

COUNTER FRAUD ANNUAL REPORT TO AUDIT COMMITTEE: 2022/23

1 April 2023



HILLINGDON
LONDON

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Contents

The Counter Fraud key contacts in connection with this report are:		Page
Alex Brown	1. INTRODUCTION	3
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t: 01895 556811	3. COUNTER FRAUD ACTIVITY 2022/23	6
e: abrown@hillingsdon.gov.uk	4. COUNTER FRAUD PERFORMANCE 2022/23	13
	5. FORWARD LOOK 2023/24	13
	<i>APPENDIX A - Loss Prevention Performance 2022/23</i>	<i>15</i>
	<i>APPENDIX B - KPIs and Actual Performance 2022/23</i>	<i>16</i>
	<i>APPENDIX C – Proactive CF Projects 2022/23</i>	<i>17</i>
	<i>APPENDIX D - Counter Fraud Benchmarking 2021/22</i>	<i>19</i>
	<i>APPENDIX E - Glossary of Terms</i>	<i>20</i>
	<i>APPENDIX F - Social Media Campaigns</i>	<i>22</i>

1. INTRODUCTION

1.1 The Role of the Counter Fraud Team

1.1.1 The Counter Fraud Team (CFT) 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 CFT 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 CFT also conduct 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 CFT 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 2022/23 provides the Council's Corporate Management Team (CMT) and the Audit Committee with information on the counter fraud work carried out during 2022/23. 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 Head of Counter Fraud (HCF) to highlight any significant issues arising from the counter fraud work in 2022/23.

1.2.2 The Annual Report also highlights to CMT, the Audit Committee and other key stakeholders, the performance of the CFT in meeting its strategic and operational objectives (as set out in the Counter Fraud Strategy 2022 to 2025 and The Annual Operational Plan), which provides an opportunity for the HCF to be held to account in this respect.

2. EXECUTIVE SUMMARY

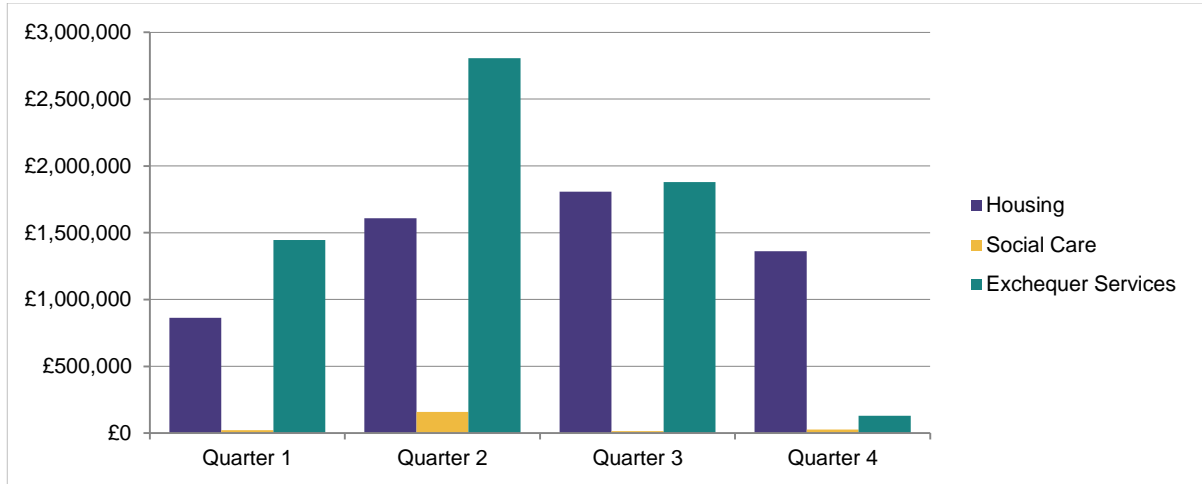
2.1 2022/23 has been a challenging year with the Council facing a heightened risk of fraud following the pandemic and the current cost of living crisis. The CFT has also seen a turnover of staff in a variety of positions leading to vacancies for periods of time during the year. Despite this, the team has remained focused and determined in the fight against fraud **achieving c£12.3m in savings against a financial target of £3.5m**. The success in exceeding the financial target and delivering the highest savings recorded can be attributed to the work carried out in tenancy fraud, emergency accommodation and revenues maximisation.

2.2 Throughout 2022/23 the CFT operated with an interim staffing structure in place including the use of agency staff. This is due to the team having a variety of vacancies at different stages of the financial year. The interim structure has been effective in supporting the workload created from the increase in fraud risk across service areas. The HCF and Section 151 will seek a permanent solution to resourcing in quarter one 23/24.

2.3 Tenancy fraud and other Housing related frauds have remained the highest risk to the Council and an area of focus for the CFT, with the team conducting civil and criminal investigations into suspected cases of housing fraud, alongside proactive loss prevention projects. This has achieved overall **loss prevention savings of c£5.64m** in 22/23. These savings included the **recovery of 84 Council properties** due to tenancy fraud, this represents a **100% increase** on the previous year's outcomes (21/22). The increase in recovery can be attributed to the rise in risk in this area since the pandemic and the effective detection of cases.

- 2.4 With the cost of living crisis Housing services have seen a significant rise in those requiring support due to homelessness. This has led to increased numbers currently in emergency accommodation. This increased demand presents the Council with a higher risk of fraud. The CFT undertook a 4 month project to residency check all emergency accommodation to highlight any occurrences of non-occupation or sublet. **In total 24 cases of accommodation placements were cancelled saving c£193k.** With the success of this project reducing costs and demonstrating the increased levels of fraud, the CFT will continue to visit all accommodation in 23/24 on a rolling programme.
- 2.5 The CFT has continued to deploy resources into combatting Social Care fraud. In total **c£235k of financial savings have been identified**, demonstrating an **increase of 11%** on the previous year's outcomes. Though this is a small increase, the cases dealt with by the CFT have been of high financial value and the HCF expects further positive outcomes in 23/24 based on the team's current case load.
- 2.6 In the area of **Revenues**, the team has delivered **8638 inspection visits** during 2022/23, which is a **5% reduction** from 2021/22. Though this represents a slight decrease in the number of visits completed, the approach of the CFT in this area has been focused, with time dedicated to high value investigations relating to revenues maximisation. This effective way of working has led to the **CFT to generating c£6m in additional business rates billings.**
- 2.7 During 22/23 the CFT supported its colleagues in Internal Audit (IA) by undertaking some consultancy reviews relating to fraud controls within processes. This work was the first of its kind for the CFT but demonstrated the value of a collaborative approach to risk and governance with IA. The CFT completed **5 consultancy reviews highlighting 44 recommendations** relating to fraud controls across key processes within services. Following the success of this work, the HCF and HIA have agreed to continue this joint approach into 23/24 with resourcing being shared where appropriate to undertake fraud related consultancy reviews or data analytics.
- 2.8 The CFT has operated with a **Home Office Onsite Immigration Official (OSIO)** integrated within the Counter Fraud Team since 2018. Service provisions have been temporarily interrupted throughout the year due to sickness and a change in OSIO. Despite this, the work of the OSIO has continued to add value by identifying **c£233k in loss prevention savings** which is a **202% increase on the previous year.** These savings have been identified predominately in the areas of Housing and Social Care, whereby applicants are no longer eligible for support due to their immigration status.
- 2.9 The CFT has continued to carry out focussed proactive projects as part of its strategic approach to tackle fraud in the Council's highest risk areas. These areas are considered to be susceptible to fraud and financial loss. Per the table at **Appendix C** the CFT conducted **nine** proactive projects in 2022/23. The proactive drives provide assurance across the Council and highlights, where needed, any further preventative measures.
- 2.10 Part of the CFT's remit is to create awareness internally and externally of fraud including promoting positive outcomes from its work. Across 22/23 the team has worked closely with the Communications Team to educate on the risk of fraud, how to report fraud and share some of the successes of the CFT. **Appendix F** showcases some of the media work delivered in 22/23.
- 2.11 **Chart 1** (over the page) summarises the areas* in which the CFT has achieved loss prevention savings (cost reductions) in 2022/23 by each quarter. The majority of loss prevention savings have been achieved by the CFT within Revenues due to the team's work in Revenues Maximisation. However, Chart 1 also illustrates the consistent level of financial achievements in the area of Housing. A full breakdown of all CFT loss prevention savings can be found at **Appendix A.**

