

BUSINESS ASSURANCE

Counter Fraud Annual Report to Audit Committee: 2020/21

16th June 2021



HILLINGDON
LONDON

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1. Introduction

1.1 The Role of the Business Assurance Counter Fraud Team

- 1.1.1 The Business Assurance Counter Fraud Team (BACFT) supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the BACFT underpins the Council's commitment to a zero tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.
- 1.1.2 As well as counter fraud activity, the BACFT also conducts a range of other types of investigative work which do not necessarily have a criminal element to them i.e. revenue inspections, disciplinary investigations, etc. There is also a range of preventative work that the team is responsible for carrying out, such as fraud awareness training and ensuring the Council have up-to-date and appropriate corporate investigation policies and procedures. The BACFT also leads on the Council's assessment of the risk of fraud and corruption across all council services.

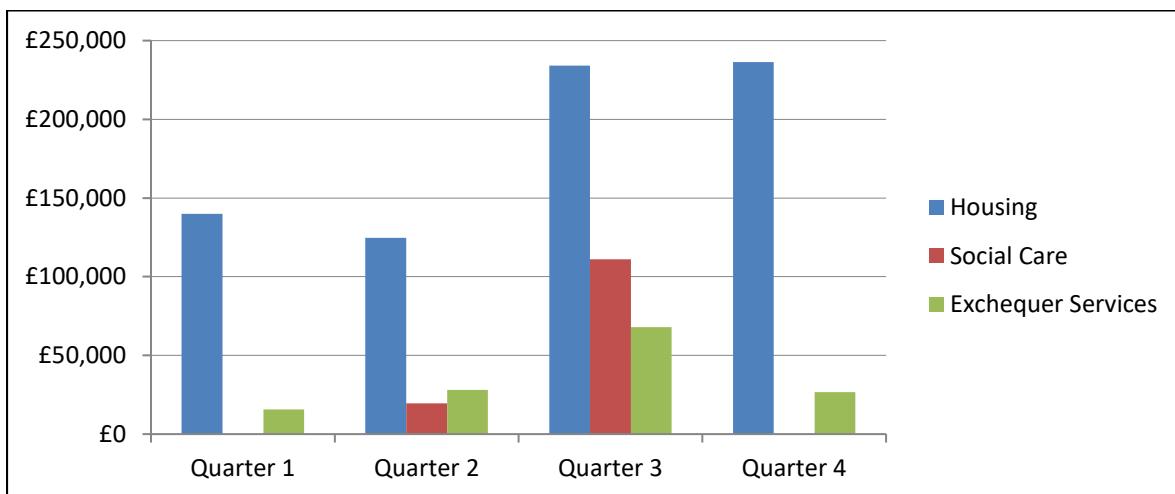
1.2 The Purpose of the Counter Fraud Annual Report

- 1.2.1 The Counter Fraud Annual Report 2020/21 provides the Council's Corporate Management Team (CMT) and Audit Committee with information on the counter fraud work carried out during 2020/21. It summarises for CMT and the Audit Committee the key findings from the quarterly progress reports presented during the year. In addition, it provides an opportunity for the Deputy Director of Exchequer Services & Business Assurance [DDESBA] to highlight any significant issues arising from the counter fraud work in 2020/21.
- 1.2.2 The Annual Report also highlights to CMT, the Audit Committee and other key stakeholders, the performance of the BACFT in meeting its strategic and operational objectives (as set out in the Counter Fraud Strategic Plan), which provides an opportunity for the DDESBA to be held to account in this respect.

2. Executive Summary

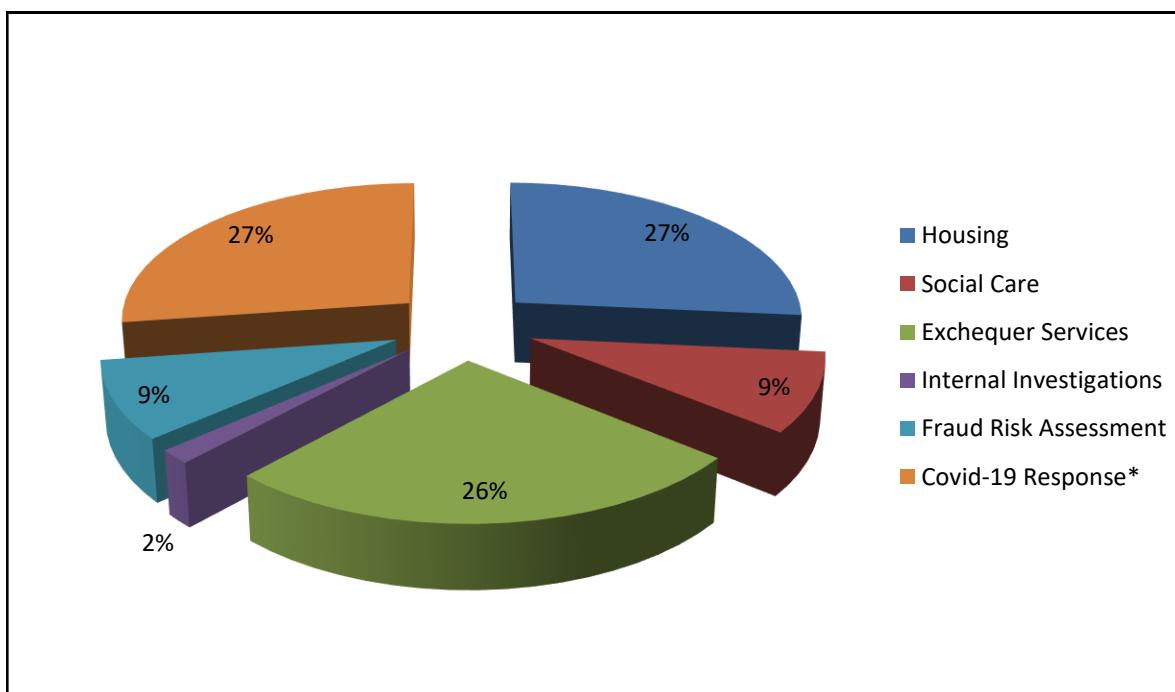
- 2.1 In 2020/21 the BACFT and the Council faced unprecedented challenges, operating during a global pandemic. Despite this, the BACFT managed to **deliver loss prevention savings of £1.04m across Council services** in 2020/21 against a reduced target of £1m. This is a positive outcome for the BACFT and the Council, particularly as 95% of Counter Fraud activity was put on hold in mid-March 2020 for four months as a result of the Covid-19 pandemic.
- 2.2 For most of Quarter 1, the BACFT were redeployed into critical services as part of the Council's response to the pandemic. This predominantly involved creating, operating, and **managing the Council's Food Delivery Service**, a bespoke shopping and emergency food parcel delivery service for residents. The BACFT worked alongside Hillingdon4All charity and other Business Assurance teams (including Internal Audit and Insurance). The BACFT also successfully provided other Covid-19 response critical services including medical prescription collections and deliveries of PPE.
- 2.3 In Quarter 3, the BACFT carried out a **major restructure of the team**, with the objective of improving the efficiency and effectiveness of counter fraud services across the team. The restructure arranged the BACFT by fraud risk area rather than by function. This created three new investigation units, the **Housing Investigations Unit (HIU)**, **Revenues Investigations Unit (RIU)** and **Special Investigations Unit (SIU)**. These new units have dedicated officers with specialist knowledge within each fraud risk, giving the Council the ability to tackle emerging risks or technical areas of fraud. Since the restructure the BACFT has improved its financial outcomes across Social Care and Revenues, however more work is still to be done to provide coverage of all key fraud risks within these areas.

