

COUNTER FRAUD

Report to Audit Committee:

2025/26 Quarter 2

30th September 2025



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1. INTRODUCTION

The Role of the Counter Fraud Team

- 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.
- 1.2 As well as counter fraud activity, there is also a range of preventative work that the team is responsible for carrying out. This includes fraud awareness training and ensuring the Council have up-to-date and appropriate investigation policies and procedures.

The Purpose of the Counter Fraud Progress Report

- 1.3 The Counter Fraud Progress Report provides the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all counter fraud work carried out during the Quarter 2 (Q2) period (1st July to 30th September 2025). In addition, it provides an opportunity for the Head of Counter Fraud (HCF) to highlight any significant issues arising from counter fraud work in Q2.
- 1.4 The progress 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 2025 to 2028), which provides an opportunity for the HCF to be held to account in this respect.

2. EXECUTIVE SUMMARY

- 2.1 Following on from the positive outcomes of Q1, the team have continued to focus its efforts in areas of high-risk including Housing, Social Care and Revenues. In addition, the team have continued to support the Council wide Debt & Income project. **This approach has delivered financial savings of c£2.7m in Q2 2025/26.** This brings the year-to-date total to c£6.9m against a target of £8.8m.
- 2.2 The majority of the CFT's work in Q2 has been undertaken in the area of Housing, in particular reactive investigative work due to tenancy fraud. Currently the team are investigating 129 cases of Housing fraud which is consistent with previous quarters. In addition to these ongoing cases a large number of investigations have concluded in Q2, **leading to the team recovering 28 properties at a notional saving of c£1.9m.** The high number of properties recovered in the second quarter not only provides much needed Housing stock to those in need but demonstrates that the CFT are on track to deliver a significant amount of property recovery, in line with previous years.
- 2.3 During Q2 the CFT has continued to **visit emergency accommodation** provided by the Council to residents who have approached as homeless. During visits, **the CFT uncovered 11 clients were not occupying their emergency accommodation, which led to accommodation closures on all 11 cases saving c£408k.** This work is vital to ensure the Council has enough accommodation to support those in need during a time when demand is increasing.
- 2.4 As part of the CFT's transformation work that has been mentioned in previous progress reports, the management team are working with colleagues in Digital to enhance processes through the use of technology and the digitalisation of processes. New technology is now being deployed to officers to enhance their work and continue the drive towards paperless working.

- 2.5 The CFT are currently involved in a Council wide Debt & Income project. The team have been piloting debt recovery visits in the area of Adult Social Care. Though this is not fraud related, the Council is utilising the CFT's skill set in relation to conversation management, lines of enquires and negotiation tactics to increase debt recovery. **This approach has led to the collection of c£43k in one-off lump sum payments and 15 payment plans set up that will recover a further c£24k over the next 12 months.** This work will continue, and wider discussions are currently ongoing to introduce other areas of debt to the visiting programme.

3. COUNTER FRAUD ACTIVITY IN QUARTER 2

3.1 Housing Fraud

- 3.1.1 The CFT has sustained its performance from previous quarters, **recovering 28 social housing properties, with a notional saving of c£1.9m in Q2.** The loss prevention savings for this work stands at £728k for Q2 This brings the total number of properties recovered this financial year to 55. These positive results stem from a variety of proactive projects and data matching exercises that the CFT have undertaken and shows that tenancy fraud is continuing to be of high risk to the Council.
- 3.1.2 The Key Performance Indicator (KPI) 4 (refer to **Table 4 in Appendix A**) requires the CFT to recover 30% of properties associated with tenancy fraud referrals. This quarter **the CFT has achieved 74% of tenancy fraud referrals resulting in property recovery.** As per **Table 1** below, the case type of property recovery shows that non-occupation is still the highest area of tenancy fraud risk.

Table 1 ~ Housing Tenancy Fraud Cases

Case Type	Q1	Q2*	2025/26*	£k/value**
Abandonment	0	0	0	£0
Deceased	13	9	22	£1,540k
NFI Fraud Hub	2	4	6	£420k
Non-Occupation	8	10	18	£1,260k
Other	1	1	2	£140k
Sub-Let	1	1	2	£140k
Wrongful Succession	2	3	5	£350k
Total Properties Recovered	27	28	55	£3,850k

* As at end of Q2 (30th September 2025).

** Tenancy Fraud Forum valuation.

- 3.1.3 Tenancy fraud remains the highest fraud risk faced by the Council, with the CFT currently investigating **129 cases relating to tenancy fraud.** The team have been granted 6 possession orders following legal proceedings, which are awaiting enforcement action, and a further **39 criminal and civil cases are currently with our legal team.**
- 3.1.4 In Q2 the team have also continued with proactively identifying cases of unknown deceased tenants with the assistance of the **NFI Fraud Hub.** The details of this work can be found in subsection 3.6 of this report. This work, though not classed as fraud, has continued to contribute to the number of properties recovered.

