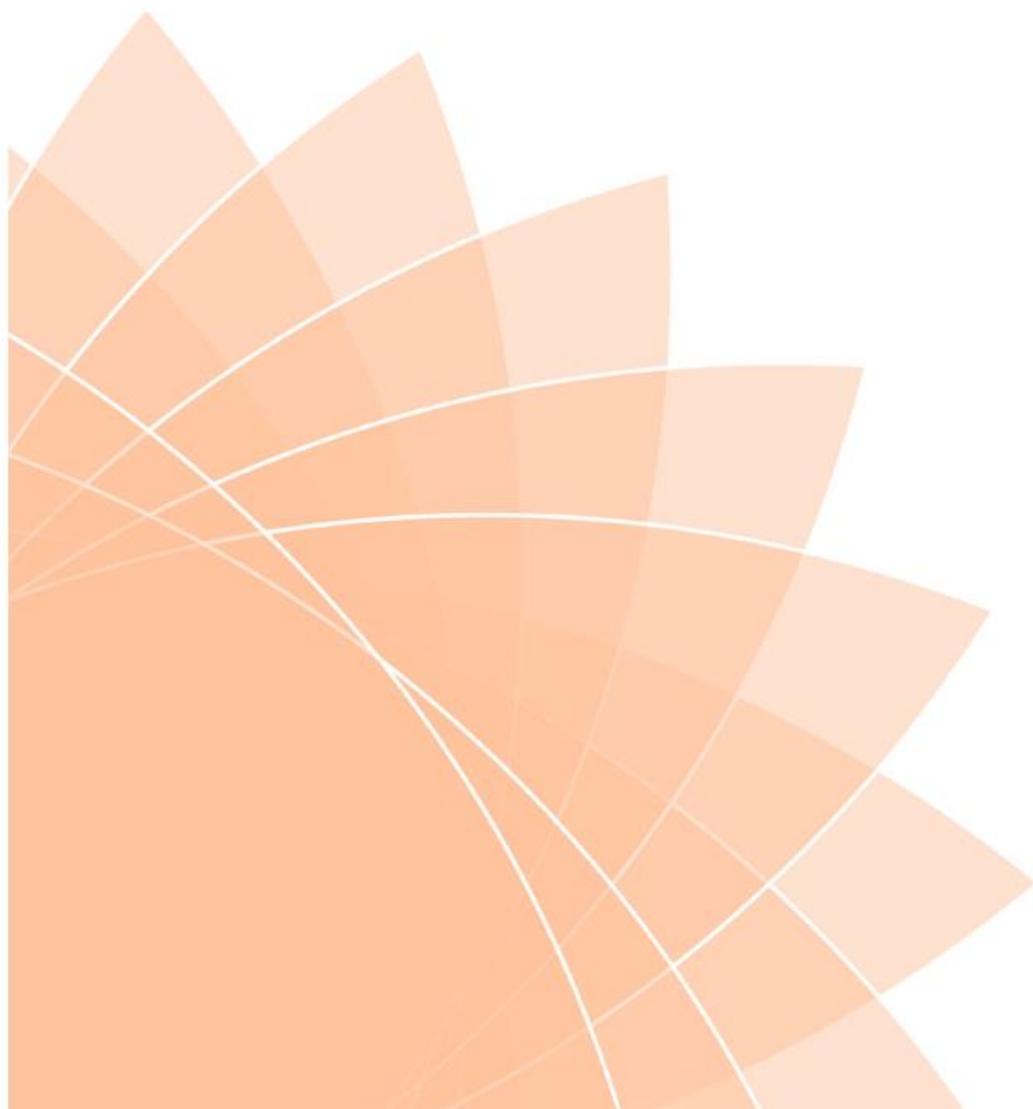




# North Kesteven District Council Social Housing Fraud Policy June 2014



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## **1. Foreword**

This policy sets out North Kesteven District Council's approach to minimising and managing social housing fraud within its own housing stock.

Taking effective measures against tenancy fraud helps meet the Council's aspirations to both provide the best possible housing services to its residents and to demonstrate that it is safeguarding the public purse. In developing this policy, the Council has acknowledged the housing need within the district and the importance of making sure its own housing stock is used to meet that need lawfully and appropriately.

## **2. Brief Introduction and policy scope**

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

## **3. What is social housing tenancy fraud?**

### **3.1 Types of Social Housing Fraud**

- a) Non occupation by the tenant(s) as their only or principal home
- b) Wrongly claimed succession – retention of a tenancy following the death of the tenant(s)
- c) Unauthorised assignment of the tenancy - mutual exchange or transfer of tenancy without permission from the Council
- d) Key selling – where the tenant leaves the property and passes on the keys in return for a one off lump sum payment or favour
- e) Fraudulently obtaining a social housing tenancy by misrepresentation of identity or circumstances
- f) Fraudulent Right to Buy applications
- g) Unauthorised subletting:-
  - a. Subletting the whole property to a single household or
  - b. Subletting part of the property without the prior consent of the Council.

