



# **The Guide to tackling housing tenancy fraud**

## **Improving the fight against social housing tenancy fraud**

Social housing is a valuable national asset with over four million social housing properties in England providing homes for many low income households and families. At a time when demand for social housing is outstripping supply it is estimated that up to 50,000 homes may be unlawfully sublet<sup>1</sup>; which equates to more than 1 in 100 housing association and council homes across England. With temporary accommodation for homeless families costing Councils' around £18,000 per family, per year, the public purse is being depleted to the tune of nearly £1 billion per annum.

The National Fraud Authority is co-ordinating efforts across Government to reduce current levels of fraud against the public sector, which is estimated to cost up to £25 billion a year. Social housing tenancy fraud is one of the most significant areas of fraud facing Local Government and is a priority area for the National Fraud Authority, which launched a project in September to encourage Local Authorities and Registered Providers to tackle it much more aggressively.

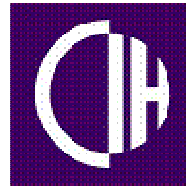
Last year, the Department of Communities and Local Government distributed nearly £4 million to Local Authorities to help them tackle tenancy fraud more effectively. This report, based on pilots of different fraud approaches and a series a series of workshops held by the National Fraud Authority and the Chartered Institute of Housing, identifies how Councils have used the DCLG funding, which methods have been most effective and makes recommendations for future work.

I hope that this report will spur many more local authorities to use the techniques described, and build on initiatives that have already proven successful, in order to reduce unlawful sub-letting and ensure that properties are allocated to those more deserving or in need of social housing.

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**Chief Executive**  
**National Fraud Authority**

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<sup>1</sup> Protecting the Public Purse 2010: The Audit Commission



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Ealing	Redbridge Arms Length Management Org
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Hammersmith and Fulham	Southern Housing Group
Haringey	Southwark
Harrow	South London Partnership
Hounslow Homes	Thames Valley Housing Association
Islington	Waltham Forrest
Kensington and Chelsea	Westminster

## **Tackling Housing Tenancy Fraud**

The National Fraud Authority's (NFA) Social Housing Tenancy Fraud project, launched in September 2010, aims to encourage Local Authorities and Registered Providers to tackle this type of crime much more aggressively. It is one of the NFA's key projects to tackle the most significant areas of fraud in the public sector.

An important part of the project is to facilitate the exchange of information and good practice between Councils. In September 2010 the NFA, in partnership with the Chartered Institute of Housing (CIH), held three workshops with 26 Councils and Registered Providers across England, to discuss their initiatives to tackle social housing tenancy fraud and identify guiding principles that could be adopted by all Local Authorities. At the request of the Department of Communities and Local Government (DCLG) a feature of the workshops was to discuss how Councils had utilised the funding provided to incentivise work to tackle unlawful sub-letting.

The workshops resulted in the exchange of good practice, and the sharing of policies, templates and procedures. This report seeks to summarise the key findings of the workshops and provides a detailed compendium of examples provided by the participating Councils.

## **1. Summary of recommendations**

Key learnings and recommendations from the Councils include:

- All landlords should ascertain the level of unlawful occupation in their stock
- More Local Authorities should provide a fraud investigatory service to housing associations in return for nomination rights to homes recovered
- Registered Providers of social housing should have robust internal audit processes in place to detect possible fraudulent or corrupt actions by staff
- Local Authorities should consider photographing tenants at allocation and existing tenants at tenancy audits
- Local Authorities should consider the balance of the resources they allocate to housing benefit and housing tenancy fraud
- A consistent best practice tenancy audit checklist and training needs to be devised to show how these can be carried out effectively
- The Government should consider further incentivising Local Authorities and Registered Providers to investigate and recover unlawfully sublet properties
- Registered Providers and Councils should commit to joint working and there should be political and managerial commitment to the recovery of unlawfully sub-let properties
- Housing Tenancy fraud is not restricted to London and work needs to be done to promote investigations outside London

## **2. General trends and lessons learned**

Local Authorities reported that they had spent their funding mainly on dedicated investigative staff, data matching exercises, training and publicity. Some Local Authorities stated that they had successfully engaged with Registered Providers in their areas but others had worked alone. Some of the larger Registered Providers spanning a number of different authorities reported differing levels of engagement with Local Authorities, and encountered differing working practices and arrangements which they stated had presented operational problems. Also, an inability to gain access to direct funding made them dependent on Local Authorities being willing to engage, share resources and provide support.

Attendees felt that outside of London, Registered Providers did not fully appreciate the scale and nature of the problem or the complexity of tenancy investigations that housing officers are expected to address. Whereas in London, there is an established understanding of the difficulties around investigation and many boroughs employ specialist teams to tackle the problem.

It was reported that some Local Authorities are taking referrals from Registered Providers and carrying out investigations for them in return for nomination rights over recovered properties.

## **3. Detection and investigation**

Many Councils reported that those involved in unlawful subletting go to great lengths to prevent discovery. The resulting investigations can be demanding and many authorities have concluded that they are more effectively carried out by professional investigators. A number of registered providers stressed that for home visits and tenancy audits to be successful, staff needed to be willing to visit tenants outside of normal working hours. Also, in some circumstances, Registered Providers and Local Authorities needed to conduct visits jointly in order to prevent the tenant 'playing one off against the other'. Many said it was important to have skilled investigators who were trained in gathering evidence, and had the independence and skills to investigate insider fraud. Local Authorities reported that specialist investigators are

generally more successful at tackling tenancy fraud than non-specialist housing officers.

Providers highlighted a number of common risk factors that indicated unlawful sub-letting. These included:

- The inability to gain access to properties to carry out gas safety checks;
- The lack of repairs requested at a property;
- Regular vandalism to communal door entry systems
- Large amounts of credit accumulating on a rent account; and
- Council Tax arrears.

Encouraging staff and tenants to identify and report potential unlawful sub-letting was also reported as being important in detecting cases. Initiatives included:

- Providing training and awareness-raising for all staff including housing officers and repairs operatives
- Providing rewards for staff if they identify cases
- Providing a single point for the public to report suspicious tenancies
- Utilising social networking sites and neighbours, who were often found to be reliable sources of accurate information about unlawful sub-letting.

A significant number of providers revealed they had uncovered instances of staff selling keys and facilitating corrupt allocations. There were often links between housing tenancy fraud and other fraud.

#### **4. Prevention**

Many registered providers take photographs of new tenants at sign-up, and retrospectively for existing tenants at tenancy audits. Although some providers expressed concern that tenants might see it as an intrusion, or that Muslim women in particular might object. However, providers who are already photographing tenants reported they had encountered few problems. Technology deployed included scanning equipment and laptops allowing for photographs to be accessible across all departments.

Some other successful preventative methods were identified, including:

- Tenancy amnesties;

- Exercises to change communal entry door system key fobs to uncover unauthorised occupiers;
- Use of Credit Reference Agency checks at the application stage to detect suspect sub-letting.

A number of Councils reported that there is a growing problem of unlawfully obtained properties being advertised for let in local newsagents, estate agents and on websites. It was deemed that more information and guidance on unlawful sub-letting for letting agents could assist prevention.

Other Local Authorities had detected an increase in deception at the application stage, with fraudsters becoming increasingly sophisticated, and cases linked to other unlawful or criminal activity. Many said they thought gateway checks by trained staff were important and that staff should be trained to distinguish between fake and genuine documents.

## **5. Data sharing**

Effective data sharing can deliver effective results for Registered Providers. In particular the use of credit reference agency data can help to identify inconsistencies between the information held by financial institutions on an alleged tenant and their declared occupancy. Together with information from the National Fraud Initiative, these checks can help investigators focus on the most likely cases of sub-letting.

As Registered Providers are not public bodies, they have much more limited access to basic data checking systems and are heavily reliant on Local Authorities to share data. Some registered providers reported problems with data sharing with Local Authorities, and reported that other agencies can be reluctant to share data if it is not for the purpose of preventing or detecting criminal activity. However, many registered providers had managed to set up information sharing protocols with partners that were working well.

Several examples of data matching were given, which indicated methods of identifying unlawful sub-letting, including matching housing stock to:

- Deceased persons;
- Council tax arrears;
- Library cards;



- Parking permits; and
- Single person discount.

