

Homes and Neighbourhoods Directorate
222 Upper Street, N1 1XR

Report of: Stephanie Toghill – Head of Housing Investigations

Meeting of: Housing and Communities Scrutiny Committee, 7th November 2024

Date: 25th October 2024

Ward(s): All electoral wards

Subject: LB Islington's approach to Tenancy Fraud

Introduction

1. The scale and cost of tenancy fraud

1.1 There are different types of tenancy or housing fraud, the terms are used interchangeably. The main types are Illegal subletting (both short and long term), Falsely applying for social housing, falsely applying for successions (or any kind of tenancy assignment), Right to Buy Fraud and Non-occupation.

1.2 The main types of tenancy fraud are breaches within the tenancy conditions and recovery is via the Civil courts. However, subletting a social tenancy was specifically made a criminal offence with the introduction of The Prevention of Social Housing Fraud Act 2013. Prior to this, the Fraud Act 2006 had been used with some affect.

1.3 Current research suggests that there are 148,000 social homes in England subject to some form of tenancy fraud. With 1 in 20 social homes in London affected. This would equate to around 1,300 homes within LB Islington's own stock. (*Fraud Advisory Panel and Tenancy Fraud Forum, April 2023*)

1.4 Social Housing Fraud is the second-largest cause of local government fraud losses and when housing supply is reduced by fraudulent tenancies, local councils carry the financial burden of providing Temporary Accommodation. It is estimated that London Councils are spending £114 million per month on temporary accommodation.

1.5 The average national cost to the taxpayer per detected tenancy fraud equates to £42,000. This is based on a formula using £12,100.00 as the national annual average temporary accommodation cost per family (March 2020). (*Fraud Advisory Panel, 2021*) Given the recent figures on temporary accommodation, this average national cost would now be in the region of £64,000.

1.6 The true cost of tenancy fraud is to those who are genuinely unable to access affordable housing close to their families, communities and support networks. To the 1.3 million households on social housing waiting lists and the 117,000 households living in temporary accommodation.

2. Prevention and Detection

2.1 LBI's Housing Investigations team receive referrals from many different sources. In 2023-2024 the team received 1,036 new referrals. This financial year, 634 new referrals have been received. These figures do not include the matches from the mandatory National fraud Initiative exercise which generates another 2,000 referrals for the team every two years. (More details below)

2.2 Anti-Fraud Checks: The Housing Investigations team carry out anti-fraud checks on all succession applications, At two points on Right to Buy applications and on all Non-access gas safety checks. These inbuilt checks are all dealt with as a priority to prevent unnecessary delays to other works that need to be completed and make up around 75-80% of the referrals coming into the team. In 2023-24 the team received 845 referrals via this route. This financial year (7 months to date), the team have received 487 referrals via this route. All referrals are triaged if further concern is raised during this process, the referrals are given a priority status and passed to the Team Leader for allocation.

2.3 The National Fraud Initiative: The Council take part in the National Fraud Initiative, a mandatory national data matching exercise hosted by Central Government. This exercise releases matches every 2 years of potential public sector fraud – including tenancy fraud. This exercise generates around 2,000 matches every two years for the Housing Investigations team. We are expecting the next batch in 2025.

2.4 The London Fraud Hub: In addition to the bi-annual mandatory NFI exercise, the Council has recently joined the London Fraud Hub. This is part of the NFI but provides more up-to-date data and provides more opportunity for pilots.

2.5 Proactive Pilot Initiatives:

- **Airbnb:** This year, the team were chosen to take part in a pilot program with the NFI to match Airbnb data against Islington’s tenancy data. This resulted in an additional 42 matches that the team are investigating.
- **Tenancy Fraud pilot:** NFI have been working to improve their data matching to detect tenancy fraud and this week, the team have received an additional 4,349 high risk checks to triage in addition to the referrals already mentioned above.
- **Temporary Accommodation pilot:** In collaboration with the London Fraud Hub, the team are in discussions with the NFI for a data matching pilot to detect potential fraud within our temporary accommodation placements. This is expected to take place in February 2025.

2.6 Housing Associations: The team accept referrals from our Housing Association partners who operate within Islington in return for nomination rights over and above the standard nomination agreements that are in place. This is proved a more successful model than the previous offer of a service on a fee basis. Currently the team are working well with a handful of HAs but are looking to promote this service further and encourage more HA partners to utilise our resources. With the aim to increase the supply of homes available to those on our waiting lists.

2.7 ‘Hotline’ referrals: The team receive tip offs and allegations from many different sources both internally and externally, including from Councillors, residents, Housing Officers, Income officers, Housing Needs, Police, Caretakers, Maintenance staff and many more. Following recent publicity of a successful case, the team have seen an increase in tip offs from both internal and external sources.

3. Housing Investigations Team performance data

3.1 Cases opened for investigation

Opened investigation for	2023-2024	2024- Oct 2024 (ongoing)
Total cases opened in the year (not	184	119

including any carried over)		
Succession	63	41
Subletting	48	51
Non-occupation	35	17
Right to Buy	8	2
Housing application	6	8
Other	24	

	April- Sept 2023 for comparison	April- Sept 2024
Properties recovered	21	41 (inc: 1 Temporary Accommodation unit)
HN duty discharged	2	3
Cost to the Public purse (inc: Temp Accommodation costs - £42k UK average)	£882,000	£1,722,000
Cost of rebuilding properties lost to tenancy fraud (£500k per property)	£10,500,000	£20,500,000
Prosecutions obtained	0	1
Right to Buys cancelled	0	3
Right to Buy discount prevented	0	£360,300
Unlawful profit orders/POCA obtained	£12,918.52 (1)	X3 totalling £264,056.16
Rent arrears recovered	£6,317.73	£31,295.17

Legal costs	£7,424.50	£31,262.67
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3.2 Outcome results from April-Sept 2024 (including comparison data for 2023)

3.3 The team have 144 cases under investigation. 33 cases have been referred to Islington’s Legal team to initiate legal proceedings and 12 cases are pending eviction. The team are also working on 4 further Proceeds of Crime/ Unlawful profit order cases to recover profits made through illegal subletting on top of the £264,056.16 already awarded this year.

