



Stockton-on-Tees
BOROUGH COUNCIL

**Private Sector
Housing Division**



Ensuring Propriety and Preventing Fraud Policy 2010 - 2015

May 2010

CONTENTS

Introduction

Background

1. Pre Approval Measures
2. Contractors and Estimates
3. Works in Progress/ Variation Orders
4. Completions
5. Financial Assistance Conditions and Clawback
6. General
7. Contact Details

Introduction

On July 18th 2002 the Government introduced the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO). The Order has important implications for Local Authorities as it repealed most of the prescriptive legislation governing the provision of grant assistance and replaced it with a new wide ranging power to provide financial assistance.

In removing the legislation that governed the provision of grants, the Government also removed many of the protections that were put in place to protect the public purse. This has been recognised by the Government who have put in place new safeguards to protect the recipients of financial assistance and the Council.

This policy document not only includes the minimum protections afforded by the RRO but also many other protections which have been developed and implemented through rigorous inspections of our procedures and processes by both Internal and District Audit.

This policy document therefore details the measures we intend to provide to prevent fraudulent activities within our service provision and to ensure all our officers conduct themselves at a high level of moral responsibility.

Background

This policy document has been drafted to cover our financial assistance products that fall outside of the Regional Financial Assistance policy.

In addition this policy document can also be used to guide officers when undertaking work in default following the non compliance of statutory notices.

The document has been compiled with regard to the following guidance documents and advice from the Council's Internal Audit Section.

- Stockton Borough Council's Contract Procedure Rules Orders and Scheme of Delegation.
- Fraud in the Private Sector Renewal and Disabled Facilities Grants programmes, by the DTLR and DTZ Piedad Consulting.
- Office of the Deputy Prime Minister, Housing Renewal Guidance (circular 05/2003) June 2003.

Details of the measures we have in place and intend to introduce are set out under several broad headings that reflect the different stages an application for financial assistance will pass through. It can therefore be seen that our checking processes are on going and continuous from the initial application, through to completion of the works and throughout any condition period.

1. Pre Approval Measures

The following checks and balances have been put in place by the Private Sector Housing Division of the Council to ensure propriety and prevent fraud prior to the approval of financial assistance.

- 1.1 All enquirers for financial assistance will be placed on an enquiry list. To prevent any fraudulent acts by officers of the Council, the lists will be monitored on a regular basis and clients will be regularly informed of their inclusion on the list in accordance with agreed policy.
- 1.2 Only valid applications will be considered as detailed within individual financial assistance policies. Applicants will be required to sign a statement declaring that, if they knowingly make a false statement or provide false information they may be liable to prosecution.
- 1.3 Any means tested financial assistance or assistance that requires the owner to be in receipt of some form of means tested benefit will not be approved before proof of benefit, income and assets have been provided to the Private Sector Housing Renewal Division. A copy of this proof will be placed on the clients file.
- 1.4 Where the applicant is not the owner or sole owner of the property, consent from the owner or co-owner will be required before an approval notice is issued.
- 1.5 Any financial assistance which requires proof of ownership will not be approved until good and proper evidence that the applicant owns the property is received by the Private Sector Housing Division (or its appointed agent). This will be provided in the form of a certificate signed by the clients Solicitor, Bank or Building Society, by providing a copy of the original deeds certificate or by a copy of the land registry certificate.
- 1.6 The Private Sector Housing Division (or its appointed agent) will make an initial inspection of the property after a valid enquiry has been submitted. This inspection will determine the amount of work that will be eligible for financial assistance and will be fully recorded on an inspection form.
- 1.7 All surveys undertaken as part of an application by the Private Sector Housing Division will be a thorough and detailed survey. The Private Sector Housing Division (or its appointed agent) will consider all aspects of the work to be undertaken and specify those works in a detailed written schedule of works. The schedule will be used as the basis of obtaining fair and competitive estimates for the work.

2. Contractors and Estimates

The following checks and balances have been put in place by the Private Sector Housing Division of the Council to ensure propriety and prevent fraud when dealing with contractors.

2.1 The Private Sector Housing Division has set in place its own contractors registration scheme. Each contractor registered on the scheme has been vetted by the Division and their performance monitored on each contract undertaken.