- 2.4 In 2020/21, the main area of work for the BACFT continued to be within **Housing Services**, with the team conducting investigations into suspected housing fraud, alongside loss prevention projects. This has achieved overall **loss prevention savings of c£650k**, which represents 49% of the previous year's total. These savings included the **recovery of 22 Council properties** due to tenancy fraud, which represents 79% of the previous year's outcomes. The success in this area, despite the pandemic and delays within the court system, can be attributed to the team continuing to pursue property recovery by other methods.
- 2.5 During 2020/21, the BACFT increased its coverage of fraud risks within **Social Care** by liaising with key stakeholders and delivering a package of fraud awareness training to staff. This improvement in stakeholder engagement has resulted in a significant increase in referrals compared to the previous year and lead to **c£131k of loss prevention savings in the area of Social Care**. Further work is still to be done in this area during 2021/22 with the introduction of loss prevention projects and verification processes.
- 2.6 Throughout 2020/21 the BACFT had limited opportunities to tackle **Blue Badge Fraud** due to the pandemic. However, a successful proactive project was carried out in Quarter 3 on Uxbridge High Street, resulting in **21 Blue Badge seizures and investigations**. As part of the fraud prevention strategy the BACFT will continue to investigate instances of Blue Badge Fraud during 2021/22.
- 2.7 In the area of **Revenues**, the team has delivered over **6,000 inspection visits** during 2020/21. This is a commendable achievement, considering the various visiting restrictions and lockdowns that were encountered over the course of the year. The inspection visits underpin the team's commitment to maximising revenue and income on behalf of the Council. During 2020/21 the team proactively conducted a variety of successful loss prevention projects across Revenues including **Beds in Sheds**, achieving **loss prevention savings of c£138k**. This represents 54% of the savings accumulated in the previous year.
- 2.8 Since March 2020 the BACFT have been heavily integrated into the verification and recovery processes of the various **business grants** offered by central Government. **Over 7,000 verifications have been completed** ensuring local businesses meet the criteria set out for each scheme. For businesses that received grants and were subsequently found to be ineligible, the BACFT, in conjunction with Exchequer Services **instigated recovery action recouping over £460k**.
- 2.9 In 2020/21, the BACFT continued to operate with a **Home Office Immigration Enforcement Officer (IEO)** integrated within the Counter Fraud team. Service provisions were suspended during the first lockdown, however from 1st July 2020 the IEO was once again fully operational. The IEO has seen a significant reduction in referrals for the duration of 2020/21, which is due to the impact of the pandemic and staff working remotely rather than in the office. This loss prevention work carried out by the IEO has **saved in excess of c£85k** and the majority of these savings were in Housing.
- 2.10 As part of the services commitment to partnership and engagement with stakeholders, the **BACFT has continued to deliver a programme of Fraud Awareness** through the pandemic, albeit virtually. The new awareness sessions incorporate some of the attributes from our risk workshop programme, providing junior council staff an overview of the fraud landscape and an understanding of risk management. In total, 11 fraud awareness sessions were run across a wide range of council services in 2020/21. The awareness sessions play a fundamental part in raising the profile of the counter fraud culture within the organisation.
- 2.11 **Chart 1** (over the page) summarises the areas* in which the BACFT has achieved loss prevention savings (cost reductions) in 2020/21 by each quarter. The emphasis of BACFT resource within the area of Housing Services is illustrated and provides context for where loss prevention savings have been achieved throughout the year. A full breakdown of all BACFT loss prevention savings can be found at [Appendix A](#).

Chart 1 - BACFT Loss Prevention Savings Achieved in 2020/21

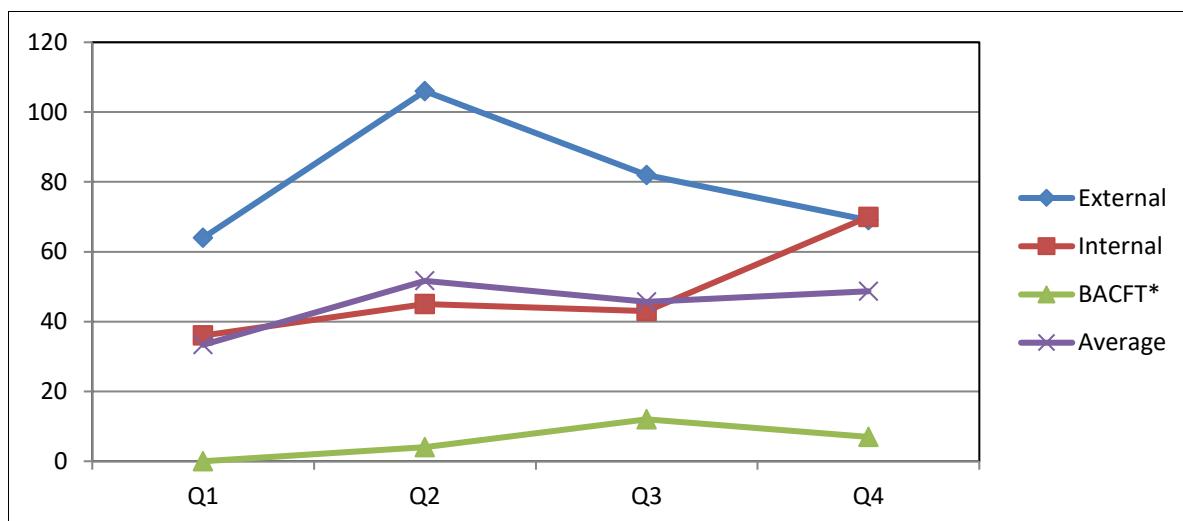
*This includes savings generated through the work of the IEO

- 2.12 **Chart 2** below summarises the allocation of BACFT resource in 2020/21. Unlike previous years, the team had been redeployed into Covid-19 response services, which represents a significant allocation of resources, comparable to that of Housing. In the area of Exchequer Services and Social Care there was an allocation increase on previous years, this can be attributed to the dedicated resources made available following the team restructure in October 2020.

