy fraud strategies and review of performance targets in this area should be included in the Regulator's inspection regime for housing associations.**

DSD partially accepts this recommendation and agrees that the adequacy of tenancy fraud strategies and performance targets in this area should be monitored.

DSD discharges its oversight responsibilities through two key activities – inspection and monitoring, and considers that its ongoing monitoring activity is the most appropriate vehicle to obtain assurances on the adequacy of the tenancy fraud strategies and review of performance targets. DSD has already established a process for

reviewing the Housing Associations' tenancy fraud strategies and has incorporated tenancy fraud issues in the quarterly fraud return. The strategies are reviewed for adequacy and completeness by the Monitoring team. DSD further requires NIHE and Housing Associations to provide specific details of all potential fraud cases as part of the quarterly fraud return and this information is forwarded to the Department of Finance and Personnel and the Northern Ireland Audit Office (NIAO) as part of the reporting requirements under Managing Public Money NI. Any cases reported are investigated by NIHE or the Housing Associations as appropriate.

As a result of the above, DSD does not consider that including this in its inspection regime for Housing Associations is necessary.

#### *PAC Recommendation 4*

**The Committee recommends that the Department, in conjunction with social housing providers, should carefully consider whether additional funding would enable social landlords to organise more effective prevention, detection and investigation activities. In the Committee's opinion, a strong case for seeking funds under the "Invest to Save" Initiative could be made.**

DSD accepts this recommendation.

DSD will continue to monitor best practice activities in the UK through the membership of the Tenancy Fraud Forum. In addition, the local forum encourages closer working and exchange of information/experience between NIHE and Housing Associations which helps to improve the understanding of counter fraud activities. Arrangements to improve the exchange of information between social landlords and utility providers are also being put in place and DSD will consider if these arrangements could be enhanced with additional funding.

Although there is currently no funding available under the Invest to Save Initiative, a request for funding from the Change Fund Scheme will be developed if appropriate.

#### *PAC Recommendation 5*

**The Committee strongly supports the National Fraud Initiative. Given that Housing Associations have received around £1 billion of Northern Ireland public funding over the past 10 years, in the form of a Housing Association Grant, the Committee expects all housing associations to participate.**

The Northern Ireland Federation of Housing Associations (NIFHA) partially accepts this recommendation and recognises that the National Fraud Initiative (NFI) may have the potential to help Housing Associations effectively and efficiently detect tenancy frauds.

Two large Housing Associations (Helm Housing and Oaklee Trinity) have agreed to participate in the current NFI on a voluntary basis. This represents 37 per cent of housing stock. Wider participation from Housing Associations in the next round of the NFI data matching exercise will be informed by the experiences of these Associations. DSD will continue to engage with Housing Associations and NIAO on this matter.

#### *PAC Recommendation 6*

**The Committee considers that formal protocols with utility companies open up a valuable source of evidence in the investigation of suspected tenancy fraud and the Committee strongly recommends that the present impetus is maintained leading to the introduction of formal protocols with all social landlords.**

DSD, NIHE and NIFHA are in the process of implementing this recommendation.

NIHE has already initiated the process of establishing formal information sharing protocols with utility companies, two of whom have already signed an agreement. NIHE will maintain its impetus to seek similar arrangements with the remaining four utility companies and has shared its experience in this field by providing the Housing Associations movement with a draft copy of a standard protocol.

NIFHA plans to establish similar protocols for Housing Associations during 2015-16.

*PAC Recommendation 7*

**The Committee considers that progress on tenancy fraud will best be achieved through cooperation across the social housing sector in Northern Ireland. It welcomes consideration of innovative approaches, such as the introduction of a single investigative team to combat tenancy fraud and the establishment of an inter-agency dedicated tenancy fraud hotline. It recommends that these issues are pursued and enhanced measures to counter tenancy fraud are established as a matter of urgency.**

DSD, NIHE and NIFHA are in the process of implementing this recommendation.

DSD, NIHE and NIFHA agree that progress on tenancy fraud will be best achieved through cooperation across the housing sector, and hope to establish enhanced measures to counter tenancy fraud as a matter of urgency. The setting up of a single investigative unit is already being pursued. Preliminary discussions between NIHE and NIFHA, facilitated by DSD, have already taken place and a business case is being prepared.

While a dedicated tenancy fraud hotline has not been established, various means for reporting tenancy fraud in NI have now been established and this can now be done online, by telephone, at local offices, by letter and by e mail.

*PAC Recommendation 8*

**The Committee notes the local Tenancy Fraud Forum's review of the legislative position in Northern Ireland. The Committee recommends strengthening local legislation, particularly in relation to data sharing.**

DSD accepts this recommendation.

NIHE has reviewed the fraud legislation which is currently in place in NI, and the Prevention of Social Housing Fraud Act 2013, which is currently in place in England and Wales.

DSD will take forward action to introduce legislation for NI, similar to the Prevention of Social Housing Fraud Act. This would provide NIHE with new powers to compel organisations to share data in respect of individuals suspected of committing tenancy fraud. It would also introduce new offences in respect of the subletting of social tenancies; empower NIHE to prosecute on behalf of Housing Associations; and enable social landlords to recover the profit from subletting through either the civil or the criminal courts.

It will not be possible to have the necessary legislation enacted within the current Assembly mandate. DSD intend to bring forward proposals for public consultation by May 2016, with a view to taking forward any required primary legislation after that date. In the meantime, appropriate cases will be considered for prosecution under the Fraud Act 2006.











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