2.2 A minimum of two estimates for the works to be carried out will be obtained. All tenders sent out by the Council will be sent alternately to contractors registered on the contractors approved list, with the initial objective of contractors receiving an equal number of jobs for which to estimate.

To prevent collusion between contractors and Council Officers, estimates will be sent out by a member of the Private Sector Housing Division who does not have any other involvement with the contractors on a day to day basis e.g. Administration Support Assistant.

2.3 Estimates must be returned by contractors in a sealed tender envelope before, or on the date requested by the Private Sector Housing Division. Estimates not returned by the requested date will not be opened. They will be placed complete in their sealed envelope upon the grant file should future reference become necessary.

All estimates for any individual contract will be opened at the same time by the relevant Team Leader in the presence of another senior officer. All the details of the quotes will be recorded in a tender book and checked by the officers present.

All tender envelopes will be kept on file to allow for date matching in any future queries regarding the quotes.

When opened, all estimates should be signed by the relevant Team Leader and placed on the property file.

All estimates waiting to be opened and the tender book will be securely kept to prevent fraudulent activity.

2.4 To ensure that the Private Sector Housing Division continues to receive competitive estimates regular checks will be made with the Builders Price books (e.g. Spons) to ensure costs reflect similar works throughout the industry.

2.5 In exceptional circumstances the Private Sector Housing Division may accept fewer than two estimates or an estimate that is not the lowest provided. Circumstances that may warrant this action would be when a specialist contractor is required to carry out works. A higher estimate may be accepted if we feel that the works tendered for are more suitable for the highest quoting contractor and his costs are still considered reasonable. All decisions in this respect will be taken by the Team Leader with agreement from the Private Sector Housing Manager. Details will be recorded on the property file and in the contractors tender book.

- 2.6 Only contractors who have estimated for the works will be permitted to carry out the works.
- 2.7 Contractors who intend to use sub-contractors to carry out works will provide the names and addresses of the sub contractor to allow the credentials of the sub contractor to be checked.
- 2.8 Contractors that have won term contracts (i.e. level entry shower, ramp and stairlift installation and maintenance, etc) must provide an estimate for each particular job. Each estimate will be checked by the relevant urban renewal officer to ensure the estimate provided is in accordance with the appropriate schedule of rates.
- 2.9 Contractors will be informed of clients who have contributions to pay towards the cost of the works. All contributions will be collected by the Private Sector Housing Division before commencement of works and will be paid directly to the contractor on completion of the work. This will safeguard against the contractor not receiving payment from the applicant on satisfactory completion of the works.
- 2.10 All work authorised by the Private Sector Housing Division will be carried out by a contractor from the contractors registration scheme, where schemes of area or block improvements are being undertaken contractors who are members of Construction Line may also be used. This will help to ensure a high quality of work completed and help prevent unscrupulous builders undertaking works.
- 2.11 Applicants who do not use the Council's agency service and who choose to make their own application are entitled to claim ancillary fees for the costs incurred in appointing agents, architects, surveyors etc. Where estimates and invoices for such costs are submitted to the Private Sector Housing Division the applicant may be required to provide suitable and sufficient detail to determine if the submitted costs are eligible, reasonable and properly incurred.
- 2.12 Where the Council have appointed external Agents to manage schemes of area or block improvements the Private Sector Housing Division will ensure that the appointed agent complies with the requirements of this document and each contractual agreement contains the following clauses:
- a) All works must be procured in accordance with the Council's Contract Procedure Rules.
 - b) All officers employed directly or indirectly by the Agent who have day to day involvement with the scheme must sign a form of declaration.
 - c) Where the Agent intends to sub contract work to a third party the permission of the Council must be sought.
 - d) All sub contractors insurances and indemnities must be checked by the Agent to ensure they are relevant and appropriate for the type of work to be undertaken. The Agent must indemnify the Council in this respect.

- e) The Council reserve the right to undertake random checks of works on site, financial records or other information held by the Agent or appointed sub contractors.
- f) The Council reserve the right to call in the financial records of the Agent or Sub Contractors to ensure value for money is being obtained.

3. Works in Progress/Variation Orders

The following checks and measures have been put in place to ensure propriety and prevent fraud when financially assisted works are in progress.