## **4. Why be concerned by social housing fraud?**

### **4.1 Housing Management**

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

### **4.2 The Regulatory Framework**

The Homes and Communities Agency's Regulatory Framework for Social housing in England (2012) includes a direction that as a provider we should "*publish clear and accessible policies which outline [our] approach to tackling tenancy fraud*".

### **4.3 Social impact**

There are more than eight million social homes in England, with 1.8 million household on the waiting lists, the supply does not meet the demand. Within that context, it is crucial that social housing is being used appropriately and effectively, not least to avoid the use of temporary accommodation. Living in temporary accommodation (either with family/friends or other arrangement) can cause immeasurable detrimental effects to the social wellbeing of a family due to the lack of a stable home environment and/or inappropriate living conditions. Not only does it cause instability in community connections, but also difficulties with access to employment, bank accounts, medical assistance, support agencies and social networks and particularly on a child's educational attainment.

### **4.4 Financial impact**

The Audit Commission have prudently estimated that up to 98,000 social homes in England are unlawfully occupied. Whilst Experian suggest that at least 160,000 are unlawfully sublet in the UK. With the cost of putting a family in temporary accommodation for a year at £18,000, the National Fraud Authority (NFA) estimate the cost of tenancy fraud is around £900m per year.

## **5. The district perspective on social housing fraud**

### **5.1 Level of Fraud**

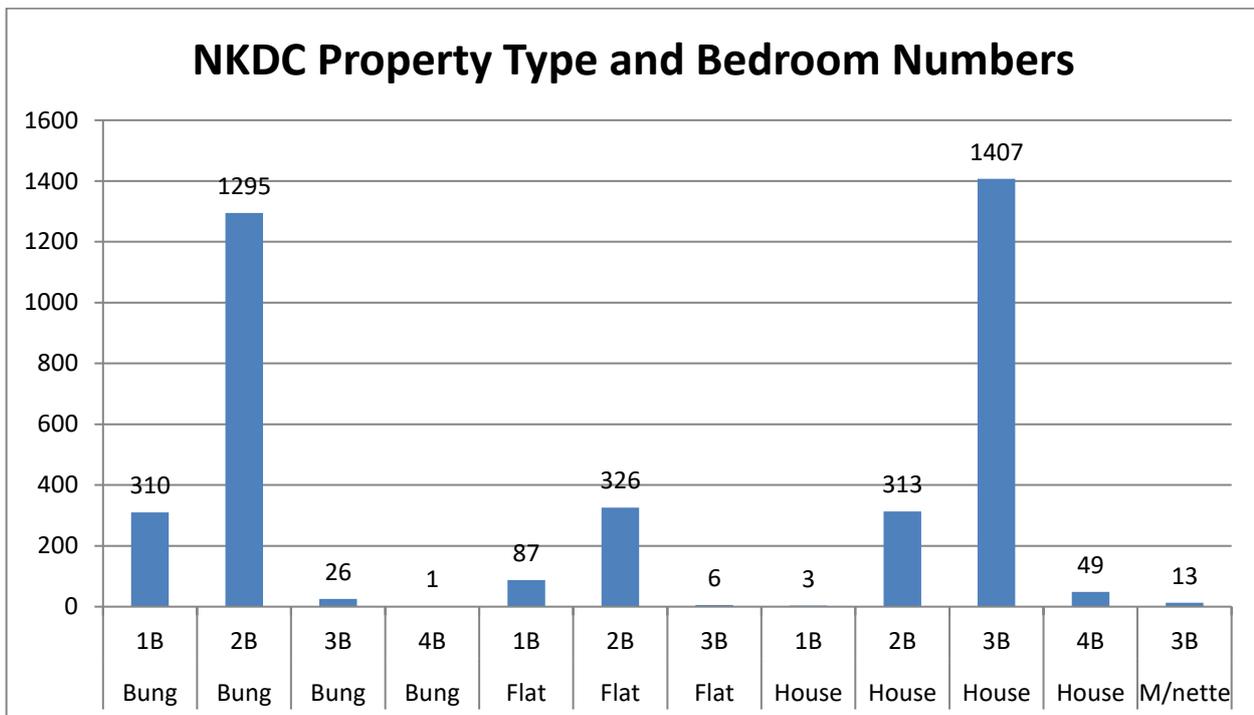
The Audit Commission (*Protecting the Public Purse 2012*) states an assumption of 2% fraud level in non-London social housing. This would represent 76 NKDC tenants committing some form of housing fraud. However, NKDC's property types are less prone to fraud than average – NKDC has no high level flats, associated with anonymous living and high turnover.