## **6. Enforcement and sanctions**

Many registered providers held the view that the most important thing was to recover the property, indicating they would try to avoid court action wherever possible. It was noted that in many cases the sub-tenant leaves the property at the point of detection, or issue of notice, without the need for any court action.

There were mixed opinions on the merits of criminalising sub-letting. Some felt it would be a strong deterrent, making investigations easier, and encouraging tenants to voluntarily return keys. Others felt it would move the emphasis away from the recovery of properties, and that so long as the existing powers are sufficient to get properties back there is no need for stronger powers.

Those that have pursued prosecutions have done so using a variety of legislation, including the Fraud Act 2006, the Theft Acts 1968 and 1978 and the Proceeds of Crime Act 2002. There have been two test cases under the Fraud Act, the details of which should be circulated to Local Authorities. Some Councils asked for further information on using Civil Action to pursue cases for damages.

## **7. Incentives and disincentives**

While there is a strong moral case for tackling sub-letting, there is little incentive for Registered Providers to address tenancy abuse. Void turnaround costs, rental loss and potential court costs create a financial disincentive for Registered Providers to recover a property. Registered Providers felt that the Local Authority was the main beneficiary of the savings achieved when a household is taken out of temporary accommodation, and should therefore bear the costs. Furthermore they asserted that sub-tenants tended to be 'good' tenants, who pay their rent on time and do not use many services, whereas replacement tenants may require greater housing management resources. Moreover, it was reported that it was often harder and more complex to end a housing association tenancy than a Local Authority one.

Some registered providers reported that stopping unauthorised sub-letting was not a corporate priority. Detecting sub-letting was viewed as an additional responsibility by some housing officers who are required to deliver a range of housing management services. Where it is seen as a priority, it was deemed important to raise awareness and skills among staff, and many providers have invested in training for front-line staff.

It was widely acknowledged that offering a reward to members of the public for referrals had generally not been successful. Most registered providers who offered a reward had not yet paid out any money and reported that the offer of a reward did not generate a higher number of referrals than before. Those referrals that it did generate were not always of a high quality. Some organisations had offered an incentive to staff to make referrals which has worked well. For example, one organisation offers £25 or days out at a spa.

It was agreed that the problem is largely under-estimated. More work needs to be done to determine the true cost to the public purse and the wider impact of this type of fraud on communities. A number of Local Authorities are drawing up business cases to encourage Registered Providers to continue to fund work in this area after funding from DCLG has been used. Several Local Authorities raised the need for a single, credible value of a recovered property that everyone could use in a business case to support the argument for a 'spend to save' approach in Local Authorities and Registered Providers.

## **8. Issues for the future**

Attendees at the workshops were asked for ideas to help tackle social housing tenancy fraud more effectively. Those identified included:

- The creation of a London-wide database for Housing Options teams, so that people who are treated as intentionally homeless cannot present in another area to get a home
- Taking a national approach to housing fraud training
- Disseminating good practice across England
- Creating more guidance on the ways Local Authorities and Registered Providers are expected to use programme money. Some felt that they were doing new, ground-breaking work, whilst other organisations restricted themselves merely to participating in the National Fraud Initiative and conducting tenancy audits

- Updating the Housing Act to include sub-letting
- Expanding the programme to tackle fraudulent Right to Buy applications and leasehold properties

All workshop participants believed that continued funding of the project would reap dividends, with Registered Providers asking for direct access to funds to incentivise them in doing this work.

## 9. Conclusions

The NFA believes that housing tenancy fraud should be a high priority for government, Local Authorities and social landlords. Of the estimated 50,000 properties unlawfully occupied, only a small number have so far been recovered.

If applied across the whole of England, a time-bound programme of preventative, detective and investigative actions building on the initiatives in this report, could bring significant numbers of homes back into the social housing stock, saving money and making properties available for the genuinely needy.

## 10. Acknowledgements

The NFA would like to thank the following departments and organisations for their time and commitment to this project:

Chartered Institute of Housing	DCLG
Barking and Dagenham Council	Lewisham Council
Birmingham Council	Metropolitan Housing Trust
Brent City Council	Oxford Council
Camden Council	Redbridge Council
Ealing Council	Enfield Council
Richmond	Hackney
Southampton City Council	Hammersmith and Fulham
Southern Housing Group	Haringey
Southwark	Harrow
South London Partnership	Hounslow Homes
Thames Valley Housing Association	Islington
Waltham Forrest	Kensington and Chelsea
Redbridge Arms Length Management Org	Westminster

## Appendix A



### Details of good practice in Local Authorities

The three workshops run by the National Fraud Authority (NFA) and Chartered Institute of Housing (CIH) were well attended, very interactive and the majority of attendees stated that they would welcome further workshops on this and other themes.

Social housing is administered by Arms Length Management Organisations (ALMO), Registered Providers (RPs, formerly known as Registered Social Landlords), housing associations or a Local Authority. The workshop attendees were encouraged to discuss the interaction between these different agencies and give examples of good practice as well as challenges and areas for improvement.

This appendix describes the activities of each Local Authority or Registered Provider who attended the workshops, in their own words. It includes several case studies, and greater detail of innovations. Not all the organisations who participated in the workshop had received funding from DCLG, however they reported that they still undertook work to tackle social housing tenancy fraud

## **London Borough of Barking & Dagenham**

### **Results**

- Barking & Dagenham has 19,000 properties and received £50,000 of funding from the DCLG
- The Council recovered 90 properties last year ( mostly voluntary returns) and has 140 – 150 live cases currently
- It usually aims to avoid court, though it is currently prosecuting someone who obtained a tenancy by deception and subsequently exercised their Right To Buy.

### **Methods**

Barking & Dagenham has a dedicated team who carry out case work. It plans to spend part of its funding on an intelligence officer to support current officers. Some of the DCLG funding may also be used to pay for existing staff to maintain the team.

The Council has a dedicated fraud hotline and offered a £500 reward to members of the public but did not get any take-up.

Members of the team have accompanied gas maintenance operatives to visit properties the Authority has struggled to gain access to.

### **Concerns and barriers**

Barking and Dagenham did not have any concerns.

## **Birmingham City Council**

### **Results**

- 12 homes have been recovered so far

### **Methods**

Birmingham City Council is focusing its efforts on ensuring that the infrastructure, policies and mechanisms are in place to allow it to effectively detect and tackle fraud, and being able to respond more effectively when fraud is reported. It wants to be able to apprehend people involved in fraud, not allow them to abandon the tenancy and vanish.

The Council gave an example where a property with a rent of £70 per week was being sub-let at a rent of £125 per room per week. It passes cases to its legal team for criminal prosecution and will seek compensation where possible.

Birmingham City Council Legal Services handles prosecutions (rather than the Police), as it is then feels in control. They are keen to use criminal prosecution when possible, and uses the Proceeds of Crime Act to recover money as compensation.

The Council felt that the Fraud Act and the Housing Act offer the potential for criminal prosecution. It was felt that further legislation is not needed as the existing law is broadly framed.

The Council has not run a publicity campaign to support its work and believes electronic methods such as data matching are the key. There is a good culture of whistle-blowing in the city and there is regular contact with residents reporting neighbours.

There has been training for staff and a pilot scheme to identify problem tenancies. These have had mixed results.

Birmingham City Council used the National Fraud Initiative. This involved a lot of work but did provide some useful material.

Birmingham City Council also undertook data matching of its own databases. This work was done in collaboration with some Registered Providers (RP) and showed evidence of dual tenancies (when a person gets one home with the council and then also takes up a tenancy with a RP, resulting in one home being sub-let). Data matching is proving very useful, particularly the internal database analytical work.

There is mixed feedback on RPs. Some are working seriously with the Council, looking at the dual tenancy issue. Currently 10 of the larger RPs have either signed up or are going through the process of signing up, to share data.

The Council is now considering how to apply added verification on housing applications at critical points, using a data warehouse. It is also looking at how this might be extended to Housing Association property, once applied successfully in the Local Authority.

Birmingham City Council has started to investigate the housing list to identify fraud cases, with a view to preventing them accessing social housing. Six applicants are currently being investigated.

### **Concerns and barriers**

The Council has no problems with Data Protection legislation because they felt they submitted requests for information in the correct way. UK Border Agency has been of great help recently providing information and they are going to be using that in any verification as described above.