Chart 2 - BACFT Allocated Resource in 2020/21

*This includes resources deployed for business grant verifications & the Food Delivery Service

- 2.13 In 2020/21 the BACFT received **a total of 515 referrals for investigation** from both internal and external sources (compared to 541 in 2019/20). **Chart 3** (over the page) provides a summary of the trend in referrals over the year. The sharp increase in referrals from internal sources in Q4 is due to the **increased engagement with Social Care** through fraud awareness sessions which began in Q3. Referrals generated within BACFT increased during quarters 3 and 4 in line with the rise in counter fraud activity post national lockdown. Quarter 4 saw a drop in external referrals, to address this, the BACFT has started to engage with the public through social media, to raise awareness and to encourage the reporting of fraudulent activity.

Chart 3 - Number of 2020/21 Referrals by Quarter

*Referrals generated through BACFT proactive projects or data matching exercises

3. Analysis of Counter Fraud Activity in 2020/21

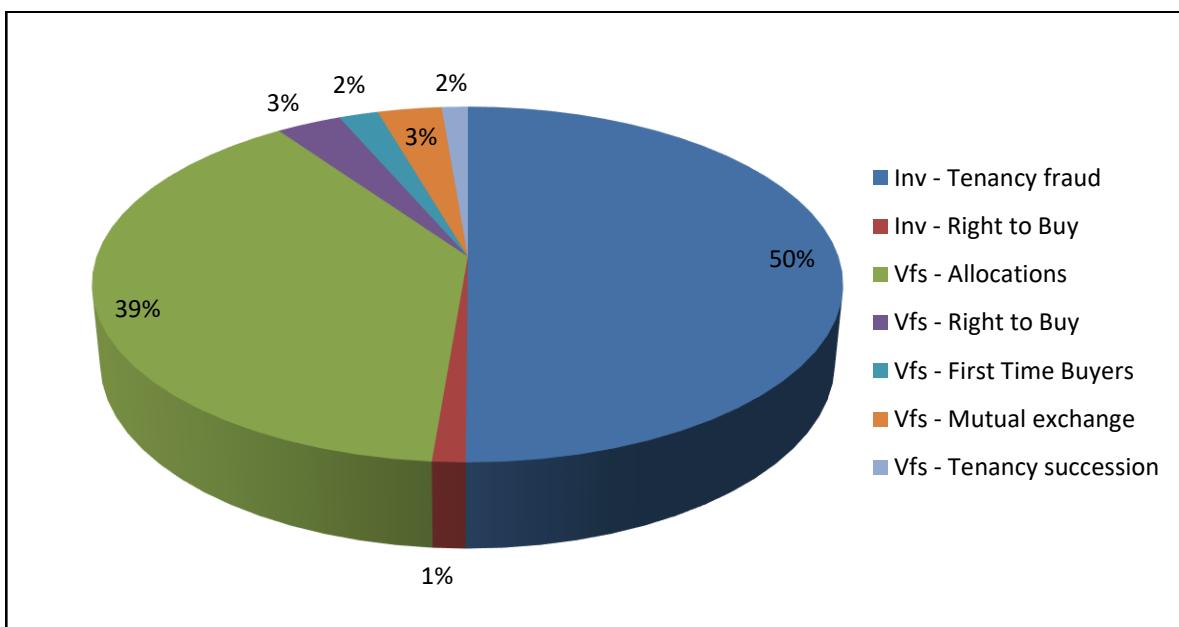
3.1 This section provides a more detailed analysis of the activities of the BACFT during 2020/21, detailing specific work streams and the trends within each area for comparison and contrast. The activities of the BACFT were predominantly focussed on three main fraud areas of work: **Housing, Social Care and Exchequer Services**. The BACFT also conducted a proactive **Blue Badge** operation during the year as well as conducting investigations into allegations of Blue Badge misuse. The team were also commissioned to carry out several internal investigations, which at times included investigations under the Council's Disciplinary Policy and Procedure, whilst ensuring full compliance within the Corporate Investigations Protocol.

3.2 Housing Fraud

3.2.1 Despite the restrictions that were imposed due to the Covid-19 pandemic and the limited access to courts, housing fraud continued to be the main area for work for the BACFT in 2020/21. The objective being the **effective prevention and detection of housing tenancy fraud** and to provide assurance to key stakeholders that applicants' eligibility for housing services are properly verified, prior to being offered a tenancy.

3.2.2 The team has continued to actively engage with colleagues within Housing whilst adjusting to the new working practices that have been introduced over the course of the year. The BACFT provided fraud awareness sessions both in person and online to generate high quality fraud referrals for investigation. Fraud allegations were also received from members of the public and investigated following a **robust risk assessment process**. This involves initial intelligence gathering and confirmation checks, often including un-notified visits to properties. There has been a concerted effort to continue to raise fraud awareness with residents by utilising the Council's various social media platforms. The team also work with a variety of social landlords and statutory agencies to help detect fraud where information sharing protocols are in place, to try and ensure that those people living in Council properties are properly entitled.

3.2.3 The Council is exposed to several housing fraud risks, as highlighted in the Counter Fraud Strategy and consequently, significant BACFT resource was deployed on the prevention and detection of housing fraud in 2020/21. **Chart 4** (over the page) details the allocation of BACFT resources in 2020/21 by area of fraud risk within Housing Services. The chart shows that no resources were allocated to emergency accommodation, this was mainly due to Government changes to legislation and eligibility, for the periods of national lockdown. The work will resume as part of the 2021/22 work plan.

