

## Slough Borough Council

Information needed	Details
<b>Report To:</b>	<b>Audit and Corporate Governance Committee</b>
<b>Date:</b>	10 <sup>th</sup> September 2025
<b>Subject:</b>	Update on Housing Fraud Risks
<b>Chief Officer:</b>	Pat Hayes – Executive Director (Regeneration, Housing and Environment)
<b>Contact Officer:</b>	Lisa Keating – Director of Housing Sarah Wilson – Assistant Director Legal and Governance (HB Public Law) Ian Kirby – Head of Internal Audit
<b>Ward(s):</b>	All
<b>Exempt:</b>	NO - Public with exempt appendix under paragraph 7 of Schedule 12A Local Government Act 1972 – Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime
<b>Appendices:</b>	Appendix 1 – Confidential – Information about specific risks in the housing directorate <b>(TO FOLLOW)</b>

### 1. Summary and Recommendations

1.1 This report provides an update on some specific risks in the Housing directorate in relation to housing related fraud. The Council has received serious and credible allegations of fraud in relation to allocation of housing accommodation. These allegations are wide-ranging and serious. In response to these allegations, Council officers took the decision to self-refer to the Regulator of Social Housing.

#### Recommendations:

1.2 The Committee is recommended to:

- 1.2.1 Note the information provided, including the information provided in Appendix 1.
- 1.2.2 Note the actions taken by officers in response to the allegations.

#### Reason:

1.3 The risk of fraud within the social housing sector is a serious, national issue and tenancy fraud can deprive other eligible applicants from access to much needed accommodation. This can increase the cost of provision of temporary accommodation as well as risk properties being acquired via right to buy when there was no eligibility to such accommodation. Social housing is a public asset and ensuring it is used appropriately is the responsibility of the Council.

## Commissioner Review

Preventing, detecting and stopping housing fraud is crucial for protecting public funds and resources. The report provides details of the Council's efforts to prevent, detect and investigate housing fraud. It outlines the scale of the issue and details the progress made to date by Housing Services in implementing changes following the findings, and the associated recommendations from the Housing regulator review.

It is imperative that the Council develops a co-ordinated response to fraud, bribery and corruption, improve internal controls, strengthen existing policies and practices and develop ongoing strategies that are practical and relevant to local circumstances. It will be necessary to involve other key stakeholders working together to create a unified front against fraud, stopping it at its source and pursuing those responsible.

## 2. Report

### Introduction

2.1 Like other social housing landlords, the Council is at risk of tenancy and social housing fraud. The Council has increased resources to respond to the risk of tenancy fraud. It also has systems in place for members of the public, employees and elected members to report alleged fraud.

### Options Considered

2.2 This is an information report, providing an update on action taken. Members should consider whether the action taken and proposed is sufficient to effectively manage the risks.

### Background

2.3 In 2023 the Tenancy Fraud Forum produced a report titled *Lost homes, lost hope* in conjunction with the Fraud Advisory Panel. This produced a methodology to calculate tenancy fraud detection in the English regions. The report calculated tenancy fraud detection based on baseline data from 2013/14 held by the Audit Commission. Assuming the level of tenancy fraud detection remained broadly consistent, the amount of all local authority tenancy fraud detected in each region was calculated for the years 2019/20, 2020/21 and 2021/22. The scale of tenancy fraud in England was estimated to be at least 98,000 social homes in 2012 and provided the evidence base for the Prevention of Social Housing Fraud Act. Several key developments since that date suggest that the level of tenancy fraud in England is now significantly higher than in 2021, including a reduction in detection resources, increased motivation and opportunity to commit fraud, increased rental costs and greatly increased short term lets. The report concludes that the level of tenancy fraud is “at least 1 in 20 in London, 1 in 30 outside London”, totally 148,000 social homes in England subject to some form of tenancy fraud.