Sub-letters will not be given the tenancy when discovered, and will be expected to go on the waiting list if they seek social housing. There are 35,000 people on the Council waiting list. The Council is concerned this pressure on resource will lead more people to exploit the situation.

The Council has experienced some issues with partners' lack of understanding of the Data Protection Act. It thought engagement with utility

companies could hold the key to this problem and suggested a need for national arrangements on how utility companies can help Councils by information swaps.

## **London Borough of Brent**

### **Results**

- Brent Housing Partnership has a stock of approximately 9,000 tenancies
- The 6 biggest Registered Providers have between 500 to 2,500 tenancies in Brent of.
- The audit & investigations unit has two tenancy investigators. In the first 6 months of 2010-11 it has recovered 19 properties for the Council's Arms Length Management Organisation (ALMO). It recovered 26 properties in 2009-10.
- It has received 8 referrals from Registered Providers. 1 tenant surrendered the keys and recovery action has been recommended on 2 other properties, leaving 5 currently under investigation.

### **Methods**

Initially, the Council's Housing Department sent a letter inviting expressions of interest from the Registered Providers. As very little response was received, the Audit & Investigations Unit wrote to the 6 biggest RPs in the Borough.

Audit & investigations began work in July and are now working with 7 RPs. Brent funds and carries out investigations for these RPs using its existing tenancy investigation team, which investigates tenancy fraud for the ALMO. Following investigations, the team gives the RPs a report detailing recommended actions and the evidence to support these. It is the RP or the ALMO's decision whether to go to court and they pay the court costs if this decision is made.

Brent has also offered to provide fraud awareness training for RPs.

### **Concerns and barriers**

The three main concerns/barriers are:



- There has been a delay in signing up RPs
- Funding is only for this year
- Sub-letting is not a criminal offence.

Brent considers the fact that sub-letting is not a criminal offence to be a possible barrier, as there is a limit on what evidence can be collected. The Council has previously used Regulation of Investigatory Powers Act (RIPA - which permits surveillance) to investigate sub-letting cases, but is now concerned it could generate adverse publicity if this is not considered a proportionate response, especially as sub-letting is not a criminal offence.

In future, when the DCLG funding has been exhausted, it is likely Brent will only be able to take referrals where there are housing benefit implications. It is not sure that RPs will be able to fund investigative posts, especially if these work across many Authorities.

The Borough is interested to learn more from other Boroughs' redesigned tenancy verification statements, non criminal RIPA use and to explore whether the cost of recovery could be extracted from the tenant.

Brent also raised the issue that many Boroughs will be asking the same RPs to give them funds once the DCLG funding is exhausted.

## **Bristol City Council**

### **Results**

- Bristol City Council has 27,000 properties and is expecting to find unlawful sub-letting. It has recovered 11 properties so far, mostly in relation to discovery and reclaim of properties no longer occupied
- The Council publicised an e-mail 'hotline' and has taken 106 calls and e-mails, which look to be of good quality. There are a number of prima facie tenancy frauds amongst them.
- A number of the hotline calls stated properties were being used for drugs or prostitution. These were passed to the police to consider action.
- Some cases involve other types of fraud as part of the scenario, e.g. one that may also involve two separate benefit frauds, and another that fraudulently claimed single person discount on council tax.

- A number of suspected "true" frauds are in the pipeline.

## **Methods**

Bristol will prosecute wherever possible and plans to maximise publicity to act as a deterrent to others.

The Council set up a fraud hotline – a generic email address set up specifically for reporting fraud - and publicised its drive to counter housing tenancy fraud, including via:

- The tenants' magazine
- Pay slip notices
- 'Our City' (goes to all households)
- Short video on a loop in council office reception display screens
- Intranet and internet
- Rent statements

Following this publicity, the Council received 30 'quality referral' calls to the hotline (an average of 3 per day). It intends to conduct a complete analysis to discover which publicity method was the most effective later in the exercise.

The Council uses a number of information sources to seek out fraud and recognises that Councils have a huge database at their disposal including taxi driver licensing, student exemptions, SPD, pay slips, blue badge holders, bus passes etc. Data checking identifies potential problem addresses which are then passed to the housing officer for further investigation.

The Council found this more productive than using the National Fraud Initiative. National Fraud Initiative data matching produces huge numbers of problem properties (42,000 for Bristol) but the vast majority are administration issues e.g. a family moving from one home to another and holding keys (and paying rent) for both, for a week. The Council recognises the usefulness of the National Fraud Initiative in identifying benefit and single person discount fraud.

The Council has a single point of contact responsible for National Fraud Initiative work to obtain data matching information. It complies with the Data Protection Act in the validation of all forms, policies, and publicity material and

uses the Audit Commission's Fair Processing Notice informing customers about data matching.

Some Registered Providers (RPs) have more advanced tenancy validation than the Council and make effective use of technology in their vetting processes. 8 RPs were represented at housing tenancy fraud training run by the Council.

A pattern of fraud types is starting to emerge as (i) empty properties (ii) subletting, and (iii) a spin-off from subletting: where two tenants start to co-habit the Council finds that one tenancy is not given up but retained and misused.

Bristol City Council is currently considering other methods of identifying high risk properties, e.g.

- Usage of key fobs for tower blocks
- Payments by credit/debit cards – whose name?
- Gas servicing
- Engaging caretakers and maintenance staff in the project
- Internal data matching

Regarding legislation, Bristol use Sections 2+3 of the Fraud Act and the Forgery Act to prosecute. The Council has suggested that DCLG needs to give Councils more guidance on the use of the existing legislation.

### **Concerns and barriers**

Some organisations were slow to respond and when the Council submits data, the responses are weak. The National Fraud Initiative may reveal problems such as whether a person is entitled to housing or their right to work.

The Council feels it would be useful to get RPs to participate in National Fraud Initiative – there will be greater benefit if all social landlords participate.

## **London Borough of Camden**

### **Results**

- London Borough of Camden's tenanted stock is 22,500 properties.
- The Borough's dedicated housing investigation team working with Registered Providers (RPs) and the Borough's own legal team, has investigated 100 cases last year and 34 so far this year.
- Camden has also conducted publicity and staff training.

### **Methods**

Camden has been using the Housing Act if someone has a property elsewhere: During the tenancy the tenant must not, either solely or jointly, own or rent any residential property which it would be reasonable for them to live in as their home. The tenant must tell the District Housing Office if they own a residential property or have another residential lease or tenancy.

The Borough has also cross checked with lists of gas servicing and properties where there is no access, and any properties where no 'Decent Homes' work has been done.

### **Case Study**

It came to light that a tenant was the proprietor of a property in Islington while she lived in a Camden Borough 3 bed council flat. A Camden investigator served a notice and applied for a court hearing. On the first hearing the defendant appeared with a solicitor and admitted to owning another property but stated that it was in trust for her deceased friend's young daughter. However, there was no proof of this. The defendant was asked to file a defence with proof for the next hearing the following month. That hearing was in October 2010. No defence had been filed and the defendant did not appear at the hearing. The judge awarded the Borough possession forthwith.

## London Borough of Ealing

### *Case study – press release*

#### **Housing fraudster ordered to payback £373,280**

An Ealing woman was sentenced to 12-months in prison and will have to pay out £373,280 after benefiting from housing fraud for more than 18 years.

The woman was prosecuted after an investigation by Ealing Council's Audit and Investigation team.

In January 1991 the Council allocated the woman a two-bedroom council flat in Dee Road after she produced false papers and used a false identity to prove she has been made homeless by her landlady. She continued to live in the property she owns in Greenford, which she failed to disclose on her housing application, and profited from unlawfully subletting the flat in Dee Road. She also fraudulently claimed housing and council tax benefit.

She appeared before Isleworth Crown Court on Friday, 15 October for a sentencing and confiscation hearing. She had pleaded guilty to six charges under the Theft Act 1968 at an earlier hearing on 22 July 2010. A confiscation order for £290,451 was granted. Ealing Council was also awarded £76,697 in compensation and the defendant was ordered to pay a further £6,132 to cover the council's prosecution costs.

Cabinet member for Finance and Performance, Councillor Yvonne Johnson, said: "For 18 years this woman benefited from deceiving the Council and for all that time she deprived someone in genuine need from being allocated this council flat. Her actions were utterly despicable and I'm delighted that she will have to pay back all the money she stole, as well as pay compensation to the Council. The Council is committed to tackling housing fraud and I would urge anyone who has any suspicions about someone committing housing or benefit fraud to report it."