Chart 4 - BACFT Work Within Housing Services in 2020/21

- 3.2.4 **Chart 4** above sets out the proportion of resource allocated within the different areas of Housing. This is a clear indication that the majority of counter fraud housing work is in the areas of tenancy fraud and pre-allocation verifications. Due to the pandemic and the shift to desk-based investigations there has been a decrease in time spent allocated to Right to Buy and other areas of Housing. This is likely to change as restrictions are lifted in 2021/22.
- 3.2.5 Even though tenancy fraud remained the largest area of housing work, the team achieved outcomes in other areas, such as the **cancellation of two Right to Buys leading to loss prevention savings of £214k**.
- 3.2.6 Per **Table 1** below, in 2020/21 the BACFT successfully recovered **22 Council properties**. The reduction compared to the previous year can be attributed to the team being redeployed to assist with duties related to the Covid 19 pandemic, for the entirety of Q1. The introduction of the **Coronavirus Act 2020** also made it more difficult accessing the courts. Only serious cases were being prioritised and the team had to adapt its methods to continue to pursue property recovery by other means. The restrictions on visiting properties also hampered the investigative process and resulted in the team utilising a more desk based investigative approach for the major part of the year. The BACFT continued to focus on improving the quality of intelligence received within referrals, through fraud awareness training and maintaining close working relationships with colleagues in Housing Services.

Table 1 ~ Housing Tenancy Fraud Cases

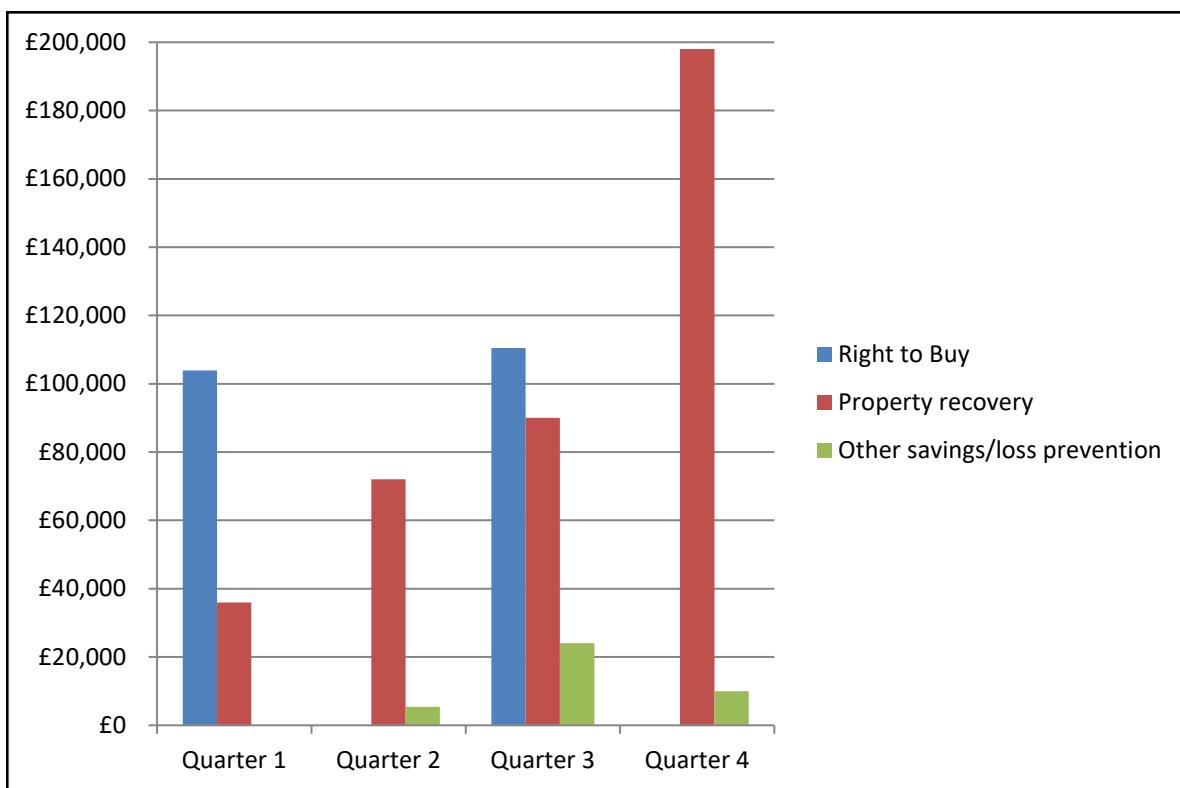
Housing Tenancy Fraud	2020/21		2019/20		2018/19	
	Cases	£k/value**	Cases	£k/value	Cases	£k/value
Total number of recovered properties	22	£396k	28	£504k	19	£342k

** = In 2014, the Audit Commission reported the national average temporary accommodation costs to Local Authorities for one family as **£18k per property**. We continue to use this prudent estimate for reporting purposes, although across London a number of authorities are reporting that the true cost of each tenancy fraud case is more accurately estimated as **£94k per property** and some as high as **£150k per property** as a representation of property replacement costs.

- 3.2.7 The financial savings achieved in 2020/21 within Housing Services contributed 65% of the total cost reductions/loss preventions achieved by the team, whilst utilising 60% of the team's resource allocation. This means that fraud within Housing remains the most significant in terms of financial outcomes as a percentage of resources allocated.

- 3.2.8 **Chart 5** summarises the loss prevention outcomes of the team by area of counter fraud activity within Housing. The increase in property recovery during Quarter 4 is due to the introduction of virtual interviewing and the team's efforts to focus on recovering properties by other methods.

Chart 5 - BACFT Loss Prevention Outcomes in Housing 2020/21



- 3.2.9 Per **Table 2** below, in 2020/21 the BACFT continued to carry out verifications as part of the housing allocations process. These enhanced checks give assurance to management that housing applicants are genuine, entitled to be housed prior to allocation and highlight potential fraudulent applications for further investigation.
- 3.2.10 Of the 2,187 **housing verifications** carried out in 2020/21, **31% (678) have been rejected** for various reasons, such as significant rent or Council Tax arrears and other assets or property ownership. Without the BACFT verification checks, these applications are likely to have been successful and the applicant would then have been housed in a Council property that they were not entitled to.

Table 2 ~ Housing Tenancy Verification Cases 2020/21

Housing Tenancy Verification Cases	Q1 & Q2	Q3	Q4	Total
Total number of cases reviewed	866	589	732	2,187
Total number verified as accurate	624	389	496	1,509
Total number rejected	242	200	236	678
% identified by BACFT for rejection	28%	34%	32%	31%

3.3 Exchequer Services

- 3.3.1 Over the last financial year, the BACFT has increased its dedicated resource in the area of Exchequer Services though the introduction of the **Revenues Investigations Unit (RIU)** in October 2020.

