

ARUN DISTRICT COUNCIL

REPORT TO AUDIT & GOVERNANCE SERVICES COMMITTEE ON 29 JULY 2021

REPORT

SUBJECT: Tenancy Fraud

REPORT AUTHOR: Johanne Batty, Neighbourhood Services Manager

DATE: 14 June 2021

EXTN: 37721

AREA: Residential Services

EXECUTIVE SUMMARY:

Tenancy fraud is a common problem for local authorities and can be difficult to detect without a specialist investigation which involves visiting people in their homes.

The post of Fraud Investigation & Enforcement Officer (previously Housing Fraud Investigator), became vacant in Jan 2020 when the postholder secured alternative employment.

We have now successfully recruited to the new post of Fraud Investigation and Enforcement Officer and are reviewing our service to develop a robust approach to detect and investigate all reports of tenancy fraud, prosecuting those responsible where it is viable to do so.

RECOMMENDATIONS: That Committee

- 1) note the report
- 2) request an update report comes back to the Committee in 12 months

1.0 BACKGROUND:

1.1 The National Fraud Authority estimated that Tenancy fraud has cost over £900 million. Minimum estimates are that unlawful sub-letting is present in at least 1% of the social housing stock nationally, with the figure rising to 3% in London, representing at least 50,000 properties across the country (with some estimates being significantly higher).

- 1.2 Since the onset of the Covid-19 pandemic it is widely accepted that nationally cases of tenancy fraud have risen, particularly in the case of unlawful subletting. At the same time investigations were halted because of social distancing measures which prevented visits to properties to establish who was living in them.
- 1.3 We are now resuming our investigations into reports of Tenancy Fraud following the successful recruitment of a Fraud Investigation and Enforcement officer who will work alongside Neighbourhood Services and Options Officers.
- 1.4 There are several ways that Tenancy Fraud can be committed;
- 1.4.1 **Right to Buy Fraud** - With substantial discounts of up to £82,000 given to tenants exercising the Right to Buy their Council property, fraud in this area is a lucrative option for people wanting to capitalise on rapidly rising house prices. This not only has a negative impact on the Councils long term revenue stream it also impacts the wider community as often properties are rented out and are no longer available to house those most in need on the Housing Waiting List.
- 1.4.2 **Shared Ownership Fraud** - This is an easy way for people to get on to an otherwise unaffordable property ladder when they are unable to afford to purchase outright. Although there is strict eligibility criteria this can be misrepresented with the specific aim of subletting the property as soon as the property purchase is complete.
- 1.4.3 **Abandonment** - To move out of a Council property leaving it empty without notifying the Council is a failure to notify of a change in circumstances. As the tenant still has the benefit of the property this is still an offence under the Fraud Act 2006.
- 1.4.4 **Succession Fraud** - Succession is where following the death of a tenant a person claims the right to take over the tenancy by saying they have lived in the property for a specified period when they have not. This circumvents the Housing Waiting List and potentially also gives rise to the Right to Buy.
- 1.4.5 **Key Selling** - This is when someone is granted a Council Tenancy but instead of moving in sells the keys to a third party, committing a criminal offence.
- 1.4.6 **Joint Tenancy Fraud** - This is where a sole tenant tells us their partner has moved in and they would like them added to the Tenancy. After the joint tenancy has been created the original tenant moves out at some point, meaning the remaining tenant remains in the property. Generally, the remaining tenant would not be regarded as being in housing need and therefore has circumvented the system.
- 1.5 As a Council we are committed to investigating all reports of suspected Tenancy Fraud, taking the strongest action possible. In some cases, this might be under the Tenancy Agreement but where it is evident that a criminal act has been committed, we will take civil action against the perpetrator. We are committed to this as we know that every property lost to tenancy fraud is one less available to house a family or person in genuine housing need.

1.6	While this can be a drawn-out and complicated process, the Government has recognised the importance of this area and introduced legislation to make unlawful sub-letting of social housing a criminal offence (the Prevention of Social Housing Fraud Act 2013). This has facilitated a much simpler method of prosecution and recovery of any profit made by the fraudster.	
2.0	PROPOSAL(S):	
2.1	To provide an update on the revised Tenancy Fraud service in 12 months' time.	
3.0	OPTIONS:	
4.0	CONSULTATION:	
	Has consultation been undertaken with:	YES
	Relevant Town/Parish Council	NO
	Relevant District Ward Councillors	NO
	Other groups/persons (please specify)	
5.	ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES
	Financial	NO
	Legal	NO
	Human Rights/Equality Impact Assessment	NO
	Community Safety including Section 17 of Crime & Disorder Act	NO
	Sustainability	NO
	Asset Management/Property/Land	NO
	Technology	NO
	Other (please explain)	NO
6.0	IMPLICATIONS:	
6.1	None	
7.0	REASON FOR THE DECISION:	
	N/A	
8.0	BACKGROUND PAPERS:	
	N/A	