2.4 Tenancy or social housing fraud can encompass one or more of the following:

- Unlawful sub-letting
- Acquiring a property via false information on the application form or failing to declare a change of circumstances prior to acceptance of accommodation

- Succession or assignment fraud
- Abandonment without notifying the landlord or cancelling entitlement to benefits
- Key selling or letting to a third party
- Fraudulent right to buy applications

2.5 The Council takes a variety of steps to combat social housing or tenancy fraud, including:

- Internal controls such as requiring a written application with signed declaration to inform allocation decisions.
- Tenancy audits – carrying out unannounced visits to identify whether the occupants are the registered tenant and their household.
- Promoting a fraud hotline to encourage the reporting of suspicious behaviour.
- Educating and training employees to detect and respond to suspicious behaviour.
- Sharing information with other public bodies as part of combating fraud exercises.

2.6 Despite and in part due to the above steps, the Council has received credible and serious allegations of social housing fraud. This has included fraud at allocation stage and has highlighted poor internal controls to manage the risk of fraud.

2.7 The Regulator of Social Housing (RSH) regulates all social housing providers. Local authorities must comply with the Consumer Standard, which includes the Tenancy Standard. This requires the Council to:

- Take action to prevent and tackle tenancy fraud.
- Publish clear and accessible policies which outline their approach to tenancy management, including interventions to sustain tenancy and prevent unnecessary evictions and tackling tenancy fraud.

2.8 The code of practice issued by the RSH states that preventative action includes carrying out effective checks before the start of and during a tenancy, publicising the approach including outcomes to tackling tenancy fraud and providing guidance to staff on how to prevent, detect and take action against suspected tenancy fraud.

2.9 In 2024, Council officers received allegations of fraud in relation to the allocation of housing accommodation. Two permanent housing tenancy investigation officers were appointed and identified concerns about process and procedures, indicating poor internal control and a heightened risk of fraud and other potentially unlawful decision-making.

2.10 Further information received at the end of 2024 raised concerns about the severity of the allegations. These allegations include allegations against Council officers. Some allegations have met the threshold for referral for criminal investigations and other legal action, however no decisions to charge have been made as yet. Further information is provided in Appendix 1 and members are reminded that this information must be kept confidential whilst investigations are ongoing. Senior officers self-referred the Council to the RSL on the basis there was evidence to conclude that the Council was not fully complying with the Tenancy Standard both in terms of internal controls and in terms of publishing its approach to its tenants.

2.11 The RSH inspected the Council in June 2025, issuing a judgement of C3 for the Consumer Standard on the basis there were serious failings in the landlord delivering the outcomes required and significant improvements were needed. This included the following conclusion:

*In relation to the Tenancy Standard, we found serious failings in how Slough BC manages its tenancies, with no strategy or policies outlining its approach. Tenants on fixed term tenancies receive limited information about the expiry of their tenancy, the council's approach to vulnerability, or how to appeal. We lack assurance that Slough BC is allocating its properties in a fair and transparent way, with no performance oversight, and we obtained recent evidence of serious tenancy fraud. We saw evidence that Slough BC has recently put in place more effective controls and oversight for allocations and we will monitor the delivery of these actions through our ongoing engagement.*

2.12 Action taken to address the serious failings include the following:

- Appointment of additional resources to investigate and detect housing fraud;
- Termination of contracts for specific interim staff based on poor performance;
- New processes and procedures requiring additional sign off for all new allocations, including sign off by head of service.
- Commissioning of PWC to conduct a reconciliation exercise to address missing or misaligned information in Council systems.
- Commissioning of Mazars to conduct a time limited fraud, audit and risk review of internal controls and operational practices used for both permanent and temporary allocation of properties. This report is likely to make further recommendations on steps to be taken to detect and combat fraud.

### **3. Implications of the Recommendation**

#### **3.1 Financial implications**

3.1.1 This report updates the Committee on the current position regarding specific risks in the Housing directorate in relation to housing related fraud, following receipt of credible allegations, and which have highlighted an inadequate internal control framework within key parts of the housing service.

3.1.2 The existence of housing fraud means the Council is exposed to significant financial loss, impacting both the Housing Revenue Account and General Fund, and deprives residents eligible for support at the expense of people who aren't. Mazars have been commissioned, at an initial cost of some £25k to conduct a fraud, audit and risk review. This may highlight the requirement for further controls to mitigate risk of future fraud. These will need to be implemented as a priority.

