



# West Midlands Best Use of Stock Partnership

Tenancy  
Fraud Offer



WM BUS

## FOREWORD

As providers of social housing we know that social housing is a valuable asset. Currently, demand significantly outstrips supply and it is our duty to ensure our homes are being let to those households in genuine need of housing. The cost of tenancy fraud to the public purse is estimated to be £900m every year; in fact in terms of financial scale, it is the most significant area of fraud facing local government.

We are frustrated that tenancy fraud prevents us from making the best use of our housing stock and offering every one of our properties to families and individuals in need of a home. In many cases, tenants make significant sums of money from unlawfully sub-letting their property and therefore denying people with a genuine need the opportunities social housing can afford.

We intend to stop tenancy fraud and have chosen to work as a partnership to take robust action to tackle it. Collectively the seven local authorities and 11 housing providers of the WMBUS partnership are responsible for more than a quarter of a million socially rented homes across the West Midlands region.

This document outlines our commitment to work together and what we as a partnership intend to do. We see this as a statement of intent by us and a clear message to our tenants of our determination to prevent, detect and pursue cases of tenancy fraud.

Signed:

**Ruth Cooke**

CE Midland Heart



**Kerry Bolister**

Director Sandwell



## What is Tenancy Fraud

Tenancy Fraud, also known as a Social Housing Fraud, is the unlawful or illegal misuse of a social-rented property. This can include, but is not limited to, actions like subletting the property for profit whilst the registered tenant lives elsewhere, or abandoning the property and not using it as their sole and principle home. Tenancy Fraud is a national concern as it prevents people in real need of housing from accessing homes which are being used by fraudsters.

The West Midlands Making Best Use of Stock Partnership (WMBUS) have agreed a set of commitments to tackle tenancy fraud which are outlined in this document.

## The Scale of Tenancy Fraud

The Audit Commission estimated in 2009 that at least 50,000 properties in England were being fraudulently used- equating to 1% of the total social housing stock. More recent research has suggested that the true figure may be close to 150,000 socially rented homes.

Given the total stock holdings for the seven local authorities and 11 housing providers in the WMBUS Group of approximately 262,000 it is certain there will be levels of social housing fraud that needs to be detected, and more importantly prevented in the future.



## The Cost of Tenancy Fraud

The National Fraud Authority has placed a value of £900m on the cost of tenancy fraud to the public purse each year. This calculation is based on the average cost of keeping a family in temporary accommodation for 12 months, because for every property which is being used fraudulently, a household is denied access to suitable accommodation.

Using the estimated figure of approximately 1% of social housing use being fraudulent, we can assume there are approximately 2,600 fraudulently used properties across the WMBUS group. According to the National Fraud Authorities calculations, the cost of tenancy fraud to the public purse in the region is estimated at £46 million each year.

Furthermore the replacement value of the fraudulently used stock (that is the cost to build properties to make up for those being occupied fraudulently) equates to £390 million.

Currently, there are almost 2 million families in England on the social housing waiting list, as well as 250,000 severely over-crowded households in urgent need of appropriate housing.

New legislation enacted as part of the Welfare Reform Act 2012, in particular the 'size criteria' element of housing benefit payments, has increased demand for available properties across the social housing sector.

The DWP has estimated that 110,000 housing benefit claimants in the West Midlands region will be affected by the size criteria and would benefit from moving into a smaller social rented property.



## Definitions

There are a number of forms of tenancy fraud, which can occur at any stage during the tenancy 'lifecycle'. The specific details of what constitutes tenancy fraud are outlined below:

### Unauthorised Subletting

The tenant claims to live at the property, but instead lets all or part of it out without landlords' consent.

### Non- Occupation

The tenant claims the property as their principal home, but instead uses it as a second property and uses it infrequently.

### Key Selling

The tenant leaves the property and passes on the keys in return for a favour, or in place of a payment, or in exchange for payment. This would present itself as unauthorised occupation after the keys had changed hands.

### Fraudulently Obtaining Social Housing

**The tenant provides false information in order to gain a tenancy.**

**This includes:**

- Misrepresentation of circumstances - including providing a false statement when applying to join the housing waiting list, or providing a false statement when applying as a homeless person
- Providing false identification – including using false documents or misrepresenting their identity using another persons' documents



## Wrongly Claimed Succession

The rules surrounding succession are complex, but the terms of wrongly claimed succession can be generalised as:

- The occupier is not a person who is entitled to succeed- they do not have the right kind of relationship with the former tenant, or they have not resided at the property for appropriate length of time

## Unauthorised Exchange and Assignment

Unauthorised Exchange occurs when two or more tenants 'swap' their homes, without obtaining permission from the landlord.

Unauthorised Assignment occurs when the tenant gives their tenancy to partner or family member who may or may not have lived in the property with them, without obtaining permission from the landlord.

## WMBUS Commitments

The National Fraud Authority (NFA) has published a strategy for Local Authorities to better protect themselves from fraud across the public sector, including tenancy fraud. The strategy, titled Fighting Fraud Locally, outlines three strands of a successful counter-fraud approach: Acknowledge, Detect and Pursue



## Acknowledge

**Fighting Fraud Locally recommends that in order to effectively tackle fraud, organisations should:**

- Assess and understand fraud risks
- Commit support and resources
- Maintain a robust anti-fraud response

**In response the WMBUS Partnership commits to:**

- Review current procedure for the housing application process to identify areas of vulnerability for fraud to enter the system
- Review 'fraud awareness' at an organisational level and identify any need for additional training
- Review current tenancy fraud policy and procedure for each organisation





## Detect

**The Fighting Fraud Locally strategy recommends that in order to effectively detect fraud organisations should:**

- Make better use of information technology
- Enhance fraud controls and processes
- Develop a more effective anti fraud culture

**To meet these objectives, WMBUS will:**

- Take part in regional data matching with other providers across the West Midlands
- Maintain accurate records of reports of tenancy fraud including outcomes
- Conduct systematic pre-tenancy checks and update historic application information for those on the housing waiting list
- Verify applicants ID and documentation in line with good guidance
- Include signed statements on all tenancy applications and agreements that verify the accuracy and truthfulness of statements given by applicants
- Conduct tenancy audits, either as part of a planned programme of visits or to properties considered to be 'at risk' of tenancy fraud
- Take photographs of tenants and link the images to the tenancy files
- Develop a regional awareness-raising campaign for the public
- Provide a reporting facility for the public and staff





## Pursue

In order to effectively pursue cases of fraud, the Fighting Fraud Locally strategy recommends:

- Prioritising fraud recovery and the use of civil sanctions
- Developing the capability and capacity to use the legislation available to deal with fraudsters appropriately
- Collaborating across local authorities and with law enforcement

## The WMBUS Partnership will:

- Actively seek to resolve appropriate cases of tenancy fraud through both the civil and criminal courts, if necessary, to recover money and property, as well as seeking justice for criminal acts
- Promote, as group, successes in tackling tenancy fraud
- Work as a partnership to commission legal services to assist in compiling cases for court and for advisory services
- Share good practice and lessons learned across Partners
- Link in to national good practice sharing networks