The defendant has already paid £68,456 towards the amount she owes, but if she fails to repay the full amount within 12 months, her prison sentence will be automatically increased to three years. When it is recovered half of the £290,451 will go to the Treasury, with the remaining 50% being shared

equally by the Court Service, Metropolitan Police and Ealing Council. The entire £70,000 in compensation will be paid to the Council.

## **London Borough of Enfield**

### **Results**

- Enfield's housing benefit investigation team has recovered 17 properties (10 in Borough and 7 out of Borough)
- In addition to this it has issued 15 Notice to Quits which are still outstanding and 2 vacation notices which are due to expire. The Borough's housing stock is 13,800.

### **Methods**

London Borough of Enfield has an ALMO – Enfield Homes. Enfield received DCLG funding. As a result, Enfield's Audit Risk Management Division agreed to conduct some tenancy audits on behalf of the ALMO.

Two investigators were employed short term, reduced to one officer after DCLG funding was exhausted. There were no housing investigators in place before the project began.

The Borough purchased an online, computer based, fraud awareness training system which is bespoke for housing staff and will be rolled out to Enfield Homes and Registered Providers (RPs). Training was conducted for RPs and Enfield Homes housing staff and further training will be delivered via UK Borders Agency and City of London Police.

Out of Borough visits were conducted where photographs of tenants are taken as part of the tenancy audit process.

Enfield attended RP, anti social behaviour and estate management group meetings during which they encouraged RPs and other parties to refer cases to them.

## **Concerns and barriers**

Some RPs are quicker than others to take action following completed investigations. This may be due to a lack of capacity or conflicting priorities.

The housing benefit investigation team is currently writing a paper on how it can continue the project and obtain funding from the RPs and/or the ALMO.

### ***Case study 1: 3 bedroom property***

Housing officers had not seen or spoken to the actual tenant for 11 years. Every time Enfield Homes visited the property it was told the tenant was at work or away. The investigation officer conducted many background searches but could not trace or find any record of the tenant. A visit was conducted at the property; the door was answered by a young lady who stated the tenant was away at work. The property was inspected, an audit of the household composition was undertaken and identities were checked which showed that a family resided at the property instead of the rightful tenant.

The family confessed to living at the property for the last 11 years and had assumed the identity of the tenant for council tax and housing issues but used their own identities for everyday life. The family members are all in full time employment and have registered with their employers as living at the Enfield Homes address for the past 11 years. Two children in the family have degrees, with one child returning to university to study a master's degree.

The original tenant was given housing after moving here from Montserrat but returned because they did not like England. The original tenant gave the family the house in goodwill after moving back to Montserrat. Court action is in progress to recover the property.

### ***Case study 2: 3 bedroom property***

The right to buy application was initially blocked; a second application was submitted with false details, which was also blocked. The tenants could not be contacted after three visits had taken place. Enquiries with neighbours

established that the tenants were rarely at the property and just returned periodically to pick up post.

Contact details were left with neighbours and they were asked to call if tenants returned. Background checks found that the tenants were living in Hull. The tenants also owned three houses and two businesses. Hull City Council confirmed all the properties were registered for council tax and business rates.

The Borough received a call informing that the tenants had returned to the property. A visit was conducted immediately and the tenant spoke to the officer, showed them around the property and offered them tea. When the tenant understood they were under investigation, they claimed they could no longer speak or understand English. An interpreter was required and after giving clear explanations of the concerns surrounding the tenancy, the tenant admitted to living in Hull and agreed to sign the house back to Enfield Homes.

The property was recovered.

***Case study 3: 1 bedroom property.***

Enfield Homes had not made contact with, nor seen the tenant at the property for some time and referred the issue to the housing benefit investigations team. After conducting five visits, no contact had been made with the tenant.

The neighbours confirmed the tenant had not been seen for some time. Background checks confirmed the tenant was not at the address and that another person was resident. Further checks with UK Borders Agency proved the tenant was out of the country. A further visit was conducted at the property and a man was seen leaving the building. He admitted that he had been present when the earlier visits had been conducted and did not answer the door because the rightful tenant had instructed him not to do so. He admitted that the tenant was in Canada and gave contact details for the



tenant. The rightful tenant called and confirmed he was living in Canada and was not returning to the UK.

The property was recovered.

#### ***Case study 4: 3 bedroom property – Enfield Homes***

A right to buy application had previously been blocked. Six visits were conducted by the housing benefit investigations team to establish residency. Visits established the property was sublet. Statements taken from the unlawful subtenants provided evidence of payments being made into tenant's account.

Background checks were carried out and Land Registry documents proved the tenant had purchased a property in Hatfield in 2005 for £365,000. The Enfield tenant was registered for council tax and single person discount in Enfield and also in the Hatfield Borough. A visit to the Hatfield property found the tenant living there with her husband and three children. The tenant applied for a vacation grant which has been blocked. The subtenants have been informed, eviction notices are pending and court action is in process to retrieve property.

## **London Borough of Hackney**

### **Results**

- 47 properties have been recovered so far this year against a target of 52 by the end of 2010
- 108 cases are on-going

### **Methods**

Hackney has spent its DCLG funding on a post to focus solely on Registered Provider (RP) properties, as its ALMO already has an investigation team that deals with tenancy issues in Hackney stock. This team also looks at the National Fraud Initiative stock matches.

The investigator offers a free, bespoke, investigation service to RPs up to the point of going to court. If a case does go to court the RP will pay court costs. The usual approach is to avoid court, with joint visits being carried out with the RP to recover keys instead. Hackney asks RPs for 100% nomination rights for returned properties.

As well as referrals, the investigator also follows up National Fraud Initiative matches, as long as one of the properties is in the Borough, and other indicators of possible subletting such as non-access for gas servicing.

Hackney has provided fraud awareness training for RPs and helped redesign some RPs' tenancy audit forms. RPs have been very receptive to the training and now generate a large number of referrals. Hackney is also considering UK Border Agency training to help front-line staff identify fake documents and has encouraged RPs to introduce taking photos of tenants at the point of sign-up.

The Borough has identified non-payment of council tax as an indicator of housing tenancy fraud and has £2.5million worth of cases to follow up.

Hackney's work was recognised by ALARM (Association of Local Authority Risk Managers) and it was "Highly Commended" in the asset risk category at the ALARM national awards ceremony.

### **Concerns and barriers**

Hackney's funding runs out in January/February and it is exploring what options are possible to continue this work.

## **London Borough of Hammersmith and Fulham**

### **Results**

- Registered Provider (RP) stock is over 13,000 in the Borough.
- There have been over 100 referrals since February 2010. Of over 60 ongoing referrals being scrutinised, 14 properties have been returned.
- The Borough has been working with 13 housing associations including Notting Hill and Shepherds Bush.

- One person has claimed a £500 reward reporting a sub-let scheme run by DCLG
- The Borough is currently taking a case under s3 of the Fraud Act 2006, which also involves housing benefit fraud.

## **Methods**

London Borough of Hammersmith and Fulham takes a robust approach to housing tenancy fraud. It has recently seconded someone from housing register investigation to work with RPs on this project.

Hammersmith and Fulham has conducted a lot of publicity, including:

- Creating an inbox on its website
- Posters and other information

The Borough has a strategy to avoid going to court where possible. It conducts as many background checks as possible to demonstrate residency at another address, then presents the tenant with the evidence so giving the tenant the option of signing a vacation notice.

It has also provided training to RPs including UK Borders Agency training.

## **Concerns and barriers**

The Borough has found varying quality of referrals and differing responses from RPs. It is now working with the RPs to improve that quality, providing fraud awareness training for RP housing officers. Another barrier is that different RPs have different approaches once an investigation is complete, when action needs to be taken against a tenant.

### ***Case study – press release***

A resident who suffered years of misery as a succession of dodgy tenants moved into his block of flats has finally shown them the door – thanks to Hammersmith & Fulham Council.

The resident said he was woken at all hours and regularly had his housing association flat flooded by strangers living above him after the tenant moved out and started letting the home out at market rates.

The latest rule breaker was caught out after the Council launched a high-profile campaign to encourage residents to report fraudsters who unlawfully sub-let their homes.