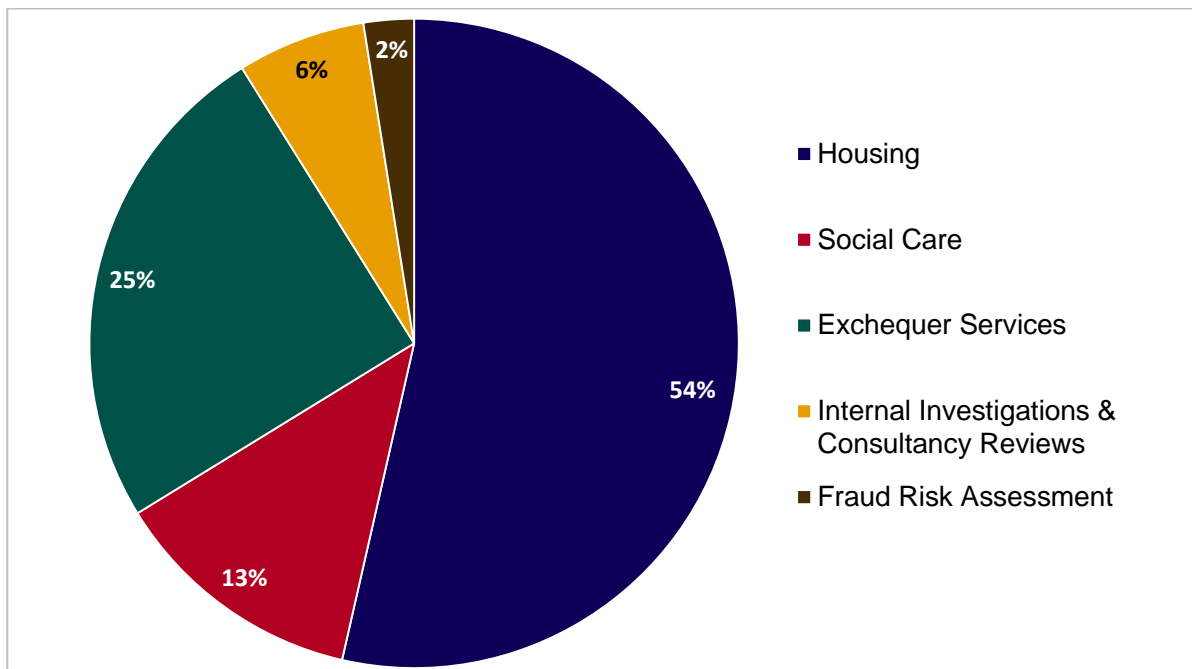
Chart 1 - CFT Loss Prevention Savings Achieved in 2022/23*



*This includes savings generated through the work of the OSIO

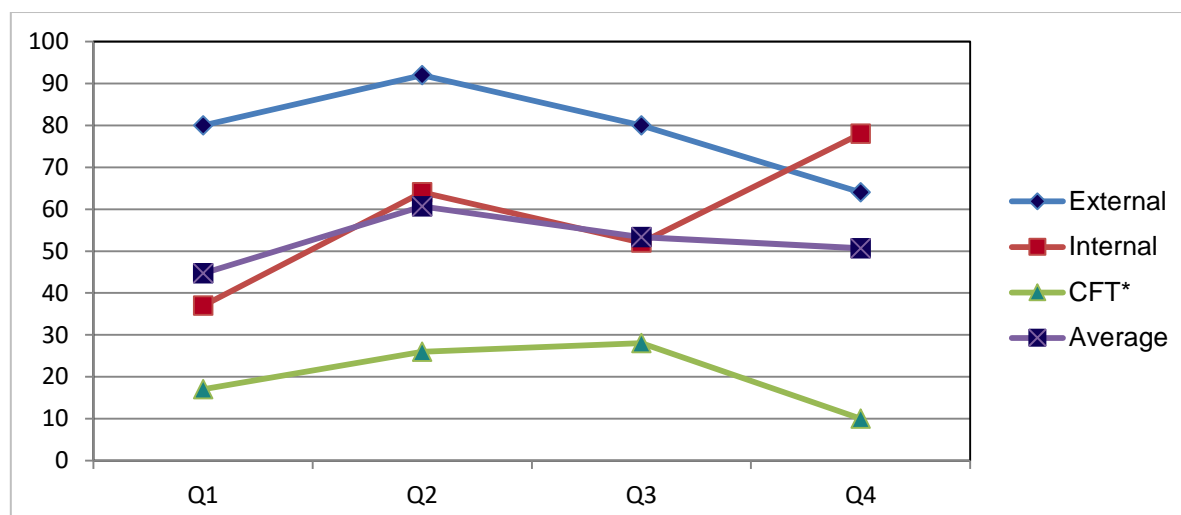
2.12 **Chart 2** below summarises the allocation of CFT resource in 2022/23. Similar to previous years, the team has spent the majority of its time working within the area of Housing. This is reflected by the increased number of properties recovered due to tenancy fraud. The resource allocation in Social Care and Revenues has reduced slightly due to the need to combat the increased fraud risk within Housing. However, outcomes in both of these areas have increased. With the CFT now undertaking consultancy reviews in relation to fraud controls the time spent on internal matters has increased by 5%.

Chart 2 - CFT Allocated Resource in 2022/23



2.13 In 2022/23 the CFT received a total of 628 referrals for investigation from both internal and external sources (compared to 586 in 2021/22). **Chart 3** (over the page) provides a summary of the trend in referrals over the year. In Q3 the CFT received a sharp increase in internal referrals, this can be attributed to the increase in fraud awareness presentations delivered to service areas within the Council.

2.14 The HCF notes that referrals in Q4 were in a slow decline from external sources. To combat this the CFT are preparing a communications package to engage with residents in 23/24 which will be consistent throughout the financial year, with the anticipation of increased fraud referrals from a variety of services areas across the Council.