- 3.1 All works approved and in progress will be monitored by officers of the Private Sector Housing Division (or its appointed agent) to ensure the works are carried out and completed to the standards outlined in the schedule of works.
- 3.2 Variation orders for unforeseen works will be given at the discretion of the Private Sector Housing Division (or its appointed agent). Any such works will require written estimates which will need to be signed by the supervising officer and will only be authorised after the consent of the person affected by the works is obtained i.e. owner or tenant. The contractor will not start variation order works until they have received written confirmation from the Private Sector Housing Division (or its appointed agent), or where works are of an urgent nature an instruction to carry out the works will be given verbally by the supervising officer whilst on site. Appropriate file notes will be made and the client informed as soon as practically possible.
- 3.3 Interim Payments may be paid for the works completed on site to a maximum of 90% of the total cost of the works. All of these works will be fully inspected by the Private Sector Housing Division to ensure that works of the invoiced amount have been fully completed to the quality and standards set out in the schedule of works. Interim completion inspections will be undertaken in accordance with the following section 4.
- 3.4 The Private Sector Housing Division (or its appointed agent) will re-approve financial assistance awards to include any variation costs and will issue an amended Approval notice to the applicant.

4. Completions

The following checks and measures have been put in place to ensure propriety and prevent fraud on completion of financially assisted works.

- 4.1 On completion of works the Private Sector Housing Division (or its appointed agent) will fully inspect all of the works to ensure that they have been completed to the standards outlined in the schedule of works.

- 4.2 When the Private Sector Housing Division (or its appointed agent) is satisfied that the works are completed the applicant will be asked to sign a completion certificate stating that they are satisfied with the works completed and agreeable for the full contract or interim amount to be paid to the contractor.
- 4.3 An invoice for the works must be provided by the contractor. This invoice must not exceed the amount approved in the Approval notice. The invoice will be checked by the Team Leader against the Approval notice. The invoice should contain the contractors name and address, the address of the property to which the invoice relates, date of the invoice, total invoiced amount and the signature of the contractor. The invoice must also refer to the works being carried out for Stockton on Tees Borough Council.

5. Conditions and Clawback

- 5.1 On final payment of the financial assistance the total cost will be registered with the Land Registry as a charge against the property. This will ensure that the Council is made aware of any sale of the property and allow appropriate action to claw back the financial assistance provided.
- 5.1.1 The Private Sector Housing Division (or its appointed agent) will carry out periodic post completion checks to ensure that the financial assistance conditions are being met throughout the condition period. Where conditions have been breached the appropriate action will be taken to clawback the financial assistance provided.

6. General

- 6.1 Stockton Borough Council has a documented complaints procedure. Enquirers or applicants that are not satisfied with the service provided by the Private Sector Housing Division (or its appointed agent) can make a complaint through the Council's complaints procedure.
- 6.2 Should an application be refused the applicant may exercise their right to appeal the Council's decision through the complaints procedure.
- 6.3 In exceptional circumstances works may be started in advance of an approval of Financial Assistance. In these situations the cost of the works must not be in excess of £3000.00 and the Private Sector Housing Division must be of the opinion that the works are of an immediate danger to the occupant and require urgent attention. In such circumstances the Private Sector Housing Division will have inspected the defective items and received a verbal agreement for the cost of the works with a legitimate contractor. Written confirmation will be forwarded to the occupant as soon as possible.
- 6.3 Throughout the process from initial enquiry to final payment the Private Sector Housing Division will endeavour to separate duties between officers. Managers will

carry out random inspections of files and completed works to ensure that officers are continuously producing work of a high standard and following procedure.

7. Contact Details

By Post	Private Sector Housing Division Development & Neighbourhood Services Stockton-on-Tees Borough Council 16 Church Road, Stockton-on-Tees. TS18 1TX.
By Telephone	01642 527797
By Fax	01642 526541
By e-mail	privatesectorhousing@stockton.gov.uk

FEEDBACK

**If you would like to comment on our
Policy, please write to or e-mail the
address shown below**

**Private Sector Housing Division
Stockton-on-Tees Borough Council
16 Church Road
Stockton-on-Tees
TS18 1TX
Tel: 01642 527797
Fax: 01642 526541**

Email: privatesectorhousing@stockton.gov.uk