#### **3.2 Legal / governance implications**

3.2.1 The LGA and other relevant bodies have published the Fighting Fraud and Corruption Locally Strategy. This estimated the loss from housing tenancy fraud across local government as £845m. The Strategy highlighted the need for authorities to:

- Govern, by having in place robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation,
- Acknowledge – assessing and understanding fraud risks, committing the right support and communicating the risks to those charged with governance,
- Prevent – making best use of information and technology, enhancing fraud controls and processes, developing an effective anti-fraud culture and communicating activities and successes,
- Pursue – prioritising fraud recovery and use of civil sanctions, developing capacity to punish offenders, collaborating across boundaries and learning lessons and closing the gaps,
- Protect – protecting the council and its residents against fraud and recognising the harm that fraud can cause in the community.

3.2.2 Local authorities can ensure their counter fraud response is comprehensive and effective by considering their performance against the six C's:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

3.2.3 Local authorities have powers to prosecute for offences under the Fraud Act and the Prevention of Social Housing Fraud Act. They also have the ability to recover possession of tenanted properties allocated based on fraudulent information.

3.2.4 From 1 September 2025 the Council has a new duty to prevent fraud under the Economic Crime and Corporate Transparency Act 2023. Failure to prevent fraud can result in criminal liability by the Council if its employees or other associated persons commit fraud intending to benefit the organisation or its clients. The only defence is providing the Council has reasonable procedures in place to prevent fraud. The Home Office has published guidance "Economic Crime and Corporate Transparency Act 2023: Guidance to organisations on the offence of failure to prevent fraud". This references six principles to put in place as part of a fraud prevention framework:

- Top level commitment
- Risk assessment
- Proportionate risk-based prevention procedures
- Due diligence
- Communication (including training)
- Monitoring and review.

3.2.5 The guidance also references the Fraud Triangle that risk owners should consider when undertaking risk assessments. This relates to Opportunity (weak controls, inadequate oversight), Motivation (financial stress, meeting targets), Rationalisation (no harm, resentment).

### 3.3 Risk management implications

#### 3.3.1

Risk	Summary	Mitigations
Financial	Failure to combat housing fraud has a financial impact on the Council.	Internal CAFT team Commissioning specialist resources from external audit firm
Governance	Failure to put in place appropriate systems and an anti-fraud culture prevents the Council making effective decisions on how to deliver its services.	The Council has put in immediate changes to its systems as a short-term response. The Council has commissioned PWC to undertake reconciliation work and the IT directorate is supporting the housing directorate with system improvements. Recruitment of interim resources are intended to assist with bringing in new capacity and capability.
Legal and regulator	Failure to ensure appropriate allocation of resources, including housing, risks the Council failing to comply with its legal and regulatory duties.	The Council has put in place an improvement plan to address the failures identified by the Regulator for Social Housing and will be providing regular updates on progress.
Reputational	The Council failure to tackle housing fraud risks reputational damage, with residents viewing the Council's ability to deliver on its duties as poor and the Council being exploited by individuals who wish to profit out of fraud.	The Council is prioritising resources to identify, take action and prevent fraud. Reporting in public to this committee is one way of highlighting the action being taken in response to the issues identified.

### **3.4 Environmental implications**

3.4.1 No environmental implications have been identified as a direct result of this report.

### **3.5 Equality implications**

3.5.1 The Council has duties to comply with the Equality Act 2010. A failure to allocate properties in a fair and transparent manner is likely to impact residents who are more likely to have low income and be in need of services. These are likely to be over-represented by certain protected characteristics, including disability, certain ethnic groups and women with young children.

### **3.6 Procurement implications**

3.6.1 There are no procurement implications.

### **3.7 Workforce implications**

3.7.1 Workforce implications are identified in the confidential appendix.

### **3.8 Property implications**

3.8.1 This report relates to the Council's housing stock.

## **4. Background Papers**

None