Chart 3 - Number of 2022/23 Referrals by Quarter

*Referrals generated through CFT proactive projects or data matching exercises

3. ANALYSIS OF COUNTER FRAUD ACTIVITY IN 2022/23

3.1 This section provides a more detailed analysis of the activities of the CFT during 2022/23, detailing specific work streams and the trends within each area for comparison and contrast. The activities of the CFT were predominantly focussed on three main fraud areas of work: **Housing, Social Care and Revenues**. The CFT also conducted proactive **Blue Badge** operations during the year as well as investigating allegations of Blue Badge misuse. The team were also commissioned to carry out several internal fraud control consultancy reviews in conjunction with Internal Audit.

3.2 Housing Fraud

3.2.1 Throughout 2022/23 tenancy fraud investigations, housing verifications and proactive projects has continued to be the key area of work for the CFT. By undertaking verification checks, the applicants' eligibility for housing services are properly verified prior to being offered a tenancy and provides assurance to key stakeholders that the risk of fraud in this area is being managed effectively. The CFT continues to proactively identify and investigate instances of tenancy fraud. This combined approach has enabled the team to deliver effective loss prevention savings.

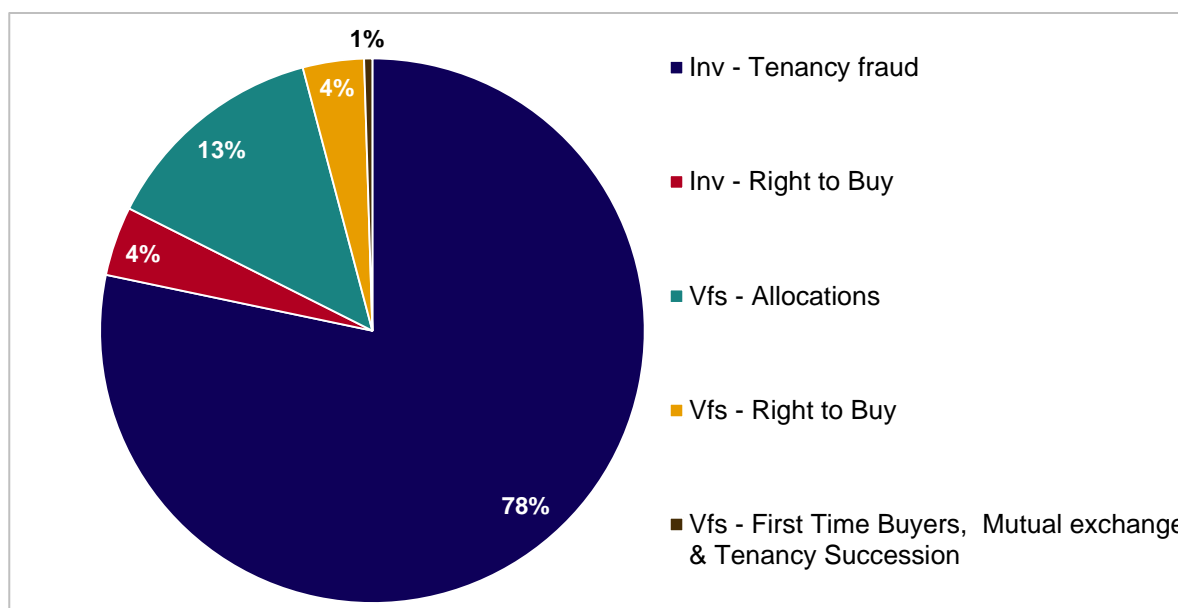
3.2.2 The CFT undertook a range of proactive projects throughout the year within housing, as listed in **Appendix C**. These projects are planned as part of the Counter Fraud Annual Workplan and are intended to ensure that areas where housing fraud predominantly occurs are reviewed to highlight any fraudulent activity. In addition to this the CFT has adapted to emerging fraud risks within housing providing much needed resources to mitigate these risks and provide positive assurance through effective management and outcomes.

3.2.3 During the year the Counter Fraud Management Team worked closely with stakeholders in Housing to improve the counter fraud culture and provide tailored support. Management provided guidance on potential fraudulent cases and interviewed clients in conjunction with housing staff to provide learning opportunities and demonstrate first hand interviewing techniques. This close support from the CFT has given housing staff the tools and confidence to challenge suspected fraudulent applications with further training to be rolled out in 23/24.

3.2.4 As per **Chart 4** over the page, most of the counter fraud activity that was conducted within housing is heavily focussed on tenancy fraud investigations which correlates to the increased outcomes in this area.

3.2.5 Following the commencement of the CFT’s transformational work in Q4 the resourcing into verifications has reduced by 58% due to efficiencies made in processes. However, the work still remains a risk based preventative measure mitigating against fraud risk and providing positive outcomes.

Chart 4 - CFT Work Within Housing Services in 2022/23



3.2.6 The team also achieved positive outcomes in other areas of loss prevention work outside of tenancy fraud, such as the **cancellation of 6 Right to Buys leading to loss prevention savings of £672k**. All 6 applications were closed due to various reasons including failure to disclose finances, non-occupation of a Council Property or a false application. Right to Buys present a variety of fraud risks relating to potential money laundering and tenancy fraud.

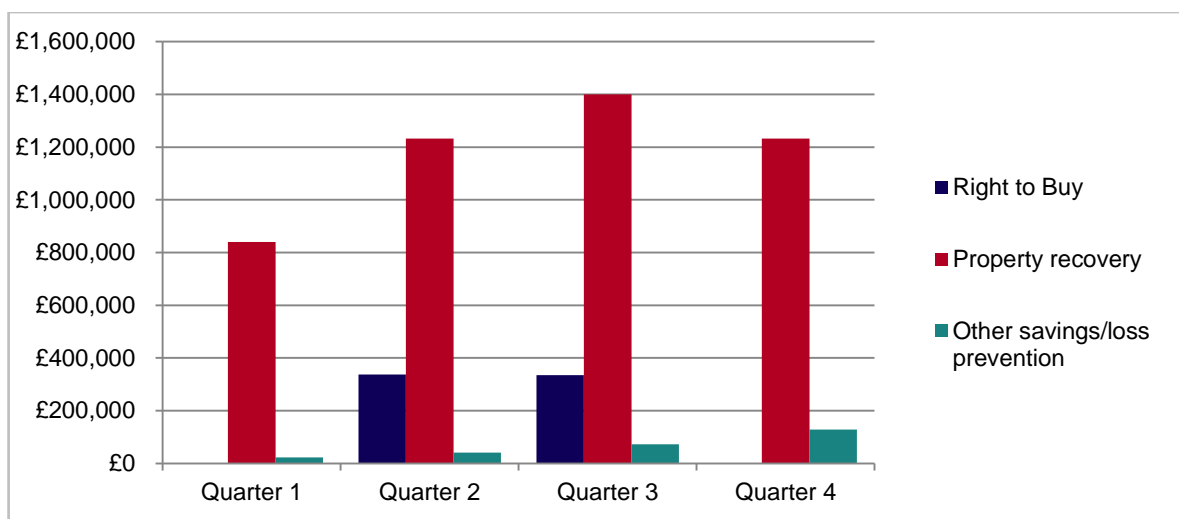
3.2.7 Per **Table 1** below, in 2022/23 the CFT successfully recovered **84 Council properties**. This is a **100% increase on outcomes** from 2021/22. The increased risk of tenancy fraud following the pandemic and cost of living crisis, combined with the improvement in referral quality and the effective processing of investigations by the CFT has contributed to this success.