- 3.3.2 The RIU carries out inspections of businesses and properties in the borough, **Council Tax exemptions and discounts** (such as Single Person Discount - SPD) and data matching work through the National Fraud Initiative (NFI), as well as maximising revenue through the identification of beds in sheds. The work of the RIU aims to improve efficiency and increases productivity by applying proven effective visiting processes and investigation techniques. This ensures that Business Rates and Council Tax are correctly applied to all properties, including business premises and new-build properties.
- 3.3.3 Per **Table 3** below, the RIU in 2020/21 successfully completed a significant number of visits despite the Covid-19 restrictions. The BACFT being redeployed and visiting restrictions that were in place also impacted the RIU's ability to complete visits within the KPI 10 day target. However, the BACFT will strive to significantly improve performance in this area during 2021/22.

Table 3 ~ Revenues Inspections Performance 2020/21

Revenues Inspections	2019/20	2020/21	Outcome
Total number of inspections completed	5,592	6,005	+413 / +7.4%
Percentage within 10 day target	63%	59%	-4.0%

- 3.3.4 The BACFT continued to focus on Beds in Sheds and identified a **total of 21 unregistered dwellings** during the 2020/21 year. These previously unlisted properties resulted in **loss prevention savings in excess of £36k**. The identification of Beds in Sheds will continue to be a priority for the BACFT with further proactive projects planned for 2021/22.

3.4 National Fraud Initiative

- 3.4.1 The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Cabinet Office (CO) which is carried out every 2 years. Over 1,200 organisations in both the public and private sector participate, including councils, the police, hospitals, nearly 100 private companies, all helping to identify potentially fraudulent claims and errors. The NFI states that from 2018 to 2020, over £244 million of fraud and error has been identified by the scheme.
- 3.4.2 The Council's participation in the NFI project yields financial savings beyond that of the Counter Fraud Team, details of which are captured by the CO and reported based on their assessment of the estimated impact of the NFI's work. For LBH, the estimated figures identified for the most recent ongoing exercise (which was the **2020 bi-annual exercise**) are **savings of £48k**. These savings are yet to be confirmed and therefore not reported in the savings for 2020/21. Delays in reporting are due to colleagues in Exchequer Services being redeployed to assist with the administration of Covid-19 grants and therefore these savings will be reported in 2021/22. The latest NFI exercise was only made available in January 2020, with various matches still to be completed by the relevant Council services during 2021/22, which will lead to further financial savings.
- 3.4.3 The data matches provided by NFI contributed to the recovery of **4 properties** during 2020/21. Several internal data sets were matched against information held by organisations such as HMRC and the Department of Working Pensions (DWP). These matches helped to identify properties that were being sublet and properties where the tenant was recently deceased, whilst the tenancy remained active.
- 3.4.4 Per **Table 4** (over the page), the results for the **NFI loss prevention work by the BACFT in 2020/21 were total savings of £87,754**. This is a reasonable return for the year due to prevailing pandemic circumstances, which led to staff being redeployed. With the new NFI matches available and staff returning to normal duties as restrictions are lifted, an increase in NFI outcomes should be seen for 2021/22.

- 3.4.5 There has been a marked improvement in NFI data assisting with the recovery of council properties compared to previous years. The previous pilot projects have been adopted and included as a regular data matching report. These results highlight the importance of utilising all appropriate tools and mechanisms to tackle the different types of fraud that are encountered. The BACFT will continue to develop and utilise data matching options to deliver positive outcomes.

Table 4 ~ NFI Savings in 2020/21

Loss Prevention Saving	Q1	Q2	Q3	Q4	Total
Single Person Discount	£5,816	-	£1,710	-	£7,526
Council Tax Exemption	-	-	-	-	-
Council Tax Reduction	£1,257	-	-	-	£1,257
Housing Benefit	-	-	-	-	-
Housing Tenancy	-	£32,000	-	£46,972	£78,972
Totals	£7,073	£32,000	£1,710	£46,972	£87,755

- 3.4.6 The BACFT continued to focus on **Beds in Sheds** and identified a total of **21 unregistered dwellings** during the year. These previously unlisted properties resulted in loss prevention savings of **c£36k**. The identification of Beds in Sheds will continue to be a priority for the BACFT with further proactive projects planned for 2021/22.
- 3.4.7 The RIU works closely with its counterparts in the DWP, forming a collaborative approach to benefit investigations whereby a Council Tax Reduction (CTR) is in payment. Unfortunately, due to the pandemic the DWP has reported benefits fraud has more than doubled to its highest ever level. Currently the DWP investigators remain redeployed, as they have been since March 2020, and as result no joint working is currently able to take place.

3.5 Grant Verifications

- 3.5.1 The BACFT have been working alongside colleagues from Exchequer Services with the administration, verifications and recovery of the different grant schemes introduced by central Government. Several grant schemes were made available to support local businesses during the lockdowns that came into force during the year. Pre and post assurance verification processes were designed and implemented to ensure funding was used for its intended purpose. The grants were intended to mitigate the social and economic impact of the Covid-19 pandemic on residents and business and are a new high-risk area for the council.
- 3.5.2 Initially three types of grant were introduced by Central Government in May 2020, with further grants made available to local businesses during the second lockdown in November 2020. The BACFT were involved in **7,000 pre and or post verification checks** for the different grants. These checks included utilising Cabinet Office software, such as Spotlight and NFI bank account verification tools. This provided assurance to ensure that only genuine businesses were accessing much needed funds during this challenging period. As a result of these checks there are **three businesses** that are under formal investigation for potential fraudulent grant applications.
- 3.5.3 The BACFT **instigated the recovery of £460k** worth of central Government grant payments, that should not have been received by local businesses. A total of **£1.27m** in grant payments have been recovered during 2020/21. The verification and recovery of grant schemes has been a significant part of the BACFT's counter fraud activity in 2020/21 and is set to continue into 2021/22.

