

Appendix 3

COL Tenancy Fraud Values Median of Inner and Outer London Placement

Category	Median of Inner & Outer London placement cost	Explanation
<i>Add</i> : Annual average temporary accommodation cost per family for individual councils	£13,650 Median of Inner Outer London Placement at CoL	Median of Inner and Outer London Placement Costs for City of London
<i>Less</i> : For individual councils only, remove annual average housing benefit received related to that temporary accommodation cost	N/A to national calculation	For councils, housing benefit payments from central government that relate to temporary accommodation costs could be netted off to establish the local cost to individual councils. However, such benefit payments are provided by central government. They are thus NOT netted off when establishing the true cost of tenancy fraud to the national public purse.
Sub-Total	£13,650	
Multiply sub-total above by 3	£40,950	Sample of tenancy frauds detected by housing providers found 3 years to be a prudent average length of such fraud (range was typically 3.2 to 3.5 years)
<i>Add</i> : Average investigation costs	£2,017	Fraud Investigator 56 hours & Fraud Manager 5 hours Average FI hours per tenancy fraud = 56 Average Fraud Manager hours per tenancy fraud = 5
<i>Add</i> : Average legal costs	£12,000	£12,000 average cost of recovery when considering contested and non-contested cases as per legal
<i>Add</i> : Average Void costs	£4,659	Includes void costs of £1,723 (average of last three years) and building & electrical works and decorations allowance (average across 1, 2 & 3 bed flats) of £2,936
Total costs	£59,626	This represents the average cost of a detected tenancy fraud at City of London to the public purse.