Table 1 ~ Housing Tenancy Fraud Cases

Housing Tenancy Fraud	2022/23		2021/22		2020/21	
	Cases	£k/value*	Cases	£k/value	Cases	£k/value
Total number of recovered properties	84	£4,704k	42	£756k	22	£396k

*Calculated using the new Tenancy Fraud Forum valuation.

3.2.8 **Chart 5** (over the page) summarises the loss prevention outcomes of the team by area of counter fraud activity within Housing. The team’s high levels of property recovery have attributed to the majority of the savings. However, other loss prevention savings increased in Q3 and Q4 due to the teams work in identifying tenancy fraud within emergency accommodation. **The CFT identified and closed 24 emergency accommodation placements saving c£193k**. With the success of uncovering fraud within emergency accommodation the HCF expects further positive outcomes in this area during 23/24 following the introduction of a rolling programme of visits.

Chart 5 - CFT Loss Prevention Outcomes in Housing 2022/23

3.2.9 In 2022/23 the CFT continued to carry out verifications as part of the housing allocations process. As per **Table 2** below, 1377 housing cases were processed for verification. 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 **1377 housing verifications** carried out in 2022/23, the CFT identified **17% for rejection**, including the closure of **14 applications**. There are various reasons for a verification to be rejected or closed, and these include significant rent or Council Tax arrears, property ownership, no immigration status, or misrepresentation of circumstances. With a high demand for social housing assistance these checks continue to highlight their importance, as applicants may have been successful in obtaining a council property that they were not entitled to.

Table 2 ~ Housing Tenancy Verification Cases 2022/23

Housing Tenancy Verification Cases	Q1	Q2	Q3	Q4	Total
Total number of cases reviewed	424	304	291	358	1377
% Identified by CFT for rejection	17%	20%	20%	10%	17%
Total number of applications closed	3	4	0	7	14

3.3 Revenues

3.3.1 The CFT carries out **inspections of businesses and domestic properties in the borough**, Council Tax exemptions and discounts (such as SPD) and data matching work through the National Fraud Initiative (NFI), as well as maximising revenue through the identification of Beds in Sheds/Annexes. The work of the CFT aims to improve efficiency and increase productivity by applying proven effective visiting processes and investigative techniques to maximise revenue. This ensures that Business Rates and Council Tax are correctly applied to all properties, including business premises and new-build properties.

- 3.3.2 Per **Table 3** below, outlines the performance of the Revenues Inspection function against the previous year. The CFT has slightly improved its performance against its KPI in providing an effective and efficient service. Though the volumes of inspections have decreased by 5%, the outcomes achieved have significantly increased due to a focused risk based approach prioritising income generation through the Revenues Maximisation project.

Table 3 ~ Revenues Inspections Performance 2022/23

Revenues Inspections	2022/23	2021/22	Improvement
Total number of inspections completed	8,638	9,138	-500 / - 5%
Percentage within 10 day target	99%	97%	+ 2%

- 3.3.3 The CFT continued to proactively identify Beds in Sheds within the borough and a **total of 49 unregistered dwellings** during the year have been added to the Council Tax list. These previously unlisted properties resulted in **loss prevention savings of c£69k**. The identification of Beds in Sheds will continue to be a priority for the CFT with further work planned for 2023/24.

3.4 Revenue Maximisation

- 3.4.1 The continued focus on areas of loss prevention within NNDR has proven to be highly successful. The team have maintained its activity in this area identifying unknown businesses for ratings or those businesses that should have an increased RV through its own proactive projects and working with suppliers. **This has led to billings being issued to businesses to the value of c£6m** with the Council retaining 15% under the business rates retention model. This area of work highlighted the benefits of utilising data and using investigative practices to support inspections.

- 3.4.2 With positive financial outcomes across 2021/22 and 2022/23, the CFT has obtained Cabinet Member report approval to engage with suppliers for an additional year. The HCF believes this partnership coupled with our own in-house work will lead to further positive outcomes in the new financial year.

3.5 National Fraud Initiative

- 3.5.1 The National Fraud Initiative (NFI) is a bi-annual data matching exercise overseen by the Cabinet Office. Referrals generated by the NFI from the 2022/23 exercise were released to local authorities late in Q4 of 2022/23.
- 3.5.2 An initial review of the information provided by the NFI has commenced two internal cases which remain under active investigation.
- 3.5.3 The NFI also produces an annual review of Council Tax Single Person Discount claims which are matched against Electoral Roll records which identified savings of **£11,548.20** during 2022/23. Matches for the new financial year were received during Q4 and are being reviewed.
- 3.5.4 The remaining matches from the NFI exercises will continue to be reviewed by service areas and the CFT Data Analytics Unit with results expected during 2023/24.
- 3.5.5 The CFT has been a leading member of the NFI backed **London Counter Fraud Hub (LCFH)** which aims to proactively identify instances of cross borough fraud and loss and to provide access to regularly updated data from other public sector bodies.

3.5.6 During 2022/23 the LCFH has provided fortnightly data matching between council tenancy records and death registration information. This has identified **nine properties** where the council was unaware of the death of the tenant and which has led to the properties being recovered and returned to use earlier and more efficiently than would otherwise be the case. This provides a notional financial saving of **£504,000**.

3.6 New Homes Bonus

3.6.1 During Q2 the CFT undertook a project to identify properties that had been classified as long-term empty but were found to be occupied. A large number of properties were initially listed as unoccupied. Following internal systems checks and intelligence gathering, unannounced visits were conducted to the properties where occupancy could not be determined from information held internally. As a result of the internal systems interrogation and the visiting programme, **130** properties were identified as occupied.

3.6.2 Following the conclusion of the project, the work conducted by the CFT led to a **£111k increase** to the provisional figure that was provided by the Local Government Council for the Consultation Budget relating to the New Homes Bonus Scheme. This area of work directly impacted the amount of grant money that would be allocated to the Council.

3.7 Blue Badge Fraud

3.7.1 Although the direct monetary value of Blue Badge fraud is relatively low, the reputational risk to the Council is significant. The CFT's commitment to protect some of the boroughs most vulnerable residents and visitors to the area has been achieved by conducting both proactive and reactive operations. These operations were orchestrated to identify instances of Blue Badge misuse and for those found to be abusing the scheme to be held to account.

3.7.2 In 2022/23 the CFT **undertook a total of 3 Blue Badge operations**. The first saw resources deployed in previously unexplored commuter locations, which targeted various train stations across the borough. The second was coordinated following concerns that were raised by residents to their Councillors over visitors to the area misusing Blue Badges. The operation took place during peak times and included a weekend to account for the increased likelihood of misuse within the parking management schemes at Ruislip Lido and surrounding residential area.

3.7.3 The third operation was a new initiative involving 18 other London Boroughs working collaboratively to participate in a **London wide Blue Badge Day of Action**. This action enabled all participating boroughs to ensure that genuine badge holders were able to access the disabled parking facilities on offer across London.

3.7.4 The results in this area of work for 2022/23 saw the CFT **inspect 69 Blue Badges, seized 5 expired badges and issue 6 financial penalties along with administering 6 simple cautions**.

3.8 Social Care

3.8.1 A focus for 2022/2023 has been for the CFT to build and maintain strong working relationships with key stakeholders within Social Care. This has enabled the team to further strengthen counter fraud activity across this essential service.