3.6 Blue Badge Fraud

- 3.6.1 The Council is committed to preventing and detecting Blue Badge Fraud through the work of the BACFT. Although the direct monetary value of Blue Badge Fraud is relatively low, the reputational risk in relation to this area is significant for the Council.
- 3.6.2 In 2020/21 the team carried out a proactive 'operation', targeting identified hotspot areas for parking offences. BACFT officers operated in plain clothes to confirm the authenticity of badges on display within vehicles parked in a disabled bay, or on yellow lines. Whilst ensuring that the badge holder is present or is being collected. The BACFT aimed to conduct two Blue Badge proactive operations in 2020/21. However, due to restrictions around social distancing and various national lockdowns, only one proactive operation was conducted. To maximise our coverage and opportunity for detection, significant resources were deployed.
- 3.6.3 The proactive operation proved to be very successful with **86 Blue Badges** being checked of which **21 Blue Badges** were seized. A total of **10 people** was given official cautions for misusing a Blue Badge. These cases are still under investigation with outcomes likely to be reported in Q1 2021/22.
- 3.6.4 The Q3 proactive project has shown an increase in the number of badges seized since the commencement of the Blue Badge operations in 2018. This is likely due to offenders anticipating that the BACFT would not be operating under Government restrictions. This reflects positively on how the Council tackles Blue Badge Fraud even during uncertain times, whilst providing assurance to residents that fraud in this area will not be tolerated by the London Borough of Hillingdon. This initiative increases public awareness of the BACFT's work across the borough and inspires community confidence. The BACFT will continue to carry out proactive work in this area in 2021/22.

3.7 Counter Fraud Proactive Projects in 2020/21

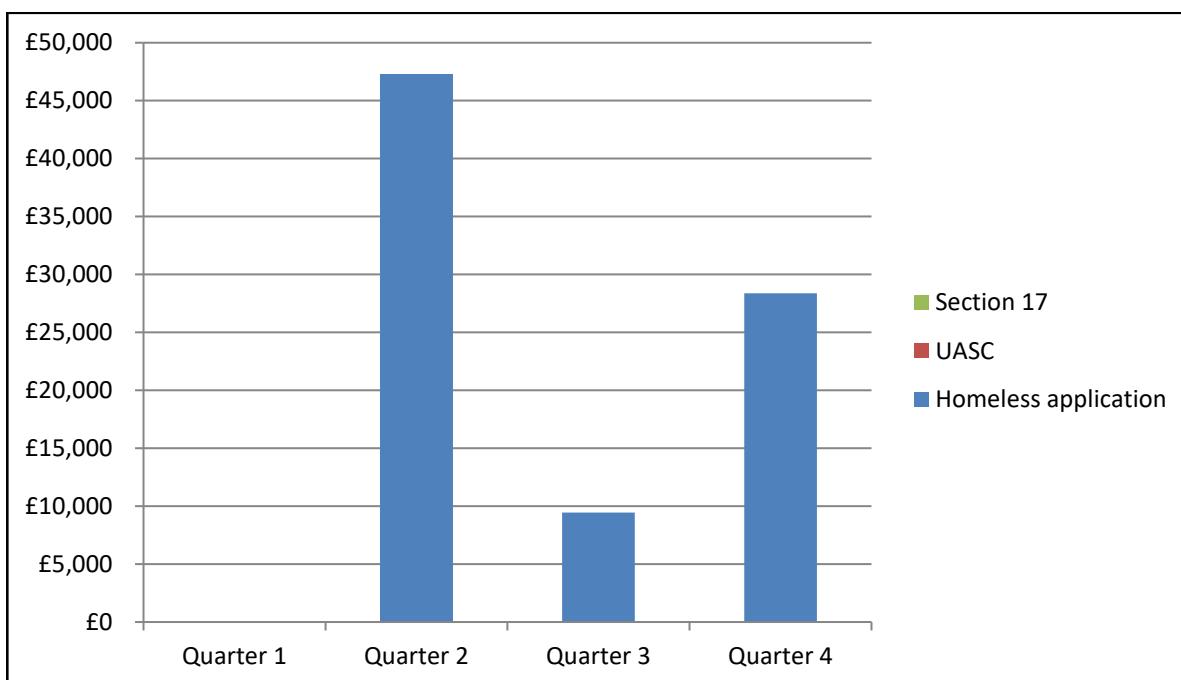
- 3.7.1 The BACFT continued to carry out focused proactive projects within service areas, as part of its strategic approach, where there is a high risk of fraud and financial loss. These projects allow the BACFT to tackle the highest fraud risk areas with appropriately allocated resources. These proactive drives also give assurance across the Council and highlights the need for any preventative measures.
- 3.7.2 Per the table at **Appendix C**, the BACFT carried out **six** proactive counter fraud projects in 2020/21. The details of each project, along with the rationale and the successful outcomes, illustrates the value in utilising a risk based approach to detect fraud and prevent financial loss to the Council. Further proactive project work is planned for 2021/22 as detailed in the Counter Fraud Strategic Plan 2021/22.

3.8 Immigration Enforcement Officer (IEO)

- 3.8.1 Since April 2018, the BACFT has had a Home Office IEO working as part of the team. The purpose is to provide enhanced access to Home Office data for the purpose of assessing cases involving immigration status and for assisting in counter fraud work. The IEO is available to all Council departments where there is a need to verify an individual's status in the country. Having the IEO present has proven to be extremely beneficial in assisting in Council business and preventing financial loss, however this has proven to be challenging during the pandemic.
- 3.8.2 **Chart 6** (over the page) below summarises the outcomes for the work of the IEO within 2020/21. This is based on prudent estimates of the costs of Council services that are linked to immigration issues where the IEO has been able to directly assist with by promptly providing Home Office information. The total loss prevention value of the IEO work for the Council in 2020/21 is estimated at **£85,138**.

- 3.8.3 With the IEO and the majority of council staff working remotely or being redeployed to other critical service areas due to the pandemic, the BACFT saw a **27% decrease in referrals** this year compared to 2019/20. This has had a significant impact on Social Care outcomes for the IEO (particularly in relation to Section 17 and UASC) as [Chart 6](#) highlights. Nevertheless, with some frontline housing staff available onsite, the IEO has achieved multiple savings within Housing Services. Due to the significant reduction and the ongoing impact of the pandemic the Council decided to reduce the IEO resource for 2021/22. Whilst efforts continue to try and address this reduction by promoting the IEO via fraud awareness sessions and communications sent out in the All Staff Email, referrals remain low but are expected to increase once all pandemic restrictions are lifted.

