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4.4.16 ;

Dear Patricia,

RIGHT TO BUY FRAUD PREVENTION

During the Committee stage of the Housing and Planning Bill, you raised a number of important concerns about fraud and the experience of local authorities under the current Right to Buy legislation.

I agree this is a serious issue. My Department has also been concerned about this for some time and has already taken action, including running fraud workshops to better understand the issues and share best practice. We also launched a £16 million counter-fraud challenge fund in 2014, with funding awarded to 60 wide ranging anti-fraud projects, many involving groups of local authorities working together.

As we develop the Voluntary Right to Buy policy in collaboration with the housing association sector, we are consciously taking steps to ensure that as far as possible fraud prevention measures are designed into the sales process. For example, fraud is a key issue being considered by our working group on the applications and sales process. Different approaches to preventing fraud are also being trialled under the pilot. Sheffield Hallam University are undertaking research into the pilot and the findings from that study will be fed into the working groups.

However, we are not complacent about the need to consider what more can be done to tackle this issue. Your suggestion of a wider working group is very welcome and will provide a good opportunity to bring this work together. My proposal is to set up a group bringing together the Local Government Association, National Housing Federation and the Council of Mortgage Lenders, as well as key local authorities and housing associations (including the pilot associations). I suggest that the group looks at issues that are not technically fraudulent, but might be considered exploitative – for example property companies who lend money to tenants in return for a share of the discount at a later date - as well as actual fraud.

I am proposing that the Group will look to:

- Understand what existing fraud and sharp practices occur, the scale of this activity, how and when is it noticed, and who by;
- Understand what is currently done by local authorities and others, and to share best practice;
- Consider how this will translate into the voluntary Right to Buy, and other potential fraudulent or sharp practices that could occur;
- Identify any additional safeguards that can be put into place and provide guidance to the sector.

I intend to report back on the progress of the working group and their recommendations on ways to tackle Right to Buy fraud through sessions with peers, which will allow interested Noble Lords to input into the process. I will let you know when dates have been set.

I am copying this letter to all Noble Lords who spoke in the debate on the voluntary Right to Buy clauses in Committee - the Duke of Somerset, the Lord Bishop of St Albans, Lords Beecham, O'Shaughnessy, Taylor of Goss Moor, Kennedy, Krebs, Foster of Bath, Stunell, Campbell-Savours, Porter, Cameron of Dillington, Best, Horam, Kerlake, Young of Cookham, Stoneham, Berkeley, Tope, McKenzie, Shipley and Baronesses Pinnock, Bakewell of Hardington Mandeville, Royall of Blaisdon, Redfern, Whitaker, Maddock, Parminter, Young of Old Scone and Grender.

I will also arrange for a copy to be placed in the House Library.



BARONESS WILLIAMS OF TRAFFORD