3.8.2 Since the introduction of the Financial Assessment (FA) verification process which was designed to highlight any instances of hidden capital or assets, the CFT has seen a **62% increase** in verification requests this financial year. **In total 666 requests have been received with 6 cases undergoing additional checks**.

- 3.8.3 In addition, the CFT undertook a range of investigations into FA cases where applicants had misrepresented their circumstance and failed to disclose capital and assets. These investigations spanned across multiple fraud risks within Housing and Revenues, further demonstrating the CFT's effectiveness to manage frauds risks across services and minimise the Council's fraud losses. **In total, over c£148k of loss prevention savings were achieved as a direct result of these investigations and verification checks.**
- 3.8.4 With the CFT positioned across all main fraud risk within Social Care the team has seen positive results when identifying other areas of adult social care fraud, especially direct payments and assisting the Corporate Collections Team in recovering adult social care debt. With the increase in direct payments being used to assist service users to access care to meet their needs, fraud in this area can pose a considerable cost to the Council. During 2022/23 the CFT concluded an ongoing direct payment case and traced 3 debtors whose whereabouts was previously unknown. Loss prevention savings achieved across both areas was over **c£17k.**
- 3.8.5 To maximise loss prevention through effective counter fraud activity, the CFT undertook verification checks for all applicants who approached Social Care for Section 17 assistance. This proactive approach is a preventive fraud control to minimise the Council's exposure to fraud whilst providing a greater level of assurance that fraud risks are managed appropriately. As per **Table 4**, the team reviewed a total of 19 cases of which **9 cases were closed and 3 are undergoing additional checks. Work undertaken in this area has led to c£39k in loss prevention savings.**

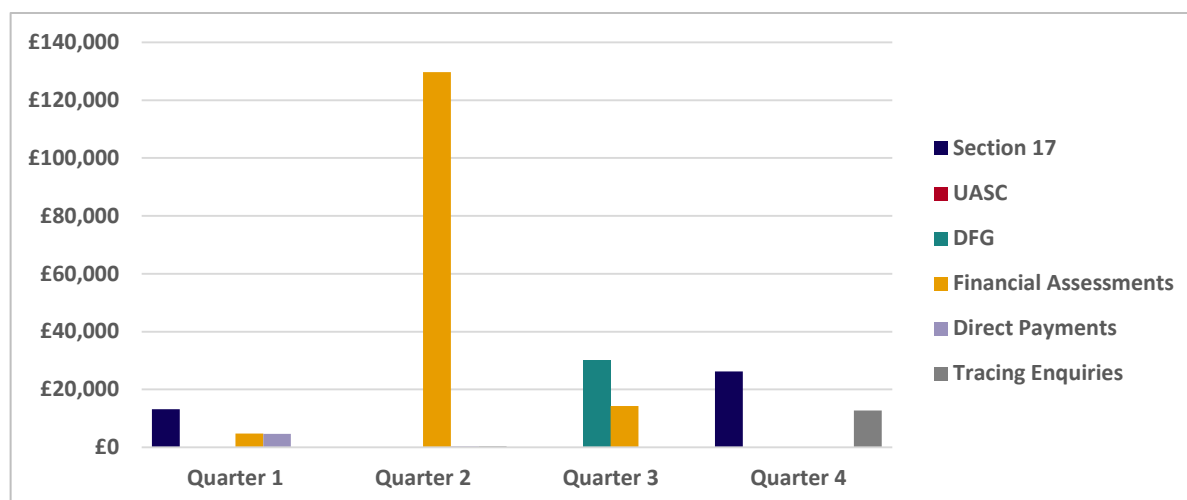
Table 4 ~ Section 17 Verification Cases 2022/23

Section 17 Cases	Q1	Q2	Q3	Q4	2022/23
Total number of cases reviewed	5	2	5	6	18
Total number verified as accurate	1	0	3	2	6
Total number of cases undergoing further checks	1	0	0	2	3
Total number of cases closed	3	2	2	2	9
Loss Prevention Savings	£13,128	£0	£0	£26,256	£39,384

- 3.8.6 As part of counter fraud activity within Social Care, the CFT commenced the annual Section 17 project. The launch of this project enabled counter fraud officers to provide assurance that accommodation provided to destitute families was being lawfully occupied and for instance of non-occupation or subletting to be robustly investigated. This project saw counter fraud resources deployed to **all 34 placements, with 1 service user** currently under investigation due to non-occupation.
- 3.8.7 Throughout 2022/23 the CFT has continued to investigate cases in relation to **Disabled Facilities Grant (DFG)**. The DFG scheme has strict eligibility criteria and is means tested to determine an applicant's contribution. In total the team **cancelled 1 DFG application**, following discrepancies found within financial statements. An explanation for these discrepancies was never provided and no further applications were made. **The financial savings in this area of work totalled £30,000.** 1 further case remains under investigation with the outcomes expected in 2023/24.

3.8.8 **Chart 6** below, summarises the loss prevention outcomes of the team for the work carried out within Social Care. Over the course of 2022/23 the CFT have continued to raise their profile within these services and engage positively with stakeholders, which has **delivered loss prevention savings of c£235k**, with most of these savings delivered in Q2.

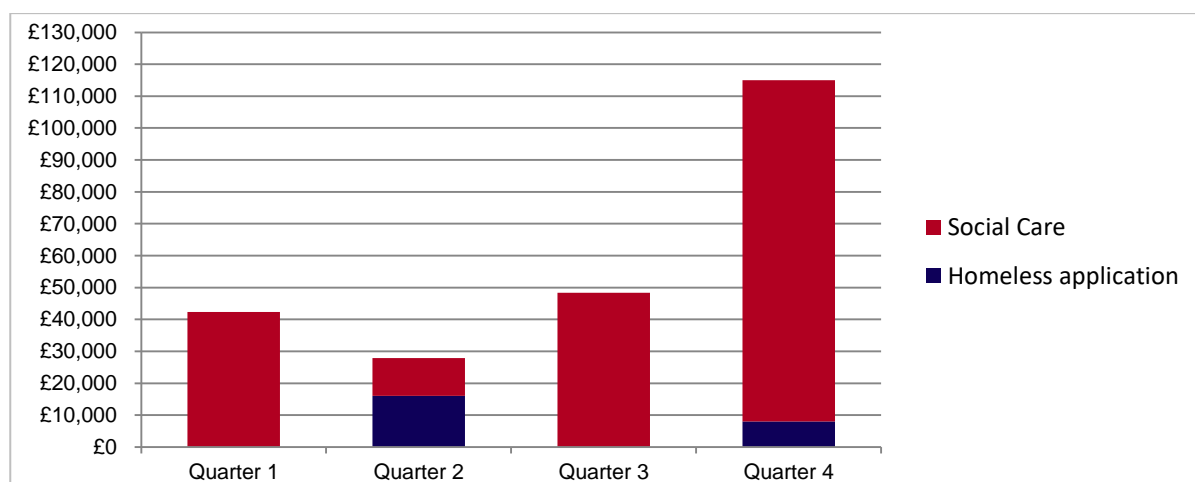
Chart 6 - CFT Loss Prevention Outcomes in Social Care 2022/23



3.9 Onsite Immigration Officer (OSIO)

3.9.1 **Chart 7** below, summarises the outcomes for the work of the OSIO within 2022/23. This is based on prudent estimates of the costs of Council services that are linked to immigration issues where the OSIO has been able to directly assist with by providing Home Office information. The total value of the OSIO work for 2022/23 is prudently estimated at c£233k.