Chart 6 - IEO Loss Prevention Outcomes 2020/21



3.9 Fraud Awareness Campaign

- 3.9.1 The BACFT continued to **enhance and embed an effective counter fraud culture** within the Council. Due to the ongoing pandemic the annual fraud awareness week that was originally planned to coincide with **International Fraud Awareness Week** had to be modified. A total of **11 Fraud Awareness sessions** were conducted both in person and virtually to take account of changes in working practices. Following the team restructure and the introduction of the SIU sub team, a concerted effort was made to focus in raising awareness within Social Care. The aim, therefore, was to increase the volume of referrals for investigation from colleagues whilst improving the quality of those referrals. This engagement with Social Care has directly led to the increase in financial outcomes in this area. By discussing the fraud risks faced by the Council, staff have been given the tools to detect and report instances of fraud.
- 3.9.2 **Engagement with management on identifying and managing fraud risk** had also been carried out. In Quarter 4, the **HCF met with a number of Directors and Heads of Service** as part of the risk-based planned approach to counter fraud work, which has been used to inform the updated 'Fraud Universe' for the Council and Operational Work Plan for 2021/22. These discussions centred around the key fraud risks faced by each service area and the mitigation action in place. Agreement has been reached on proactive counter fraud work to be carried out as well as the delivery of future fraud awareness training.
- 3.9.3 Due to the pandemic restrictions the BACFT have made greater use of the Council's various social media platforms. A series of tweets and Facebook posts were created to highlight common fraud risk areas, such as tenancy fraud. The aim is to raise awareness and to encourage residents to report suspected instances of fraud.

4. Analysis of the Counter Fraud Team Performance 2020/21

- 4.1 The BACFT introduced a suite of KPIs in 2018/19 which were agreed and implemented in liaison with CMT and the Audit Committee. The KPIs allow effective measurement of performance and enable the team and the DDEBA to be better held to account by CMT and Audit Committee. The table at **Appendix B** sets out the performance by the BACFT against the KPIs throughout 2020/21 by quarter and previous years.
- 4.2 As illustrated in **Appendix B**, performance against KPIs have improved across **4 of the 9 KPIs** and the team has also **achieved 4 of the 9 KPI targets** for the year. Whilst further improvements are required, performance should be considered against the team's redeployment and the impact of various national lockdowns and restrictions.
- 4.3 The table at **Appendix A** provides a detailed breakdown of the loss prevention performance of the Counter Fraud Team during 2020/21. The table highlights the **significant increase in Social Care and Revenues outcomes** since the introduction of dedicated units responsible for specific areas of counter fraud activity.
- 4.4 During 2020/21, the BACFT has actively sought to obtain data from each London Borough relating to counter fraud activity and produced benchmarking information which is set out at **Appendix D**. This data relates to reported figures in counter fraud annual reports to oversight committees for 2019/20. There is a significant inconsistency between authorities in terms of what they each report to their oversight committees and the variation in values they each place on individual activities. As a result, this makes comparison between authorities in terms of individual counter fraud work areas very difficult to quantify.
- 4.5 Nevertheless, there are several areas of general commonality (as set out in **Appendix D**), including the performance on housing fraud and Blue Badge, both of which are present across most London Boroughs.

5. Forward Look

- 5.1 Looking ahead to 2021/22, in line with the Counter Fraud Strategic Plan the team will continue to **further develop the risk based approach**, focussing on emerging risks/areas of highest fraud risk. Key to this will be the continued engagement with service areas on fraud risks and controls to inform the "Fraud Universe" which steers the BACFT Operational Work Plan. This will be underpinned by a **refreshed and improved programme of Fraud Awareness**, including engagement with key stakeholders/use of social media platforms.
- 5.2 In addition, there will be a focus on **new opportunities for fraud prevention and detection** and strengthening of counter fraud controls in key areas of financial interest including **Schools and Procurement**.
- 5.3 The team will also **further develop its utilisation of internal and external data** to proactively identify instances of fraud across the range of Council services. This will include more **proactive engagement with Government agencies** in a collaborative approach.
- 5.4 Finally, the council is in the process of **reviewing the interim arrangements in place for the HCF** and is looking to recruit to the role on a permanent basis very shortly.
- 5.5 The team would like to take this opportunity to formally record its thanks for the co-operation and support it has received from management and staff during 2020/21.

**Muir Laurie FCCA CMIIA
Deputy Director of Exchequer Services & Business Assurance**

16th June 2021

APPENDIX A**BACFT Loss Prevention Performance 2020/21**

Work Area	Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Housing	Right to Buy discounts	£103,900	£0	£110,500	£0	£214,400
	Property Recovery (notional savings)	£36,000	£72,000	£90,000	£198,000	£396,000
	Other savings/loss prevention	£0	£5,384	£24,061	£9,972	£39,418
Social Services	Section 17	£0	£0	£27,344	£0	£27,344
	Financial Assessments	£0	£0	£53,791	£0	£53,791
	Disabled Facilities Grants	£0	£19,500	£30,000	£0	£49,500
Revenues	Council Tax Reduction	£1,487	£1,425	£0	£0	£2,913
	Single Person Discount	£8,157	£1,900	£7,927	£1,874	£19,857
	Council Tax Arrears	£3,180	£1,185	£5,884	£200	£10,449
	Beds in Sheds	£0	£14,579	£1,314	£20,763	£36,657
	Housing Benefit Overpayments	£2,934	£9,000	£10,640	£0	£22,575
	Small Business Rates Relief (SBBR)	£0	£0	£27,503	£3,718	£31,221
	NNDR	£0	£0	£2,509	£0	£2,509
	Business Directory	£0	£0	£12,118	£0	£12,118
Blue Badge	Simple Caution & Financial Penalty	£0	£100	£200	£0	£300
Immigration Officer	Housing Homelessness Applications**	£0	£47,299	£9,460	£28,379	£85,138
Totals	Loss Prevention Savings	£103,900	£66,799	£282,659	£42,069	£495,427
	Notional Savings	£38,934	£81,000	£100,640	£198,000	£418,574
	Cashable Savings	£12,824	£24,474	£29,752	£22,837	£89,889
	Costs awarded and penalties	£0	£100	£200	£0	£300
	Total	£155,659	£172,373	£413,251	£262,906	£1,004,190

* First time buyers - Average grant given per person.

** Average weekly cost against average length of support. This figure fluctuates but has been provided by the Council's business performance team.