Unlawful sub-letting is when a council or housing association tenant moves out and lets the flat out to someone else, making hundreds of pounds a month by cashing in the difference between the controlled rent they pay and the market rate they charge.

Investigators from the Council's anti-fraud team swooped as a result of the resident's tip off, which he made after reading a story about the Council's zero-tolerance crackdown in Hammersmith and Fulham News. The resident, who picked up a £500 reward for giving the Council information that led to the property being returned, said his case proves action will be taken.

He said: "About 15 years ago a young family moved in, but they suddenly moved out and new people started arriving who would never answer the door. Every time you complained, they just moved out someone else came in. At one point a gang of about 10 builders moved in and kept my family awake all night getting drunk. Once one of them ran a bath and forgot about it, flooding my bathroom.

"I heard the Council was running a campaign against unlawful sub-letting but I couldn't believe how quickly things happened, within a couple of months of my call they were out."

The investigation team traced unlawful tenant to a plush five-bedroom house in Basildon, Essex, with flashy cars parked outside. When confronted, the tenant handed over the keys to the flat, which is owned by housing association Southern Housing Group.

Under a Government scheme called the National Fraud Initiative, housing associations can now share information about their tenants with councils if they suspect fraud is being committed, meaning cheats have nowhere to hide. Councillor Lucy Ivimy, Cabinet Member for Housing said: "No resident has to suffer in silence and if you suspect someone is unlawfully sub-letting a home then I would urge you to contact the Council so we can do something about it.

For a limited time there could be a cash reward for information that leads to recovery of unlawfully sub-let tenancies and you can remain anonymous”.

## **Harrow Council**

### **Results**

- Harrow has 5,000 stock and received £50,000 of DCLG funding which ,at the time of the workshop, is still to be spent.

### **Methods**

Harrow is planning to spend the DCLG funding on a specialist officer for one year. Due to the pooling of funds, this post will be jointly managed by the corporate anti-fraud team and housing management.

Harrow has already met with the largest Registered Providers (RPs) in the area. Not all have engaged with the Council, although those that have are now referring cases to Harrow. The Council has also carried out a poster and flier campaign to encourage referrals from the public and has a fraud hotline.

Harrow ran a two week amnesty but did not have any properties returned, however it hopes this will strengthen its case if it does decide to prosecute anyone later. Harrow reports there is an appetite for prosecutions in this area and that some councillors opposed giving people the opportunity to escape prosecution through the amnesty.

Harrow is targeting tenancy audits at properties that: have not reported a repair in the last two years; refused access for decent homes work and gas safety checks; and/or have rent accounts more than £1,000 in credit. Harrow has also given repairs operatives a ‘mini-tenancy audit’ checklist of five questions to help identify potential fraud cases.

The Council has also compared its data with information from the registrars to identify where it has not been informed of a death. It may also do this with births.

## **Concerns and barriers**

Harrow has an information exchange protocol with the police including a quarterly meeting with them. This is not seen as a priority for some other Council departments and it has been difficult to get buy-in across the organisation. To try to tackle this Harrow is physically rearranging its office so that people sit with others who work in the same area as them, rather than others who work in the same service area.

## **London Borough of Islington (Homes for Islington)**

### **Results**

- Homes For Islington stock figure is 25,000 tenancies and 10,000 leaseholders
- So far, in 15 referrals, 8 keys have been returned and the remaining 7 are under investigation

### **Methods**

The London Borough of Islington team will be visiting approximately 13,000+ homes with 2 or more bedrooms in this financial year to try to identify under-occupation. Indications from visits conducted to date are that approximately 47% of stock is under-occupied.

In recent years the ALMO has been recovering 90-100 cases a year. The Borough's housing investigations team has been established for many years, is very experienced and uses a range of methods to tackle fraud. The team is also responsible for tenancy audits (it conducts 10% a year), and its work links to the under-occupation campaign.

The Borough has used the DCLG money on a housing investigation officer working in partnership with Registered Providers (RPs) to assist them in identifying and tackling housing fraud. This has included running a seminar which all 43 RPs in the area were invited to, a self assessment survey and

visits to conduct 'health-checks' on RP approaches. Most, but not all, RPs in the area have engaged with these activities.

Photos are being taken of tenants at sign ups of new tenants, as recommended by The Suzie Lamplugh Trust. Islington does not take pictures during audits.

Homes for Islington did not offer an incentive to members of the public for tip-offs. Most of its referrals come from RPs rather than the public.

Homes for Islington identified properties to investigate by various means:

- Staff referrals
- Contact from residents
- Gas safety checks
- Decent homes work
- Hotline
- Web form
- New tenancy visits – carried out shortly after the tenant moves in, which can expose problems.

The Borough has:

- Conducted site visits to 8 RPs
- Led half day briefings
- Developed a self assessment tool
- Instigated a procedure check
- Swapped policies and procedures with RPs

'Creativity is essential!'

- Islington also uses Facebook, Friends Reunited and Google to investigate suspected fraudsters. One tenant had her own website that demonstrated clearly she was not in residence

The Borough conducts regular publicity:

- Regular reminders pointing out tenancy conditions
- Maintaining a culture where residents tell about sub-letting. The huge unmet demand in London Borough of Islington means that many residents do respond if they see something wrong
- A bus stop poster campaign has also been useful

In civil actions, Islington will explore the potential to seek damages, but the priority is to get the home back. Where damages are awarded but not paid, a charge can be put on the property. Islington has not taken any action on recovering damages to date, but is hopeful to explore this area of recovery this year.

A variety of issues are being uncovered:

- Sub-letting
- Fraudulent right to buy (court cases to over-turn leases have been successful)
- Living elsewhere
- Fraudulent succession – there are significant challenges to investigating this work but they have not lost one so far
- Deception at the point of application

Of the 100 cases dealt with from the ALMO stock last year, only six were dealt with as homeless. Of the original tenants, two presented as homeless, of which one was accepted. The other case is still being considered.

Housing tenancy fraud is being taken seriously from the top. A strategic group, including the Chief Executive, monitors progress.

### **Concerns and barriers**

A key issue is 'intention to return' – if the tenant is paying the rent and saying that they will come back, it is difficult to get the home back.

Sharing good practice would help across Councils. Homes for Islington has identified a need for this work to continue beyond this year. It is considering options for funding the housing investigation officer post after the DCLG money has been used and is currently considering the business case for RPs to fund this work between them.

### **Case study**

In one of the cases investigated for Hyde Housing Association (Packington), the tenant was found to be living in Loughton, Essex. She had been re-



housed following a decant programme and given a 2 bedroom flat and £6,900 home loss payment. When presented with the evidence, she returned the flat together with the home loss payment.

## **London Borough of Kensington & Chelsea**

### **Results**

- Kensington & Chelsea has recovered 13 Registered Provider (RP) properties and 9 ALMO properties since April 2010. During 2009/10, 15 ALMO and 8 Registered Provider properties were returned.

### **Methods**

The Borough has two posts carrying out investigations. One is 50% funded by its ALMO and 50% by housing needs, so will remain regardless of DCLG funding. The other post is funded by DCLG grants and Kensington & Chelsea is currently putting together a business case for the top 11 RPs in the area to fund it in future.

The Borough recognises the difficulties for RPs in funding this work and is trying to make a business case by waiving nomination rights to recovered properties and by offering initiatives including fraud awareness training as part of the package. It has allocated 12 places per RP organisation on fraud awareness training.

Kensington & Chelsea has two quality assurance investigators funded by the temporary accommodation team, who conduct 50 visits a month. 26 temporary accommodation cases have been stopped, with both keys returned and duty discharged. Most are out of Borough addresses across East London and Essex. Kensington & Chelsea offers its ALMO a 10 day turnaround on basic succession enquiries.

The Borough also helps its ALMO by identifying new addresses for the top 100 cases of former tenant arrears. Although not directly related to tenancy fraud this adds value to its relationship with the ALMO. It has also looked at tenants who are £3,000 in credit.

Staff receive computer based fraud awareness training and the Borough hopes to roll this out to its RPs soon, if it can overcome technical barriers.

Kensington and Chelsea has a webpage for the public:

<http://www.rbkc.gov.uk/businessandenterprise/fraudawareness.aspx>

### **Concerns and barriers**

Kensington & Chelsea has identified a problem with its out-of-Borough temporary accommodation. Some people who are re-housed there temporarily are actually staying with friends and relatives in Kensington & Chelsea but claim to be living there so as not to lose their 'place on the housing register'. These properties have been targeted for tenancy audits. The Borough will also be inspecting providers, tying up invoices and any irregularities.