Chart 7 - OSIO Loss Prevention Outcomes 2022/23



3.9.2 During the financial year the OSIO service has been interrupted due to sick leave and a change in officer. However, with a variety of workstreams feeding into the OSIO the HCF expects to see further positive outcomes in 23/24.

3.10 Fraud Awareness Campaign

3.10.1 The CFT continued to **embed an effective counter fraud culture** within the Council. A total of **11 Fraud Awareness sessions** were conducted both in person and virtually over the course of the year. Each presentation was tailored to incorporate the different fraud risks encountered by each service area. These sessions give officers the tools to spot and report fraud, whilst encouraging to champion a counter fraud culture organisation wide.

3.10.2 The Council's various social media platforms have been utilised by the CFT to raise awareness of the different types of fraud scams that had become prevalent over the course of the year, as well as fraud risks and team outcomes. Tweets and online posts were shared to encourage residents to report suspected instances of fraud. Examples of the CFT's media campaign can be found in **Appendix F**. There has been a notable correlation between the quality and quantity of referrals following on from the Fraud Awareness campaign.

4. ANALYSIS OF THE COUNTER FRAUD TEAM PERFORMANCE 2022/23

- 4.1 The CFT 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 HCF to be better held to account by CMT and Audit Committee. The table at **Appendix B** sets out the performance by the CFT against the KPIs throughout 2022/23 by quarter and previous years.
- 4.2 As illustrated in **Appendix B**, performance against KPIs have remained consistent throughout the financial year. The team has also **achieved 8 of the 9 KPI targets** which is a considerable achievement with 2 KPIs targets increasing for 2022/23. The team's overall performance can be attributed to the management information available and the management team's engagement with staff around performance.
- 4.3 The table at **Appendix A** provides a detailed breakdown of the loss prevention performance of the Counter Fraud Team during 2022/23. The table highlights the **significant increase in Revenue's outcomes** since the introduction of the revenue's maximisation project and the increased number of properties recovered in housing.
- 4.4 During 2022/23 the CFT 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 2021/22. 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 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 which are present across most London Boroughs.

5. FORWARD LOOK 2023/24

- 5.1 Looking ahead to 2022/23, the CFT as part of the Council's Counter Fraud Strategy 2022-25 will continue to develop its risk based approach, focussing on the areas of highest fraud risk within services. Key to this is the continued engagement with service areas on fraud risk and controls to support and underpin the Council's "Fraud Universe" which steers the CFT Annual Operational Work Plan.
- 5.2 Moving ahead, there are a number of key priorities for the CFT. These include:
- Currently the CFT is operating with one vacancy and interim arrangements. The HCF will draft a **business case to restructure the service to create additional resources** to meet the increased risk in fraud. The proposal will be presented in Q1 2023/24 to SDB for approval;
 - **Implementation of the Counter Fraud Annual Operational Work Plan 2023/24**, with a full and ongoing reassessment of the fraud risk profile of the Council to ensure the CFT adapts to any emerging risks;

- To continue to embed a counter fraud culture across the Council through a successful **programme of Fraud Awareness**, alongside engagement with key stakeholders regarding fraud issues internally and externally;
- Maintain performance with suppliers to identify businesses that are not listed for ratings through our **Revenues Maximisation Project**, to increase the NNDR collectable by the Council, using open source data and intelligence gathering;
- **Sustain the level of performance the team achieved in 2022/23 into 2023/24**, by focusing on our strategic objectives, KPI's and the financial loss prevention target by deploying a risk based approach to fraud;
- Continue to work closely with **Housing key stakeholders around the increased risk of fraud**, with the view to conduct further proactive and reactive counter fraud activity in this area; and
- **Undertake key activity in the CFT's transformation plan** to make efficiencies and improvements to the investigative function and workflow processes to maintain an effective service.

5.3 The CFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the management and staff of the Council, CMT and the Audit Committee during 2022/23.

Alex Brown APCIP
Head of Counter Fraud
1st April 2023

APPENDIX A: CFT Loss Prevention Performance 2022/23

	Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4*	2022/23*
Housing	Right to Buy discounts	£0	£336,900	£335,100	£0	£672,000
	Property Recovery (notional savings)	£840,000	£1,232,000	£1,400,000	£1,232,000	£4,704,000
	Other savings/loss prevention	£22,491	£40,267	£72,481	£128,856	£264,095
Social Care	Section 17 and UASC*	£13,128	£0	£0	£26,256	£39,384
	Financial Assessments	£4,758	£129,749	£14,232	£0	£148,739
	Disabled Facilities Grants	£0	£30,000	£0	£0	£30,000
	Direct Payments & Tracing Enquiries	£4,369	£300	£0	£12,699	£17,368
Revenues	Single Person Discount	£5,697	£5,847	£8,410	£3,382	£23,336
	Council Tax Reduction & arrears	£6,910	£20,203	£15,830	£532	£43,475
	Unlisted Buildings	£35,995	£17,239	£10,988	£5,401	£69,623
	Housing Benefit Overpayments	£5,456	£82,224	£428	£1,397	£89,505
	NNDR**	£1,391,666	£2,680,774	£1,844,320	£121,162	£6,037,922
Blue Badge	Simple Caution & Financial Penalty	£100	£200	£300	£0	£600
Immigration Officer	Housing Homelessness Applications*	£0	£16,107	£8,053	£0	£24,160
	Social Care Savings	£42,335	£11,760	£48,367	£106,983	£209,445
Totals	Loss Prevention Savings	£72,644	£565,084	£478,235	£274,794	£1,390,756
	Notional Savings	£2,028,372	£3,592,883	£2,968,100	£1,335,355	£9,924,710
	Cashable Savings	£271,789	£445,407	£311,877	£25,473	£1,054,546
	Costs awarded and penalties	£100	£200	£300	£0	£600
	Total	£2,372,905	£4,603,574	£3,758,512	£1,635,622	£12,370,614

* Average weekly cost against average length of support. This figure fluctuates but has been provided by the Council's Business Performance Team.

** NNDR operates under a business rates retention model with the Council keeping 15% of income.

APPENDIX B: KPIs and Actual Performance 2022/23

CFT KPIs	Target	Q1	Q2	Q3	Q4	22/23	21/22
1. Percentage of fraud referrals risk assessed within 3 working days	95%	99%	99%	95%	100%	99%	99%
2. Verification work timescales for completion:							
a. Housing Allocations completion within the target date set by Housing	95%	99%	99%	99%	100%	99%	99%
b. Right to Buy case completion within 28 working days	95%	100%	100%	100%	100%	100%	100%
c. Financial Assessments completion within 7 working days	95%	100%	100%	100%	100%	100%	N/A*
d. Section 17 reviews completion within 7 working days	95%	100%	100%	100%	100%	100%	N/A*
3. Investigation plan completion within 5 working days of case allocation	95%	100%	100%	99%	100%	99%	99%
4. Tenancy fraud referrals received resulting in property recovery	30%	35%	36%	51%	41%	40%	33%
5. Investigations resulting in loss prevention/financial saving outcome	40%	41%	41%	46%	29%	39%	55%
6. Revenue inspections completed within 10 working days of referral date	95%	99%	99%	99%	99%	99%	97%

N/A* = New KPI that has been introduced in the Counter Fraud Strategy for 2022 – 2025.

