

Appendix D

Innovation and Change Management

Tri-borough Business Intelligence
Programme

Project Business case

Tenancy Fraud

1. Introduction/summary

The purpose of the project is to ensure that best use is made of internal and external information sets in order to identify potential cases of Tenancy Fraud and to ensure that this problem is under control across the Tri-Borough.

Tenancy Fraud is defined as a breach by a tenant for personal gain:

- Sub-letting
- Abandonment
- Succession
- General Breach

2. Objectives

A. To use existing internal data sources to reduce, minimise and prevent tenancy fraud within the Tri-Borough and to verify the number of households where there is no evidence of tenancy fraud.

a. **Current state:**

Some pro-active investigations are undertaken but these use expensive third party data matching. More can be done to manage tenancy fraud using BI generated from internal data sources.

Hammersmith and Fulham

Checks are carried out by dedicated resource within the housing team, using information from Experian.

RBKC

Dedicated officers react to reported discrepancies. However workload restricts activity.

Westminster

Door-to-door checks are carried out by City West Homes (Westminster's Housing ALMO) and further checks are made via outsourced 3rd party residency checks under contractual agreement. It is difficult to process or prioritise the volume of discrepancies sent by Experian.

There is a major opportunity to build on our understanding of tenancy fraud, adding to the effectiveness of existing measures.

b. **Target state:**

A BI-based approach to exception reporting will be implemented by cross-referencing high probability cases identified using existing internal data with Experian data. This will enable the anti-fraud team to target the highest probability fraud cases.

Boroughs will be able to demonstrate that regular, reasonable, proactive measures are in place and used to manage tenancy fraud.

There will be a clearer understanding of the extent of tenancy fraud across Tri borough and the effectiveness of remedial measures.

We will be able to implement measures based upon findings to prevent Tenancy Fraud.

Measures of success

- i. Increase in number of properties recovered.
- ii. Reduction in number of properties requiring investigation and associated cost.
- iii. Increase in the ration of Number of Investigations / Number of Property Recoveries.
- iv. Increase in number and percentage of properties confirmed as occupied by Council Tenants.

3. Business champion, buy-in

Name	Role	Scope / Mandate
Andy Hyatt	Tri Borough Head of Anti Fraud	Tri-Borough Anti Fraud
Cecily Herdman	Strategy Officer, WCC Housing Strategy and Performance Team	WCC Tenancy Housing
Teresa Brown	Head of Neighbourhood Services	H&F Housing Team
Maria Needham & Kiran Singh	Kensington and Chelsea Tenant Management Organisation (KCTMO)	RBKC Tenancy Housing
Amanda Gill	Head of Housing	RBKC Housing Team

Roles & Responsibilities

- The Tri-Borough Head of Fraud will sponsor the project and act as primary business point of contact for the BI Service team.
- The individual Borough Housing Teams will be engaged by the business sponsor and will play a key role in the planning and realisation of the business case.
- The BI team will manage the project and ensure that the business and business intelligence streams are sufficiently coordinated to enable the successful achievement of the benefits.
- The BI team will manage the specification, delivery and on-going support of the business intelligence deliverables. They will manage the interaction with the business sponsor and housing teams on the specification of requirements and the design of the BI deliverables.

4. Outline business case

a. Benefits – financial:

Local Authority Savings

The potential for achieving financial benefits from this project are dependent upon the successful identification of Local Authority Housing Accommodation which is subject to tenancy fraud, and its subsequent reallocation to residents on the housing waiting list. Savings will be made where households can be taken out of properties which are financial burden to the Local Authority – this will mainly be homeless households in Temporary Accommodation where the rent is higher than the subsidy that the Council can reclaim from central Government. Not all “reclaimed” properties will go to homeless households – and some people will be moving from accommodation e.g. unsuitable housing in the private rented sector which the Council was not subsidising.

Accurate predictions of the numbers of properties likely to be uncovered by the project is problematic because of the following issues

- There is little data on the level of success of previous exercises upon which to base projections.
- In the past external rather than internal datasets have been used to identify tenancy fraud so projections based on historic results are unlikely to be accurate.

Potential financial benefits and assumptions are set out below

Using a sample of 15 properties recovered by LBHF it is assumed that the proportion of the type of property recovered is split proportionately as follows

- The drivers of the savings calculations are laid out below for each borough

	Hammersmith and Fulham and Kensington and Chelsea	Westminster
Average Length of time spent in Temporary Accommodation* ¹	93 weeks	208 weeks
Average weekly Council subsidy to support TA per unit	38.37	£100
% of households moving into premises vacated by BI tenancy fraud ID, from TA	90%	50%
Savings per Unit	3,212	10,400

¹ In reality this varies considerably depending on the number of rooms required

Total savings have been calculated as follows for each borough –

No of Units Released x Average Weekly LA subsidy of TA x No of average weeks in TA x % of households taking that released accommodation who would otherwise remain in TA