### ***Case Study - press release – 15 November 2010***

#### **Man who sub-let Council flat evicted**

A man who sub-let his Council property has been evicted and ordered to repay over £7,000, including all the profit he made from his fraudulent activity.

Investigations by the Council's Corporate Investigation Group and Tenant Management Organisation (TMO) Neighbourhood teams discovered that the accused was sub-letting his property through a letting agency, hiding the fact that he was not actually the owner but a TMO tenant. When officers visited the address they found a businessman living in the property who had been paying rent of £300 per week.

At West London County Court, District Judge Nicholson ordered that the defendant's profit from sub-letting constituted unjust enrichment and found in favour of TMO. This was in addition to a repossession order.

In total the defendant was ordered to pay £7,179.52 which included costs, rent arrears and £2,993.70 profit plus interest.

Councillor Timothy Coleridge, Cabinet Member for Housing, said: "We try to provide the best home possible to people in genuine need of help and it is

always a great disappointment when someone chooses to abuse the system and steal a home from someone who deserves it. The court has sent out a clear message of what will happen if people are caught defrauding the Council and I wish to congratulate the Council officers whose hard work led to this conviction.”

## **Oxford City Council**

### **Results**

- Oxford has recovered 21 properties. 15 of these cases were homes where housing and council tax benefit was also being paid to the tenant, whilst they were sub-letting. This stopped £1500 of benefit per week being paid
- For these 15 homes, the Council used Social Security Administration Act powers in relation to the associated benefit claims

### **Methods**

Oxford provides strong evidence that sub-letting is not a London-only problem. Housing staff do not have the training, investigation skills and tools to conduct full and thorough investigations of alleged sublet properties. The approach to suspected sub-let properties by housing officers is to make one or two unannounced visits to the property, talk to neighbours and then to arrange a tenancy review by appointment.

When the Council was awarded the £10,000 by DCLG, the housing department matched it with a further £10,000. The Council employed a temporary member of staff to develop this area from within the Council for 6 months. Due to the nature of the work; the investigative process and procedure, the post was initially located within the housing department, which meant the housing investigator spent most of their time within the investigation team. The investigation team supported and advised on the investigative process and procedures so that the housing investigation officer post could develop.

The employment period for the housing investigation officer post has now finished and a business case has been put forward requesting this post be made permanent.

Oxford found data matches in the National Fraud Initiative were high quality and revealed 4 of the 21 properties now recovered.

Referrals were received from:

- The benefit section - queries picked up from the data held on the benefit system.
- Customer services - front line staff who picked up discrepancies and reported their concerns
- Housing officers - who picked up discrepancies and reported concerns. A particularly useful source of intelligence was referrals from the Council's gas service team - where the officers had arranged appointments to visit properties to check the safety of gas pipes, supply etc and there was no one at home or others found in the properties. .

The Council has a referral form for officers to use if they suspect a property is not being lived in or has been sub-let.

Referrals were also received from the public as a result of:

- Establishing an email address for reporting allegations of tenancy fraud, [tenancyfraud@oxford.gov.uk](mailto:tenancyfraud@oxford.gov.uk)
- Promoting the housing fraud 'hotline' in the local press, Tenants News, Oxford Accents and on the internet. This resulted in 60 referrals
- Tenancy fraud form within the Lagan system to record and forward any allegation received via the phone. The form is first directed to the housing estate managers, who carry out a household review of the property before forwarding the referral to the housing investigation officer
- Setting up a reporting form for suspected sub-let Council properties. This can be found on the general 'Report it' site which is linked into the Lodgers and Subletting page within the housing section of the site. The 'Report It' form is directed into the tenancy fraud email box accessed by the housing investigation officer and the officers in the investigation team.

The six month project included some work with RPs. Two properties were recovered as a result and these are not included in the 21.

The housing investigation officer:

- Held meetings with all of the RPs to discuss referring cases and partnership working. This established working partnerships with other social landlords and will help develop good practice and working procedures
- Recognised a need to improve communications and exchange of information between the Local Authority and some RPs. This included promoting and improving the level of focus on tenancy fraud and the importance of recovering sublet properties to decrease the demand for social housing in the area.

One RP expressed interest in carrying a proactive exercise on all its properties in a high risk block of flats where it suspects many are sub-let. It is looking to work proactively and in partnership with the Council in the future.

Oxford has not dealt with any of the 21 as criminal cases. It has made two cautions and may place greater emphasis in convictions in the future where appropriate.

Requesting data under the DPA has been generally easy; however, if there is no housing or council tax benefit in payment at the property, it does become more difficult to gather intelligence.

The Council has established very good working relationships with its local NHS and local Education Authority.

The Council stresses it is vital not to be seen to be 'fishing'. Under the Data Protection Act s29(3) it asks for the name and address of the doctor that the tenant is registered with, others registered at the property address and the date that they were registered. The information often supports the material fact that the tenant is registered with the GP as living elsewhere and the date from which the 'tenant' has been at the 'other' address.

To request information from the NHS, Oxford contacts the fraud and investigation team, which has the fraud and anti-fraud promotion role within NHS. Oxford has also asked for details of the schools the children attend and the date that they started.

## **Concerns and barriers**

Oxford expressed concern that it felt some RPs are complacent, and that if rent had been paid and the sub-lettee was not a problem, they would be less likely to take action and not consider the full impact on the availability of social housing.

Another barrier is high rise accommodation blocks, in which it can be difficult to carry out observation and gather intelligence. In these situations, the Council relies on neighbours to help.

The Council notes that there are legal gateways to obtain, intelligence and information in cases of suspected benefit fraud. All enquiries need to be reasonable, proportionate and necessary. It gives access to credit checks, financial data, access to information held by utility companies and communication companies, bank accounts and more. Councils can combine this type of intelligence with information held on record by the NHS and education departments and have excellent evidence, sufficient in most cases to prove a case of subletting. There is a need for something similar to cover housing investigative work and suspected housing fraud.

## **London Borough of Redbridge**

### **Results**

- Redbridge received £50,000 of DCLG funding.
- It has 4,600 stock managed by an ALMO and has recovered 5 properties, with more anticipated.

### **Methods**

Redbridge has no specialist housing investigators, but does have dedicated fraud resource within audit and the housing benefit teams. With the funding received from DCLG it has funded:

- Housing benefit team to carry out a 100% tenancy audit, which working with the ALMO and has to date recovered five properties (with more

anticipated). Visits were conducted out of hours to maximise the effectiveness of the visit.

A data matching exercise, approached as part of a consortium with 4 neighbouring Local Authorities – Tower Hamlets, Havering, Newham and Waltham Forest. With 3 of these Local Authorities it has procured a data matching exercise with a credit reference company. Redbridge has submitted its own data on tenants whose tenancy audit visit was inconclusive as well as information on all Registered Provider (RP) tenants on housing benefit within the Authority. The intention is for the housing benefit team to investigate any possible sublet that is flagged by the exercise, as well as any potential housing benefit issues. RPs who wanted to take part in the data match exercise had their data returned directly to them, with the exception of those on benefits who will be dealt with by the housing benefit team.

- Sub-letting investigation training. The Borough is also looking to adapt on-line training for general fraud awareness to be rolled out to ALMO and RP staff.
- Publicity campaign, including posters and leaflets with the Borough's whistleblowing contact details.
- A member of the audit team to manage the exercise

Redbridge carries out Experian checks on everyone at sign-up. It also carries out 100% home visits at point of offer and photographs tenants for ID purposes.

### **Concerns and barriers**

The Council has concerns about whether it will be possible to progress the exercise due to potential staff and budget cuts, which will limit access to future resources.

Whilst there is a relatively low risk of sub-letting fraud in Redbridge (several factors contribute to this including small stock / low turnover of tenants), the Council recognises it cannot be complacent and needs to ensure there are trained "generalist" investigators.

## **Southampton City Council**

### **Results**

- Southampton City Council is a stock retaining council which received £50,000 DCLG funding
- So far Southampton has recovered approximately eight properties, with the keys being surrendered voluntarily

### **Methods**

Southampton has prioritised working on its own stock initially, with the work being led by its housing department. Southampton does pass referrals on to Registered Providers (RPs).