APPENDIX C: Proactive Counter Fraud Projects 2022/23

Proactive Project & Rationale	Project Outcomes
<p><u>Temporary Accommodation Residency - Q1</u></p> <p>The CFT carried out unannounced residency checks on all service users residing in Temporary Accommodation properties.</p> <p>The purpose of the project was to identify any sub-letting of accommodation, instances of non-occupation, as well as verifying those that had applied for social housing and ensuring that they were still eligible.</p>	<ul style="list-style-type: none"> • Number of properties visited - 225 • Number of properties verified - 216 • Properties Recovered - 6 • Investigations continuing - 3 • Financial Savings - £336,496
<p><u>Section 17 Residency – Q2</u></p> <p>The CFT 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 - 34 • Number of cases validated - 33 • Cases recommended to cease funding - 1 • Loss prevention through terminating funding - £13,128
<p><u>Blue Badge Q1 & Q2</u></p> <p>The CFT conducted a total of three proactive Blue Badge operations at commuter locations, which targeted various train stations across the borough and within the parking management schemes at Ruislip Lido and surrounding residential area.</p> <p>Checks were carried out on all badges that were displayed, to ensure that the eligible holder was present. The operations included seizing expired badges, which removes them out of circulation from potential misuse in the future.</p>	<ul style="list-style-type: none"> • Number of badges checked - 69 • Number of badges seized - 5 • Number of fraudulent uses of badges - 6
<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 CFT worked alongside colleagues within Exchequer Services, to identify properties that were recorded as empty but were in occupation, counting towards the NHB.</p> <p>CFT completed desk-top enquiries and information gathering along with unannounced visits to properties where checks indicated that a visit was required.</p>	<p>As a result of this work, the Council's provisional NHB grant figure has been calculated at an increase of c£111k compared to the figure detailed in the Consultation budget presented to Cabinet in December 2022.</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>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. The CFT carried out unannounced visits to properties that were highlighted via referrals and intelligence checks.</p>	<ul style="list-style-type: none"> • Number identified for bringing into Council Tax - 49 • Investigations continuing - 5 • Income generation - £69,624.60

<p><u>National Fraud Initiative (NFI) - Ongoing</u></p> <p>The National Fraud Initiative (NFI) main exercise is a bi-annual data match against numerous public and private sector data sources.</p> <p>The National Fraud Initiative (NFI) Recheck is an annual data match where SPD data is matched against the Electoral Roll.</p>	<ul style="list-style-type: none"> • £11,548.20 Savings from Single Person Discount matching
<p><u>London Counter Fraud Hub - Ongoing</u></p> <p>The London Counter Fraud Hub is designed to bring London Boroughs together, sharing data to identify cases of fraud, loss or error.</p> <p>The first in house data matching exercise using the LCFH, matched tenancy records against the death register. This highlights any properties that the Council are unaware that the tenant has passed away.</p>	<ul style="list-style-type: none"> • Number of properties returned - 9 • Financial Savings - £504,000
<p><u>Outstanding Gas Safety Inspections – Q4</u></p> <p>Working collaboratively with internal departments, the CFT conducted unannounced visits to all social housing properties that were overdue a gas safety check of 12 months or longer.</p> <p>The purpose of this project was to reduce the number of properties that were overdue a gas safety inspection, whilst also identifying potential cases of non-occupation or subletting.</p>	<ul style="list-style-type: none"> • Number of properties visited - 79 • Number of gas inspections completed - 55 • Properties Recovered - 5 • Financial Savings - £280,000 • Legal costs savings - £32k • Investigations continuing - 12
<p><u>B&B Emergency Accommodation - Q4</u></p> <p>The CFT carried out a project conducting unannounced residency checks for all clients residing in Bed and Breakfast emergency accommodation.</p> <p>The objective of this project was to verify that the accommodation provided was being occupied and to also identify cases of subletting, non-occupation, or misrepresentation of circumstances.</p>	<ul style="list-style-type: none"> • Number of clients visited - 449 • Number of clients verified - 387 • Accommodation Recovered - 24 • Investigations continuing - 12

APPENDIX D: Counter Fraud Benchmarking 2021/22

London Borough	Council Properties Returned	RTB Cancelled	Housing Applications Closed	Council Tax & CTRS	Blue Badge Outcomes*	Social Care
Barking & Dagenham	6					
Barnet	14	15	6		1	
Bexley	1		12		1	
Brent	27			£33,955	12	
Bromley					30	
Camden	50	7			24	
City of London	7		4	£2,663		
Croydon	19	3	14		7	
Ealing	8		10	£67,214		
Enfield	48	8	8	£19,345		
Greenwich	27				1	£16,179
Hackney	34	3	5			
Hammersmith & Fulham	22	4				
Haringey	28	52				
Harrow	2	9	1	£21,492		
Havering	6	2				
Hillingdon	42	3	16	£133,591	11	£192,933
Hounslow	6	4	2	£2,380	2	
Islington						
Kensington & Chelsea	18	2	50		36	
Kingston	3	6	40		5	
Lambeth	91	5		£13,921	178	£240,000
Lewisham	3		4	£8,500	1	
Merton	4	5				
Newham	8	6	10			
Redbridge	5			£2,000		
Richmond	9	1	96		2	
Southwark		5	15			
Sutton	9	1	1		1	
Tower Hamlets	35	4				
Waltham Forest	35	11	5	£23,700	15	
Wandsworth	35	4	160			
Westminster (City of)	26	2	17			

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 excludes seized badges.

APPENDIX E: Glossary of Terms

Beds in Sheds

'Beds in Sheds' is the term used to describe habitable outbuildings, or annexes to private properties being utilised without the awareness of the Council or the Valuation Office Agency (VOA).

Blue Badge

A Blue Badge provides parking concessions and helps people with **non-visible and visible disabilities or health conditions** park closer to their destination. The Blue Badge enables holders to park in designated disabled person's parking bays either on the public highway or privately owned car parks. In addition, badge holders can park on single or double yellow lines for up to 3 hours.

Direct Payments

The Council are responsible for administering direct payments to service users who have been assessed as needing care and support services. The payments are made to allow applicants to access care to meet their social care needs, such as support with living tasks and social activities.

Disabled Facility Grant

The council offers a range of financial support schemes for people with disabilities, such as the Disabled Facilities Grant (DFG). The DFG is a means tested scheme that allows eligible applicants to receive financial support to make adaptations to their home, if they, or someone living at the property is disabled.

Financial Assessments

The Council is under a financial and legal obligation to carry out this means tested assessment for each service user. The Financial Assessment (FA) identifies whether the applicant(s) is eligible to receive funding towards their care costs.

Fraud Hub (LCFH)

Utilising the existing Cabinet Office infrastructure and systems, most London based local authorities have agreed to upload internally held data sets for proactive data matching exercises. These regularly agreed upon exercises will lead to the identification of possible fraud, loss or error.

National Fraud Initiative

The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Government Cabinet Office and conducted every 2 years. There is also an annual review of claimants in receipt of Single Persons discount data that is matched against the Electoral Roll data. The NFI matches data from over 1,200 organisations, including councils, the police, hospitals and almost 100 private companies to identify potential fraud and error.