The Council owns or manages 3,836 properties (figures as at March 2013). . These can be broken down as follows:

1985	General needs housing (family housing)
1851	Non general needs housing (for older persons or persons with disabilities)

Just over 56% of tenants in General Needs properties are in receipt of Housing Benefit (1110 tenants in total). Over 71% of tenants in Non General Needs properties receive Housing Benefit (1299 tenants). Clearly, the validation of benefit claims gives some additional guard against fraud in these cases.

The chart below shows the properties according to property type and size. It clearly demonstrates that the majority of the Council’s stock is made up of self-contained, non-intensive housing:



Additionally, the communities within NKDC have a predisposition to “self-police” – the Council benefits from concerned neighbours reporting suspicious activity or the disappearance of a tenant. The Council does not use this as an excuse for inactivity or complacency, but notes the advantage it brings to effective housing management.

## 5.2 Current practices

### 5.2.1 Allocation

The Council moved to a more choice based letting scheme in March 2013. Lincs Homefinder is a partnership between North Kesteven District Council, City of Lincoln Council, West Lindsey District Council and ACIS Housing, operating a joint Housing Register.

North Kesteven District Council was subject to an internal audit of its operation of Lincs Homefinder in respect of applications and allocations in February 2014. The outcome of that audit gave an Assurance Opinion of Substantial Assurance.

Areas of good practice identified included:

- clear designation of roles and responsibilities in respect of actions and decision-making
- separation of duties in allocations process minimising risk of error and fraud within the process
- if an applicant happens to be employee/member or relation of employee/member, additional checks are in place, again minimising error and fraud within the process
- clear procedures in place for processing applications available to all appropriate staff
- appropriate and effective staff training
- documents, from an approved list, are requested to confirm identity and residency of all household members at point of application, application is not fully processed without these required documents
- officers have access to NKDC and Lincoln Housing Benefit and Council Tax system to verify circumstances
- supporting documents are gathered from a range of sources, mostly professionals to verify housing need ie: GP/OT/SW letters
- home visits are undertaken on applications made from within the district that have been awarded a priority.
- landlord references for the previous five years are obtained to verify statements made on applications,
- any discrepancies in details provided by applicants (e.g. dates or addresses) are investigated
- any identified risks are shared with Tenancy Services at point of allocation to assist in the housing management approach

Some low level risk actions were identified and have either already been implemented or in progress these included:

- introduced more regular checks of reasons for awarding additional priority
- introduced a field on the application to record when HB systems are checked to verify circumstances

- introduced a field on the application to record when all required information was received, to assist with monitoring of processing times
- ensuring a note is added to application to reflect all contact with applicants

### **5.2.2 Tenancy Management**

The Tenancy Services team undertakes an annual stock inspection of 100% of its properties and has undertaken a series of tenancy audits.

Tenancy audits target tenants who met one or more of the following criteria:-

- No contact with the known tenant during the past 12 months
- Tenants in high density areas – Sleaford & North Hykeham - where variations between private and social rent are highest and demand is at its highest
- Tenants of flats within blocks where there is greater anonymity from neighbours
- Tenants who did not provide access for the annual gas servicing/safety check
- Rent accounts where a single payment of rent exceeded £1,000 had been received in the previous 2 years
- 4 bedroom properties
- Tenants who had long standing static credits or debits on their rent account

Identified tenancies are visited by Housing Officers to ascertain who is living at the property in order to identify:-

- Fraud
- Under occupation
- Over occupation

No fraud has been detected at these visits; no cases of under or over occupancy have been found.

Evidence of identity is routinely sought during any tenancy management activity, including mutual exchanges, assignment, and succession. The team also has a dedicated email address for reporting tenancy fraud: [stophousingfraud@n-kesteven.gov.uk](mailto:stophousingfraud@n-kesteven.gov.uk)

There are excellent working relationships with the Shared Revenues and Benefits team, which works to the benefit of investigations of both tenancy and benefit fraud.

## **6. Policy aims and objectives**

### **6.1 Aims**

The aim of the policy is to ensure the fair use of the Council's social housing by those in greatest need.

### **6.2 Objectives**

- a) To prevent abuse of the housing allocations system through robust, effective and timely processes;
- b) Minimise levels of fraud through quality investigations and fraud prevention measures;
- c) The publication of policies that clearly indicate zero tolerance of fraud and abuse of services;
- d) To raise awareness of the issue of social housing tenancy fraud and its impact in North Kesteven, promoting a culture of honesty, openness and accountability;
- e) To maximise the availability of council properties by seeking recovery of unlawfully occupied homes wherever possible, and the prosecution and sanctioning of offenders where appropriate; and
- f) Continued development of working partnerships with our internal and external partners, in particular the Share Revenues and Benefits service.