Southampton City Council has spent £20,000 on a data matching exercise using GB Group, with the rest of the funding spent on staffing. It has also rewritten its policy to integrate all types of tenancy misuse.

The Council reported mixed results getting other agencies to share data. Some agencies were reluctant to share data because it was not for the prevention/detection of a criminal offence, however the Council has managed to compare data with utility companies and other council departments such as parking permits.

Some of its flat blocks have concierge staff and they have been useful in identifying cases. The Council also takes photos at sign-up and checks ID when distributing new key fobs.

Southampton has been serving Notices To Quit on the basis of non-occupation rather than sub-letting, as it is easier to prove.

The Council is considering both the introduction of out of hours visits, and reviewing whose signature appears on certificates. The introduction of Home Safety Checks (sometimes known as tenancy audits) next year will also help detect sub-letting.



### **Case study**

In response to an anonymous phone call alleging that the tenant was subletting his council home, the housing officer carried out a series of unannounced visits to the property at different times of day.

On each visit the tenant was found not to be at home, although a young man and woman, neither of whom were the tenant, were seen at the property on a number of occasions.

When interviewed about the living arrangements at the property, the tenant suggested that the allegation was a malicious complaint. However, a subsequent utility company data disclosure indicated that the billing account was not in the name of either the sole tenant or the previous tenant, despite having been set up two months after the start of the tenancy.

When asked to comment on this information, the tenant denied knowing the utility account holder or how the account had been set up, but was unable to provide any evidence to support his claims that he had been living at the property since the start of the tenancy.

The tenant returned the keys to the property in response to Notices to Quit served on both the tenant and the unlawful occupiers.

## **Southern Housing Group**

### **Results**

- Southern Housing Group (SHG) owns/manages 25,000 homes across Southern England
- It has not received funding directly from DCLG and works in over 70 Local Authority areas, some of which have received funding.

### **Methods**

It has created a hotline number for residents or members of the community to report unauthorised occupancy. This provides manned phones between 8am-8pm with a voicemail out of hours. The report can also be made anonymously if the caller wishes.

Southern Housing Group uses posters and fliers, supplied by DCLG and targets estates that have been identified as having a sub-letting problem. It has also put articles with a cut out free post coupon for making referrals, in a residents' magazine.

A number of the Local Authorities that Southern Housing Group works with have run staff awareness training and have helped to look at the Group's policies and procedures.

### **Concerns and barriers**

There are different levels of joint working with different authorities. Some will do background checks, some will do joint visits (e.g. joint tenancy audits with Kensington & Chelsea) and some will take referrals. It varies from one area to another and there is no consistency in approach.

Some Local Authorities have not been keen on sharing data and this can be a real barrier. In general, London Local Authorities have been more forthcoming than those outside London.

The Group feels it would be helpful to have access to some of the tools that Local Authorities have, for example access to Credit Reference Agency data. Some Local Authorities may be looking for Housing Associations to part-fund the continuation of joint working on sub-letting, which could be costly for those that have stock spread out across many different boroughs.

### ***Case study : CIH Article - Joint Working Initiative***

The Unauthorised Occupancy Specialist (UOS) for Southern Housing Group (SHG) started in May 2010. The role was created to offer support and advice to staff when dealing with unauthorised occupancy and to tackle unauthorised occupancy through taking on cases. Part of the role of UOS is to build relationships with Local Authorities and external parties.

As part of a joint working initiative SHG met with Islington's Housing Investigations Manager and one of their Officers. During the meeting SHG discussed how they could work together on cases that had been identified within SHG. Islington advised that it had a dedicated Officer who would be working with other housing providers on identified cases. It was agreed that

their designated officer would work jointly with the UOS on three cases to begin with. It was agreed that this would be an ideal way to share good practice and for Islington's investigations team to share their expertise in this area.

In two cases Islington was able to carry out checks on council tax records, and use credit and other external agencies to provide evidence that the tenants were linked to other addresses. Islington was also able to liaise with other Boroughs' school and education departments to collect evidence that the children of tenants were attending school in areas outside of London. Once external agency checks had been carried out and SHG had carried out internal searches on its own systems, a joint visit with Islington's investigations officer was carried out.

During case no. 1, the tenancy audit and interview with subtenants were led by Islington. In case no.2, SHG was able to take the lead on interviews following the interview techniques that were shared with Islington. In case no.1 the resident handed in notice of termination 1 ½ weeks after the case was referred to the UOS. In case no. 2, the resident surrendered her tenancy after 6 weeks of the case being referred to the UOS. In both cases, court action was not required and both properties have both been regained by the Group.

Taking a joint working approach with Islington's housing investigations team has forged a stronger relationship between the organisations.

Through the money funded by Central Government, Islington was able to dedicate an officer to work with other housing providers. This has highlighted several advantages, such as being able to gather relevant information from a number of sources in a timely manner. This has proved more difficult in other areas where the Local Authorities have not taken such an approach to joint working. As Local Authorities have access to more areas and have more powers than registered social landlords, it has proved beneficial to work together so that SHG is able to tap into these resources.

SHG has now signed up to some external agencies that can help with checking details of the tenants and is currently looking into signing up with a

credit provider so that it is able to access some of the information that Local Authorities have access to.

As the UOS is a new role within SHG, it has proved valuable working with a more experienced team. In terms of case investigation, the UOS was able to pick up evidence gathering, interviewing and case handling techniques. In the future the UOS would like to continue to work with external parties and highlight the importance of this.

## **South East London Housing Partnership**

### **Results**

- Lewisham: 9 properties returned
- Bromley: 7 properties returned and 37 ongoing cases
- Southwark: 8 properties returned and 33 ongoing cases
- Bexley: 4 properties returned and 9 ongoing cases

### **Methods**

South East London worked as part of a group approach which included 4 London Boroughs, each paired with a Registered Provider (RP). Southwark has a fraud investigation team, which has allocated one investigation officer to work with each Local Authority and partner RP. It is agreed that the RP staff will carry out the tenancy checks and where unauthorised occupation is suspected, refer these cases and National Fraud Initiative matches to the allocated investigation officer to pursue.

The investigation officers work with both the RP staff and Local Authority to determine whether there is any fraud and, if there is, go on to pursue the recovery of the tenancy. The investigation officers also return to their own Southwark office regularly to review cases and share any good practice.

The team priority is getting the keys back, although it does have some cases currently going through the courts.

Across the 4 Boroughs, the group received a total of £180,000 in DCLG funding. This has been used to cover the fraud officers' salary, investigation, court costs and forthcoming training.

South East London Housing Partnership has developed the information sharing protocol originally put together by Westminster.

The most common form of unlawful occupation to date is sub-letting. To detect potentially fraudulent cases, the group uses National Fraud Initiative matches plus cases referred by housing officers and also:

- No response to gas safety or tenancy checks
- Caretakers, Revenue Officers and Neighbourhood Wardens
- Changes in payment patterns (i.e. cash to direct debit or vice versa)
- Tip off calls from members of the public
- General concerns raised by tenants
- Internet database searches i.e. 192.com

### **Concerns and barriers**

A wider meeting to share the findings and lessons learnt from the scheme is planned for autumn 2010.

## **London Borough of Waltham Forest**

### **Results**

- None so far, but 960 high risk cases will be looked at.

### **Methods**

The Borough's investigation team has been working as part of the East London Tenancy Fraud Group on the DCLG Tenancy Project. To ensure best value, they have together sourced the services of the GB Group who provide a targeted data matching service.

London Borough of Waltham Forest sent data on 8,451 Council tenants and 7,891 Registered Provider (RP) tenants for matching. Family Mosaic also sent 1,162 of its own records for properties in Waltham Forest to the GB

Group. This exercise matches tenancy data with private credit data such as bank, phone, utility and other subscriber accounts and generates three categories of results:

- Tenants present at the property with no other unexpected individuals
- Tenants present at the property but with other unexpected individuals
- Tenants not present at the property.

It identified a total of 960 high risk instances where the named tenant did not appear to be resident and 643 instances where there were previously undeclared, additional, names listed at the property.

Because this service was procured as part of a group, it resulted in a lower than usual price of 80p per record. Waltham Forest also paid for some RP data to be included in this exercise.

London Borough of Waltham Forest has currently spent £15,000 of its funding and is now considering the purchase of software to refine data already received and assist in further data matching.