New Homes Bonus

The New Homes Bonus (NHB) is a grant that is paid by central government to incentivise local housing growth.

Onsite Immigration Enforcement Official

The Onsite Immigration Enforcement Official (OSIO) provides enhanced access to Home Office data for the purpose of assessing cases involving immigration issues and for assisting in a range of counter fraud work.

Right to Buy

The Right to Buy (RTB) process is a statutory scheme whereby a tenant(s) can apply to purchase their property at a significant discount from its market value. There are strict conditions that must be met by the applicant(s) if they are to qualify for the discount.

Revenues Maximisation

The use of internally held data and the utilisation of external data partners to identify previously unlisted commercial and domestic properties, along with identifying commercial properties that have undertaken modifications or improvements that would result in the revaluation of its Rateable Value (RV). Commercial entities are under no obligation to inform Council Tax as to when they have started trading or if their RV needs to be recalculated. The Council will only retain 15% of the identified rates.

Section 17

The CFT provides assurance and mitigates the risk of fraud within Children's Social Care, in particular the allocation of emergency accommodation provided under Section 17 of the Children's Act 1989. The verification process seeks to validate a family's reason for approach as well as their financial circumstances, as applicants claim to be destitute and requiring accommodation and or financial support. The CFT conducts verification checks on all applicants approaching the Council.

Small business Rates Relief

The Small Business Rates Relief (SBRR) scheme is designed to reduce the amount of business rates payable by small businesses. This reduction is available to ratepayers who occupy a property with a rateable value of no more than £15,000.

Unaccompanied Asylum-Seeking Children

Unaccompanied Asylum-Seeking Children (UASC) are children and young people who are seeking asylum in the UK but have been separated from their parents or carers. Whilst their asylum claim is processed, they are cared for by the Council and provided with accommodation and or financial support.

APPENDIX F: Social Media Campaigns

Council homes returned following a six-week long campaign

A six-week campaign to tackle tenancy fraud has helped recover three council properties, saving the council more than £55,000 as well as helping house families in genuine need of a home.

Between Monday 8 November and Friday 17 December, the council's business assurance counter fraud team ran a key amnesty to reclaim social housing being used illegally. This was an opportunity for anyone to hand in the keys to a council property with no questions asked or fear of any further legal action relating to tenancy fraud.

Tenancy fraud costs councils hundreds and thousands of pounds each year and denies residents access to suitable accommodation. Over the past year, the council has recovered 41

council properties which have then been relet to residents in genuine need.

Examples of tenancy fraud include illegal subletting, wrongful succession, a fraudulent 'right to buy'

application, lying about a tenancy agreement or housing application, or not disclosing a change of circumstances.

The three properties returned during the

amnesty each had two bedrooms. Two-bedroom emergency accommodation costs the council an average of £18,552.95 a year. The three returned properties means that the council will save £55,568.85 in emergency accommodation costs.

Cllr Martin Goddard, Cabinet Member for Finance, said:

"This is the first time we've held a key amnesty to tackle tenancy fraud and I am pleased that it has allowed us to quickly reclaim council homes so desperately needed by people and families on our waiting list."

If you suspect tenancy fraud is taking place, report it online at www.hillingdon.gov.uk/reporting-fraud-or-corruption, call 0800 389 8313 (Monday to Friday 9am to 5pm) or email fraud@hillingdon.gov.uk.



Hillingdon Council @Hillingdon · Nov 13, 2022

Help us to stamp out fraud! If you suspect that someone is committing fraud against the council, you can report it directly to us. Report fraud in confidence at buff.ly/3DsZB0k or call 0800 389 8313 #FraudAwarenessWeek.



Promote

Hillingdon Council @Hillingdon · Nov 14, 2022

Fraud is a serious crime that can have a devastating impact on victims. The most common types of frauds include the illegal subletting a council house, bogus benefit applications and the misuse of Blue Badges. Report fraud at or call 0800 389 8313 #FraudAwarenessWeek.



Promote

Hillingdon Council @Hillingdon · Nov 16, 2022

Report suspicious emails by forwarding them to report@phishing.gov.uk. Your reports help to protect the public against fraud and cyber crime. As of May 2022, over 83,000 scams and 153,000 malicious websites have been removed. #FraudAwarenessWeek



Promote

Hillingdon Council @Hillingdon · Nov 15, 2022

Misuse of disabled parking badges stop our most vulnerable residents, with legitimate disabilities, parking closer to their destination. If you suspect someone is misusing a badge you can report it at buff.ly/3DsZB0k or call 0800 389 8313 #FraudAwarenessWeek.



Promote



Stamping out tenancy fraud

The council's counter fraud team, working closely with housing services, investigates hundreds of claims of tenancy fraud across the borough and in the last year alone, the team has recovered 62 council properties which have now been relet to residents in genuine need.

The council takes tenancy fraud seriously, not only because it's the unlawful occupation of council housing, which carries a sentence of up to two years in jail or an unlimited fine, but also because it deprives legitimate applicants of a home, and results in them staying in costly temporary accommodation.

Tenancy fraud occurs when a tenant provides false information to gain a property, sublets the property to someone else, doesn't declare a change of circumstances or does

not use the property as their only or main home.

Cllr Martin Goddard, Cabinet Member for Finance, said: "Tenancy fraud costs councils hundreds of thousands of pounds each year and denies eligible residents access to suitable accommodation.

"We will follow up all reports of alleged tenancy fraud and if we have strong evidence that someone has committed tenancy fraud, we will take steps to recover the property."

If you suspect tenancy fraud is taking place, report it online at www.hillingdon.gov.uk/report-fraud, by calling 0800 389 8313 (Monday to Friday 9am to 5pm), by emailing fraud@hillingdon.gov.uk or sending a letter to the Counter Fraud Manager, 2N, Civic Centre, High Street, Uxbridge, UB8 1UW.

London-wide day of action on Blue Badge fraudsters

Officers from the council's counter fraud and parking services teams were out on the streets of Uxbridge in May on the lookout for instances of Blue Badge parking permit misuse, counterfeit and copied badges.

It was all part of the Blue Badge Day of Action, a coordinated joint patrol of streets, involving 18 boroughs across London, to identify cases where the concessionary parking permits have been used fraudulently.

A total of 53 blue badges were inspected on the patrol, five of which had already expired. Four other badges were being used by someone who wasn't the registered holder. Those drivers were cautioned and could now receive fixed penalty fines of £100 or even face prosecution.

Blue badges provide parking concessions for people with severe mobility problems, as

well as people with less visible conditions, such as learning disabilities and mental health conditions.

The scheme is open to eligible people irrespective of whether they are travelling as a driver or as a passenger and it helps badge holders park closer to their destination.

They are intended only to be used by the holder and misusing a badge has implications for everyone because it means there are fewer accessible parking spaces for people who need them most.

Cllr Martin Goddard, Cabinet Member for Finance, said: "Although most blue badge holders abide by the rules, this day of action should serve as a reminder that the council will not tolerate misuse.

"If you suspect a case of Blue Badge fraud, you can report it to the council by calling 0800 389 8313 (Monday to Friday 9am to 5pm) or emailing fraud@hillingdon.gov.uk."