APPENDIX B**BACFT KPIs and Actual Performance 2020/21**

BACFT KPIs	Target	Q1	Q2	Q3	Q4	20/21	19/20
1. Percentage of fraud referrals risk assessed within 3 working days	95%	42%	100%	92%	98%	87%	98%
2. Verification work timescales for completion:							
a. Housing Allocations completion within the target date set by Housing.	95%	95%	99%	91%	98%	95%	97%
b. First Time Buyer completion within 5 working days	95%	100%	N/A*	30%	N/A*	33%	100%
c. Right to Buy completion within 28 working days	95%	N/A*	100%	100%	100%	100%	86%
3. Investigation plan completion within 5 working days of case allocation	95%	46%	86%	100%	95%	90%	94%
4. Tenancy fraud referrals received resulting in property recovery	20%	50%	34%	23%	55%	41%	34%
5. Investigations resulting in sanction (<i>prosecution/penalty/caution</i>)	10%	N/A*	6%	10%	0%	5%	3%
6. Investigations resulting in loss prevention/financial saving outcome	25%	50%	24%	42%	43%	39%	32%
7. Revenues inspections completed within 10 days of raising	95%	34%	30%	48%	84%	59%	63%

*N/A indicates where no work was carried out in that quarter due to no new cases or that the team did not carry out any work due to redeployment.

APPENDIX C**Proactive Counter Fraud Projects - 2020/21**

Proactive Project & Rationale	Project Outcomes
<p><u>Empty Properties New Homes Bonus – Q2</u></p> <p>The New Homes Bonus (NHB) is a grant paid by central Government to local Councils to incentivise housing growth in local areas. The BACFT worked alongside colleagues within Exchequer Services, to identify properties that were recorded as empty but were in occupation, counting towards the NHB. Desktop enquiries and information gathering was completed by Exchequer Services, whilst the BACFT conducted unannounced visits to properties where checks indicated that a visit was required.</p>	<p>As a result of this work, the Council's NHB grant for 2021/22 has been calculated at £847k.</p> <p>The NHB is calculated on a NET figure of the total number of properties that are brought into occupation against the number that become long term empty in the same period.</p>
<p><u>Section 17 Residency – Q2 to Q3</u></p> <p>The BACFT carried out a project conducting residency checks for all Section 17 Social Care service users. The objective of this project was to verify that the accommodation provided was being lawfully occupied and identify any fraud being committed through subletting, non-occupation, or not meeting the eligibility criteria for funding and assistance.</p>	<ul style="list-style-type: none"> • Number of cases reviewed - 26 • Number of cases validated - 22 • Cases recommended to cease funding – 2 • Cases under investigation - 2 • Loss prevention through terminating funding - £27,344
<p><u>Beds in Sheds – Q2 and ongoing</u></p> <p>'Beds in Sheds' is the term used to describe buildings or annexes on private properties that have been erected without the Valuation Office being made aware and that can be considered habitable. This means that the building or annexe should be charged Council Tax.</p> <p>The BACFT carried out unannounced visits to properties that were highlighted via referrals and intelligence checks. This will remain an ongoing project throughout 2021/22.</p>	<ul style="list-style-type: none"> • Properties identified for visit - 42 • Number identified for bringing into Council Tax - 21 • Investigations continuing - 14 • Income generation - £36,656
<p><u>Blue Badge – Q3</u></p> <p>The BACFT conducted a Blue Badge misuse operation during the lead up to Christmas, due to the high risk of misuse at this time of year.</p> <p>Checks were carried out on all badges that were displayed, to ensure that the eligible holder was present. The operation included seizing out of date badges, which removes them out of circulation from future potential misuse.</p>	<ul style="list-style-type: none"> • Number of badges checked – 86 • Number of badges seized – 21 • Number of fraudulent uses of badges – 5* • Investigations continuing – 1

cont'd...

APPENDIX C (cont'd)**Proactive Counter Fraud Projects 2020/21 (cont'd)**

Proactive Project & Rationale	Project Outcomes
<p><u>Tenancy Residency Checks – Q3 & Q4</u></p> <p>The BACFT conducted unannounced residency checks to all social housing properties in a 'hot spot' area, identified in conjunction with the Council's Community Safety Team's targeting operations.</p> <p>The objective was to identify any tenancy fraud and non-occupation. The area had prior tenancy issues, including sub-letting, fraudulent HB/SPD claims and breaches of tenancy (i.e. ASB issues).</p>	<ul style="list-style-type: none"> • Properties visited – 111 • Visits successful – 107 • Cases under investigation – 4 • Additional savings captured from errors in SPD/CTR/HB claims – £1,782
<p><u>National Fraud Initiative (NFI) – Ongoing</u></p> <p>The National Fraud Initiative (NFI) is a data matching exercise which is conducted every two years. The matches are from data supplied by over 1,200 organisations which identify potential fraud and error.</p> <p>The BACFT continues to work on these matches which has highlighted various savings and loss prevention across areas such as Housing and Exchequer Services.</p>	<ul style="list-style-type: none"> • Number of properties returned – 4 • Financial Savings – £87,754** • Investigations continuing – 4

* *Fraudulent Blue Badge – Financial sanctions on these cases will be reported in Q1 report of 2020/21 due to restrictions in place for interviewing.*

** *Financial Savings – This includes the notional saving value of properties returned to housing stock*

APPENDIX D**Counter Fraud Benchmarking 2019/20**

London Borough	Council Properties Returned	RTB Cancelled	Housing Applications Closed	Council Tax & CTRS	Blue Badge Outcomes*	Social Care
Barking & Dagenham	9	44	46			
Barnet	34	27	5	£151,606	111	
Bexley	11		73		23	£21,600
Brent	19			£111,810	43	
Bromley					58	
Camden	66	6	1			
City of London	9	2	3			
Croydon	7	6	2		50	
Ealing	7	1	26	£6,707		£163,044
Enfield	100	17	6	£210,864		£350,312
Greenwich	24	3			15	£131,241
Hackney	6		75		20	
Hammersmith & Fulham	32	6				
Haringey	56	90		£38,000		
Harrow	6	6	2	£35,089	1	£274,953
Havering						
Hillingdon	28	6	29	£174,507	3	£29,740
Hounslow	19	65		£14,467	1	
Islington						
Kensington & Chelsea	21	22	9		71	
Kingston	3	6	20	£162,000		
Lambeth	69	3		£15,635	172	£450,000
Lewisham	3		90	£19,236	11	
Merton	12	5	75		1	
Newham	18	8	4			
Redbridge	6	1				
Richmond	8	8	6	£51,596		
Southwark						
Sutton	13	4		£1,740		
Tower Hamlets	40	20		£439,960	5	
Waltham Forest	36	32		£360,622	37	
Wandsworth	34	33	1			
Westminster (City of)	43	21	13	£5,541	53	

Where the cell is greyed out, the data was not available to us from the council in question.

* = Successful Outcomes for Blue Badges are defined as Fines and/or Prosecutions but excluding seized badges.