It has carried out fraud awareness presentations for its ALMO and will be preparing further training to be rolled out to RPs.

Visits and further investigation are due to start on all high risk matches by the end of October 2010.

### **Concerns and barriers**

The main concern is future funding, but once DCLG funding is spent, London Borough of Waltham Forest will be looking to offer a housing investigation service to RPs.

## London Borough of Westminster

### Results

- Westminster set a target of 35 live cases. It now has 57 open and 46 live cases
- It has a test case under s3 Fraud Act 2006
- The social housing stock in the City of Westminster comprises 12,260 City West homes and approximately 13,000 Registered Provider (RP) properties.
- There are also 1,800 households in temporary accommodation.

### Methods

The internal audit contract, comprising of audit and fraud investigation work is carried out by RSM Tenon, a private sector company under contract to the Council. As part of this contract, RSM Tenon handles all Council fraud work (housing benefit, parking, education, and housing). The grant provided by the DCLG was used to fund a dedicated counter fraud specialist from the internal audit team who works exclusively on the project.

The designated investigator has been dealing with cases from both Westminster's ALMO, City West Homes and those RPs who wanted to be involved in the project. Due to the nature of this partnership working approach, a steering committee was set up to facilitate dialogue between the stakeholders, allowing for greater risk assessment and a data sharing protocol to help investigatory processes. The service was offered to RPs at no cost while the funding for the project continued.

After consultation with the RPs and City West Homes the project was structured to accommodate:

- Four campaigns targeting problem areas
- Two training sessions, one for City West Homes and one for the Registered Providers
- Six outreach sessions to expand on the concept of a counter fraud culture within the public
- A target of 35 live cases

After consultation with the Registered Providers and direction from the steering group, the investigator recommended systemic weakness should be targeted along with the investigation of cases when they were referred. It was established that, by having good practice throughout, the ability to commit unlawful sub-letting would diminish, reducing the risk of housing stock being misused or misappropriated.

The housing fraud referral process was re-designed and made clearer, so that there was one person to contact for all housing fraud cases. The fraud hotline was also used so that the public could report the fraud in an identical manner to housing benefit fraud.

The hotline was promoted by a poster campaign highlighting the £500 incentive and in identical leaflets placed in housing offices for both City West Homes and the RPs.

In addition to the referral process, data matching was also used where appropriate and joint working with the housing benefit fraud team was encouraged.

Westminster has found a mixture of sub-letting, obtaining a property via deception and key selling.

From the outset, it was agreed the cases should be viewed as potential fraud and so would need to be provable beyond a reasonable doubt rather than on the balance of probability. This approach allowed the investigator to have a very strong case before approaching the tenant during an interview.

Keys were handed over in light of the evidence produced at these interviews, reducing the need for court action to a minimum of cases. This had the dual effect of reducing cost for legal action and freeing up the property to be used.

As Westminster's ALMO, City West Homes already conducts tenancy audits on a large scale, so this was not included as part of the project by the investigator. The profile of counter fraud was raised with the housing officers, through counter fraud training and strengthening the existing good practice. A redesign of the tenancy audit sheet is being considered, encompassing a greater degree of counter fraud control, including robust ID checks coupled



with a declaration to be signed by the Tenant. This can be a vital piece of evidence later and enables prosecution under the Fraud Act if a false declaration has been made.

Although Westminster's approach is to avoid court to keep cost low, it is currently attempting to prosecute someone using this act as a test case. This is maintained by having prosecutable (criminal) standard investigations as standard.

Councillors and RPs in Westminster are discussing options for funding beyond this year, believing the project has been a success and this structured approach is working.

Westminster is now looking at various approaches including targeting accommodation agencies and their role in unlawful sub-letting, and what checks can be put in place to disrupt fraudsters.

Treating the cases as acts of fraud will continue, allowing greater powers to both detect and prevent. It is hoped that, through this approach, sub-letting will be reduced in the City of Westminster.

### ***Case study***

A Registered Provider (RP) referred a case to the designated investigator (DI) regarding a potential sub-let of one of their properties. It transpired that the female involved had moved her partner into the property and after a relationship break-down, moved to the countryside.

The DI was informed that the 'tenant' had her own business which advertised on the internet, so DI used this to establish her IP address and obtain the business address. Cross referencing this with basic 192.com checks, the DI could establish in which Authority both the business and true home address were and therefore who the liable charge payers were. The DI then discovered that the property outside London had been purchased by 'the tenant' while she was registered in the Westminster property. A Land Registry print out was obtained for records. Using data mining techniques, the DI downloaded information and images from 'the tenant's' blogs regarding her work, life and her estranged partner, for future reference.

Having established that 'the tenant' no longer resided in the property, the DI then turned attention to the alleged sub-let residence. Through credit history searches the DI could see that the tenants ex-partner had lived at the one bed property since 2004, claiming single occupancy discount, but had been cohabiting with a female. Discrete enquiries with neighbours confirmed the suspicions; statements were taken.

The DI checked the parking permit and ticket system and discovering 'the tenant' had received a ticket after she had asked for a bay to be suspended while she moved. The address used in this letter was the London address. This indicated that she potentially knew that she had to inform of a change of circumstance and could therefore be seen as acting dishonestly. The DI reviewed existing legislation and decided that, on these grounds ,there may have been a gain made from the sub-let of the property and the case could therefore fall under the remit of the Fraud Act. With this in mind the DI interviewed the tenant under caution.

During the interview, the DI established that the tenant had no intention to return. As this was a Secure Tenancy agreement the RP could serve a Notice To Quit

The property was returned to the RP in a timely manner without the need to go to court, keeping legal fees to a minimum and freeing up the property for someone who needed it.

## **Registered Provider X**

### **Results**

- Size of stock is 40,000.
- Found issues on mixed tenure cases, shared ownership and leasehold subletting and sometimes sub-letting to other social housing landlords.

### **Methods**

As a Registered Provider (RP), X did not receive DCLG funding. It covers 90 Local Authorities and has taken a proactive stance to tackling housing tenancy fraud.

X works with key Local Authority partners which have wanted to use their DCLG funding with Registered Providers. This has led to different approaches in different areas and there is no consistent, group-wide approach.

### **Concerns and barriers**

X has identified a need for training of front-line staff and feels it has been helpful where Local Authorities have offered this, though not all have. Barriers include an over-reliance on paper tenancy files and information being held at different offices, rather than centralised.

X might struggle to fund Local Authority posts because of budget cuts and issues around the financial disincentive for housing associations to be good at tackling sub-letting.

It feels the training and understanding are often barriers, and there is also potential for staff fraud. It raised that there was little incentive for RPs and that the moral argument was the most effective. The refurbishment cost/time for voids before re-let is an additional cost element for RPs to bear with no real financial gain to offset this.

## **Anonymous Borough Y**

### **Results**

- Borough Y has an ALMO and stock of 19,000
- Borough Y has a seconded police officer
- Since April 2008 the Council has had a dedicated housing investigation officer based in the Corporate Investigation Team dealing with a consistently increasing area of work
- Outside the DCLG project, 30 properties have been repossessed and a number of others currently with Legal. Prosecutions tend to involve benefit offences
- One case has been successfully prosecuted under the Theft Act 1985 for obtaining a tenancy by deception

## **Methods**

Y received DCLG funding, which was given to the housing department. It has spent £400 so far on publicity in conjunction with the ALMO.

Y intends that the bulk of the DCLG funding will be used for a dedicated housing investigation officer to look primarily at ways of improving processes. This is at the final stage of recruitment.

## **Anonymous Housing Association Z**

### **Results**

- Z manages 5,000 homes over 40 different Local Authorities
- It carries out two tenancy audits each year for probationary tenants but does not currently carry out tenancy audits on permanent tenants
- It is carrying out profiling on permanent tenants but this is usually done by telephone so it is not as robust as an audit (e.g. no ID check)

### **Methods**

Z has data sharing protocols with Local Authorities but they are of variable quality. The protocols are usually with the Local Authority's housing benefit team.

Z has a hotline for residents to report sub-letting. It refers these reports to the relevant Local Authority. Take up has not been very high.

### **Concerns and barriers**

All housing association properties are allocated through housing association nominations and Z is concerned that some verification processes are more robust than others, and that it does not have the resources to take it on itself.