3.4 Currently there is no regulatory body collecting tenancy fraud performance data from social housing providers so benchmarking data is hard to come by. Any sharing of this data is voluntary. Through networking, The team’s performance is very strong and in terms of recovery rates, they are on target to becoming one of the top performing boroughs by the end of the financial year.

3.5 The length of an investigation can vary significantly depending on the type, the difficulty in obtaining evidence and whether legal proceedings are required to bring the case to a conclusion. For example, the average wait for an eviction date is 9 months. Because of these lengthy delays, the team are actively seeking alternative routes to disposal for example - negotiating the recovery of the property without the need for legal action. The average length of an investigations case is around 6 months.

4. Resources

4.1 The Housing Investigations team has x7 FTE fully qualified fraud investigators, x1 Team Leader, x1 Senior Intelligence Analyst and x1 Head of Housing Investigations (HoHI).

4.2 The team utilise the National Anti-Fraud Network, various credit agencies and regularly make independent enquiries utilising legislative powers to acquire information and the Data Protection Act to gather information externally.

4.3 The Housing Investigations team are members of the Tenancy Fraud Forum (TFF) – a not for profit organisation that supports social housing providers to tackle tenancy fraud more effectively through sharing of best practices, research and training. The HoHI is both Vice Chair and a founding member of the TFF. The Housing Investigations team are also members of the London Borough Fraud Investigators Group (LBFIG) which shares best practice, develops innovative approaches to tackling public sector fraud, provides training for members, and networking across all areas of public sector fraud. The HoHI sits on the Executive Committee for this organisation as the SME for Tenancy Fraud.

4.4 In January 2024, the Housing Investigations team upgraded their case management system for improved security of data, consolidation of case records and enhanced reporting capabilities.

5. Communications and Raising Awareness

5.1 One of the main areas of focus of this year has been to raise awareness of tenancy fraud both internally and externally. The benefits include an increase in referrals, assurance to stakeholders that fraud is being tackled by the organisation and to act as a deterrent.

5.2 Internally, the team have been sharing successful outcomes of cases over the intranet and via internal communications. They have been attending team meetings across the organisation to raise awareness of the cost of tenancy fraud, how to identify it and how to report it – including TMOs, Partners (Street properties), Caretakers and our Gas safety operatives.

5.3 Externally the teams work has been highlighted by the Guardian and Inside Housing etc. and has been recognised as best practice at several Industry conferences. Islington Council were represented at a roundtable hosted by the Cabinet Office and the Public Sector Fraud Authority and in September, the team's recent successful recovery of £260k of illegal profits – the largest amount to have been recovered for a tenancy fraud case - has been widely promoted online and in communications with our tenants and residents.

6. Future plans

6.1 Raising awareness: The team will continue working with our Comms team, to raise awareness both internally and externally to encourage an increase in referrals from these areas We will monitor closely to ensure the Housing Investigations team are able to cope with the expected increase.

6.2 Exploring effective use of data: Following the introduction of the upgraded case management system, the team are planning to explore using data more effectively to target resources and increase recoveries. The aim is for better understanding of the data held within the organisation, how it can be used to identify potential cases of tenancy fraud, to prevent tenancy fraud from occurring, better quality data matching and identifying key trends and higher risk areas.

6.3 Focus on high risk areas: Successions will continue to be a high-risk area and will continue to have a higher priority. The team have been working closely with the tenancy management team to streamline this process. Fraud within Temporary Accommodation is becoming more prevalent and in Islington - this area would benefit from a detailed look at how the fraud risk is managed

and what improvements can be made. It is hoped that Islington will be chosen as part of the Pan London pilot planned for February 2025.

6.4 Tenancy Audits: The Housing Investigations team have been tasked to support the Tenancy teams to carry out a 100% tenancy audit across Islington's social housing stock with one of the objectives being to detect potential cases of tenancy fraud.

6.5 Going forward, the team are experiencing a significant increase in referrals – mainly due to the data matching pilots with the NFI. For example, the Tenancy fraud pilot as produced an additional 4,349 referrals on top of the usual 2,000. This is forcing the team to re-evaluate their resources and capacity.

6.6 With future plans to include working with Comms to raise awareness with our residents, promoting our service with our HA partners and exploring more effective data matching to detect fraud, the referrals will increase as will the team's opportunity to recover more homes. However, it will not be possible to manage all the demand without an increase in resources and capacity.

7. Financial Implications

7.1 This report sets out the national context of the financial loss of tenancy fraud and the impact on housing crisis and the approach Islington council is taking to tackle tenancy fraud within the borough. There are no direct financial implications arising from this report.

7.2 There are no known Legal Implications associated with this report.

References:

Fraud Advisory Panel and Tenancy Fraud Forum , (2023) Lost Homes, Lost Hope (Online), Available at [Tenancy Fraud Detection Report | Tenancy Fraud Forum](#) , (Accessed 17th October 2024)

Fraud Advisory Panel, Tenancy Fraud Forum and London Borough Fraud Investigators Group, (2021) Calculating losses from housing tenancy fraud (Online), Available at [Calculating losses from housing tenancy fraud - Prevent Charity Fraud](#), (Accessed 17th October 2024)



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