A cautious projection of this benefit for the Tri-Borough based upon the figures in the above example is provided below. Only properties uncovered in the first year are included as it unclear what the drop off identifications would be in subsequent years – assuming that year 1 uncovers long-standing issues

	No of tenancies	1 st year Property Recovery Projection	Savings in Year 1	Savings in 3 year period
RBKC	7,500	15	£27,232	£48,180
LBHF	12,500	20	£36,309	£64,240
WCC	12,000	10	£26,000	£78,000
Totals:	32,000	45	£89,541	£190,420

Public Purse Savings

The savings to the individual boroughs are deflated because a contribution to the cost is made from housing benefit. The average cost per week including the housing benefit contribution is

RBKC £267

LBHF £267

WCC £362

From this we can estimate the savings to the public purse as a whole using the same formula as above as follows

	No of tenancies	1 st year Property Recovery Projection	Projected Saving to the public purse (£000) over 3 years
RBKC	7,500	15	£624
LBHF	12,500	20	£833
WCC	12,000	10	£565
Totals:	32,000	45	£2,022

In all 3 Boroughs Temporary Accommodation costs are a major financial pressure. Creating voids through recoveries would help reduce pressure on TA budgets.

Notes:

- Estimating that the use of internal data sets combined with external data sets could double the likelihood of identifying tenancy fraud a success rate of 0.03% has been applied to the data.
- Actual success rates will not be known until the project is underway.
- In addition to the benefits outlined above it is possible that additional properties could be regularly recovered. This outcome would be enabled by the capability to

regularly re-run the exception reports and would also require that housing investigations are conducted on a more frequent basis.

Reduction in the cost of building additional properties.

It has been proposed that if we can recover properties and reallocate them to families on the housing waiting list, we can avoid the cost of building new properties.

Improvements in Investigator Effectiveness

In RBKC the investigation team currently have a success rate of 5:1 on tenancy fraud. This deteriorated from 4:1 in 2011 as fraudsters become wiser to the tactics used to detect them following large-scale media attention on this area of fraud.

Reduced costs of external data checks.

By firstly conducting internal data checks the number of houses for which external agencies are required to perform financial checks will be reduced. The following table shows the potential cost saving of reducing required checks to the highest risk 500 cases:

Borough	Number of Tenancies	Cost per Property	Total Cost	Top 500 Cost	Cost Saving
RBKC	7,500.00	£1	£7,500	£500	£7,000
LBHF	12,500.00	£0.7	£8,750	£350	£8,400
WCC	8,000	£1	£8,000	£500	£7,500
		Total:	£24,250	£1,350	£22,900

The Tri Borough could either realise this 94% cost saving or choose to conduct external data checks more frequently. For the same budget, the reduced cost would enable 18 checks for every 1 check carried out currently.

b. Benefits - non financial

There are various non-financial benefits that will accrue from this project

Benefit	Description
Assurance of Tenancy Alignment	Ability to demonstrate that the majority of council tenants are in homes meant for them
Provide evidence for a more targeted approach	Risk cases flagged up through the project could form the basis of tenancy checks
More streamlined processes	Once the data is aligned it will enable individual checks to be carried out more efficiently i.e. one check instead of checking a range of different systems which will save time
Reputation of the Council	Ability to demonstrate that everything is being done to address tenancy fraud and new methods are being tested, particularly when demand for social housing is very high and households face long waits in temporary accommodation before social rented accommodation
Disincentive to commit tenancy fraud	People less inclined to commit tenancy fraud if boroughs demonstrate they are effective at tackling it and have sophisticated methods.
Reunite vulnerable people with their communities	Many families in temporary accommodation have been moved out of their communities. This will enable them to be moved back and reunited with their friends and families.

c. Benefits realisation outline plan

The project team agreed that they would take an on-going, iterative approach to developing an analytical model to identify high-risk cases of Tenancy Fraud. This is described within the following table:

Process step	Anti Fraud Team	BI Team	External Partners
Develop initial analytical model utilising internal data sets	Advise on likely indicators of Fraud.	Acquire required data sets. Analyse recovered properties to identify important indicators Develop initial analytical model.	
Review, verify and feedback on model	Investigate a subset of highlighted cases and feedback on outcomes.	Update weightings of key factors within model based upon feedback.	
Use updated model to focus external data checks		Update weightings of key factors within model based upon feedback.	Run financial and sub letting checks against cases within model and feedback results.
Investigate cases within model in priority order and feedback on results.	Investigate highlighted cases and feedback on outcomes.	Update weightings of key factors within model based upon feedback.	
Track cases of recovered properties across Tri Borough	Ongoing,		

The following initial list of indicators was proposed by the project team:

Indicator	Internal / External
No gas check in the past 12 months	Internal
Rent Balance Paid In Advance	Internal
Residency Check Discrepancy	Internal
Schools – Children not associated with home address	Internal
Parking Ticket for Resident – home address listed not same as home address.	Internal
Parking permits at address for non-residents.	Internal
Financial Details not associated with home address	External
Home address advertised for Let on Rightmove.com	External
Council Tax Balance Paid In Advance	Internal
Phone, Email, Hotline Referrals	Internal
Police intelligence	External
Anti Social Behaviour Data	External

Targeted Insights

- High risk cases of fraud

Additional points

- What information do investigators require from the BI report in order to commence an investigation?
 - *Name, address and details of the qualifying indicators. If possible with capability to drill through to the underlying, detailed information for each indicator (Investigators like to review the evidence in each case).*
- How will we track progress and capture feedback?
 - *The 3 Boroughs have the same case management tool and can setup a new common case type against which to record and track progress and feedback.*
- Would there be any benefit in analysing trends associated with the high risk cases? (i.e. geographic spread)
 - *It would be useful to understand over time which indicators are providing the most reliable referrals. These insights could potentially be used to plan/target/implement preventative controls.*

d. Business Costs

LBHF

Absorb into current workloads. Fund overtime from DCLG grant.

RBKC

Absorb into current workloads. Fund overtime from DCLG grant.

WCC

Westminster is under contract with Baker Tilly for 65 investigations pa so are limited on investigations. However they may be able to resource through CWH. Would commit to investigating high-risk cases only.

5. BI Deliverables

As the Tenancy Fraud project will be the third delivered by the BI service it will be able to reuse all of the datasets already brought into the warehouse from the freedom pass and single person discount developments. Only 3 additional datasets will be required to complete the analysis for Tenancy Fraud.

A risk matrix will be produced to enable the identification of tenancy fraud cases. The matrix will allocate a score on a sliding scale between 1-10 to each address, where a score of 1 indicates that we're 100% sure no fraud is being committed and 10 indicates that there is definite case of fraud.

The risk matrix will be made available to the business through a dashboard interface or via excel. The sliding scores in the matrix enables the business to make informed decisions on which discounts can be revoked and which addresses require further investigation.

A suite of dashboards will also be developed to compliment the matrix, this will enable business users to drill down into data in more detail for use in fraud investigations and encourage a self service culture.

The processes and steps required to develop the matrix are described in the benefits realisation process table earlier within this document.

It is estimated that the project, from scoping to live running of the matrix, will take 36.5 days effort, this includes time from all members of the virtual team and the customer. The low level of effort reflects the large amount of reuse of the data collected for the Freedom pass project, extra days were added to the development to account for the creation of the accompanying dashboards. The project will be started in the third month of the BI service and completed by the 5th, the matrix and dashboards will be released in phases in the months before as datasets are added to the warehouse. This means that the business do not have to wait for the project completion before making use of the matrix and dashboards.

6. Interfaces and data sources

The project will aim to reuse data sets integrated into the data warehouse for Freedom Passes:

- Freedom Pass Holders
- Gazetteer: Dwellings, properties and postcodes in Borough
- Council Tax: Single Person Discounts, Empty Properties, Person End Dates, Current Register
- Housing Benefit / CTB: Person End Dates, Out of Borough addresses, Current claimants
- Adult Social Care: Deceased people, permanent placements outside Borough, Out of Borough addresses
- ASB: Out of Borough addresses
- Housing: People on Housing Register OOB, People in TA long term OOB, People rehoused OOB.
- Electoral Roll: People on current register
- Registrars: People deceased from a specific time.

To these will be added the following:

- Housing: Gas checks
- Housing: Repairs Data
- Finance: Rent Account Credit
- Housing Association Tenancy Data
- External: Right Move lettings, Gum Tree Lettings, Credit Status

7. Risks and issues

Initial assessment of key risks:

Risk	Impact	Likelihood	Mitigation
Information Sharing and Usage.	Regulation and risk averse Information Governance culture makes it impossible to use available data as	High	A position statement has been agreed with Tri Borough Information Managers and Caldecott Guardians. This sets

	enabler for realisation of business case.		out the mechanisms required to manage the risks of information sharing and usage. The pilot will deliver and operate within this framework.
Data Quality.	Quality of data makes it unsuitable to support business intelligence requirements. BI enablers for realisation of business cases cannot be delivered.	Medium	Data quality will be measured as part of delivery feasibility for each project. It will also be measured on an ongoing basis as part of production data warehouse. Issues along with their impact upon feasibility of business case delivery will be communicated back to business owners for resolution and escalated through governance framework if necessary.
Council Reputation	If the new BI highlights a significant amount of Tenancy Fraud it could be embarrassing for the Boroughs.	High	Benefits realisation plan should enable Boroughs to demonstrate an effective response should this occur.