## **7. Prevention and Detection**

### **7.1 Prevention**

#### **7.1.1 ID verification**

ID will continue to be requested and verified at various stages in the tenancy lifecycle, including:

- a) Application for social housing
- b) Sign-up to a new tenancy
- c) As part of a tenancy audit
- d) Application for assignment or exchange
- e) Application for succession
- f) Changes to the tenancy, including adding an individual to the tenancy, for example
- g) Right To Buy (this will include household members wishing to be included in the application)

Identification that includes a photograph of the holder should be asked for in the first instance, and is preferable to other non-photo ID. This includes:

- a) Full UK or EU driving licence including photograph
- b) Ten year UK or EU passport with photograph
- c) EU identity cards
- d) UK identity card for foreign nationals/residence permit issued by the Home Office

Non-photographic ID which can be accepted:

- a) UK certificate of naturalisation
- b) BR2102, BR2103 or BR5899 letter confirming for the state pension
- c) Current child benefit/job seekers allowance book or card
- d) Birth/marriage/adoption certificate
- e) Medical card with National Insurance number
- f) Certificate of HM forces employment
- g) P45, P60 or pay slip

### **7.1.2 Making false statements**

It may not always be practical to easily verify claims made on application for housing, including claims for homelessness or succession. However, claims can be checked to an extent by using simple measures including:

- a) Internal data held within the organisation, including rent payment or repair records
- b) Internet searches using standard search engines
- c) Address locations services for example "192.com"
- d) The electoral roll
- e) Social media, for example Facebook
- f) Local land registry

### **7.1.3 Signatures**

Claims made at application should be verified by the tenant's signature. This can provide useful evidence, if court action is required later in the tenancy, that the individual knowingly made a false statement to access housing.

Examining signatures provided by the tenant and comparing them to those provided on official documents is a simple way to identify individuals who may be posing as someone else. We will ask for a signature after a visit to the property, for example during a tenancy audit, as a way of collecting a sample for comparison.

## **7.2 Detecting tenancy fraud**

### **7.2.1 Checking for signs of fraud**

Whilst some providers respond to instances of tenancy fraud as they emerge through tip offs, we wish to be an effective provider that seeks out tenancy fraud within our stock that may otherwise go unnoticed.

As an authority, we hold a significant amount of data about individual tenants and households. This is often enough to highlight instances of potential fraud by comparing different records from different departments within the organisation and by looking at records within the Council's housing management systems common "warning signs" of potential fraud can be recognised.

We will regularly evaluate the following information:

- a) No contact with the tenant for a fixed period of time (one year or more)
- b) No recent repairs history
- c) Difficulties in gaining access for annual gas servicing
- d) Households where assignment has been refused
- e) Households where succession has been refused
- f) Rent paid from an account belonging to someone other than the registered tenant
- g) Rent paid in advance
- h) Significant levels of credit on a rent account
- i) Rent accounts where a single payment of rent exceeded £1,000 had been received in the previous 2 years
- j) High density areas – Sleaford & North Hykeham - where variations between private and social rent are highest and demand is at its highest
- k) Tenants of flats within blocks where there is greater anonymity from neighbours
- l) Tenants who have long standing static credits or debits on their rent account

We will conduct tenancy audits on tenancies identified as being higher-risk using these criteria.

### **7.2.2 Data Matching**

Data matching refer to the process where a provider compares the data they hold on a tenant to data held by another organisation such as a credit reference agency.

Data matching can be used to identify instances for example where a tenant has multiple tenancies with different providers, or where they are making a claim for benefits at a property which is ant their social rented home

Data matching can also be used to check a tenant's address history, which is useful for verifying Right to Buy applications, or for chasing former tenant arrears.

We currently make best use of the National Fraud Initiative by investigating potential data matches. The Council will continue, on a case-by-case basis, to make data matching checks in this way.

### **7.2.3 Prevention of Social Housing Fraud Act 2013**

The Prevention of Social Housing Fraud Act 2013 makes subletting the whole of a social rented dwelling a criminal offence. The Act was brought fully into force in England on 15 October 2013.

The Act 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 Act gives local authorities powers to prosecute in cases of unlawful subletting and enables courts to order the recovery of any profit made from unlawful subletting from tenants. The maximum penalty for the first offence is a fine of £5,000. The second offence is punishable by a two-year jail sentence and/or a fine of up to £50,000.

This Council will pursue prosecution in all cases, except in exceptional circumstances where the Head of Housing, Partnerships and Communities decides it is in the best interests of the Council not to take criminal prosecution.