- 3.1.5 In Q2, the CFT proactive project conducting residential checks on bungalow stock within the borough is close to completion. The purpose of the project is to highlight potential cases of non-occupation or sub-letting. In total the project has seen **2 bungalows recovered due to non-occupation** and additional **savings of c£2k for incorrect claims of council tax discounts**. A further 6 cases have been highlighted for potential non-occupation, and 25 cases are still undergoing further enquiries.
- 3.1.6 The CFT have continued to proactively look at internally sourced data which can highlight discrepancies and result in property recovery or other financial savings such as council tax discounts and exemptions. These **data projects include key fob usage** in some of the Council's low-rise and high-rise buildings, highlighting concerns of non-occupation, and **council tax exemptions against social housing stock**. In Q2 the CFT **have recovered a further 10 properties from analysing data** and acting proactively to ensure the housing stock is utilised efficiently.
- 3.1.7 The CFT has continued its rolling proactive project conducting residency checks to all emergency accommodation placements to highlight any instances of non-occupation or subletting. In Q2 the CFT has **closed 11 emergency accommodation units due to non-occupation, resulting in savings of c£408k**. During these visits officers address any other concerns such as recovering any rent arrears and setting up payment plans for arrears. A further **12 cases have been opened** due to concerns of suspected non-occupation.
- 3.1.8 In Q2 the CFT **successfully prosecuted a false homeless applicant** who misrepresented her circumstances to obtain social housing. The investigation found that the applicant had claimed to have lived in the borough in overcrowded conditions yet had a permanent address outside of the borough. The outcome of the hearing was published on Hillingdon's website and on the Council's social media platforms to highlight how serious housing fraud is, and that action will be taken on those abusing the system.
- 3.1.9 The CFT carries out verification checks on all Right to Buy (RTB) applications submitted to the Council to provide assurance that those who apply are eligible for the significant discount and that the funds used for the purchase abide by money laundering regulations. In Q2 the CFT has cancelled a RTB application saving c£112k and also have **9 cases under investigation for suspicion of sub-letting and non-occupation**, with 2 cases referred to our Legal department to instigate criminal proceedings based on fraud offences. The CFT has also closed a further two RTB applications at verification stage due to the failure to provide financial information.

3.2 Revenues Fraud & Inspections

- 3.2.1 In the area of Revenues, the CFT has continued to maintain a high level of performance and again exceeded their KPI target (refer to **Table 4 at Appendix A**). In Q2, as detailed in **Table 2** below, the CFT has **conducted 1,593 inspections, with 1,585 (99%) visited within the 10-day KPI target**.

Table 2 ~ Revenues Inspections Performance 2025/26

Revenues Inspections	Q1	Q2*
Total number of inspections completed	1,841	1,593
Percentage within 10-day target	99%	99%

**As at end of Q2 (30th September 2025).*

- 3.2.2 During Q2 the CFT has identified a further **17 previously unlisted properties** made up of 'Beds in Sheds'. As a result, an additional **c£20k of loss prevention savings** has been identified following the issue of revised Council Tax bills to the liable parties. Throughout the financial year the CFT will continue to work with other Council departments to identify beds in sheds and take appropriate action.
- 3.2.3 During Q2 the CFT have continued the programme of Revenues Maximisation with our partners to identify unlisted buildings and changes to the use of land. This has **identified three previously unlisted business premises with additional billing in Q2 issued to businesses to the value of c£22k.**
- 3.3 Social Care**
- 3.3.1 In Q2 CFT officers have been conducting a pilot exercise to recover outstanding Social Care debt by visiting residents to establish their means to pay and make arrangements for outstanding debt to be recovered. This groundbreaking work has resulted in **initial payments of £43,653 being made during Q2 with a further two payment plans being established which will result in additional c£24k being recovered over the next 12 months.**
- 3.3.2 With preventive controls and reactive processes in place across fraud risks within Social Care, Q2 marks a successful quarter for the team with **c£62k in loss prevention savings identified.** These positive outcomes have stemmed from a range of workstreams including the Financial Assessment verification process, tracing service users and the verification of residents receiving Section 17 support.
- 3.3.3 The CFT's risk-based loss prevention work within Financial Assessments has continued throughout Q2, with the team conducting **151 financial assessment verifications, 10 of which are undergoing further checks.** The verification process is designed to identify anomalies, such as hidden capital or assets prior to financial support being administered and to provide assurance that only eligible applicants are provided support.
- 3.3.4 Section 17 of the Children's Act 1989 places a duty on the Council to safeguard and promote the welfare of children in need. Section 17 support offers a range of services that includes providing accommodation and/or financial assistance to eligible applicants. The CFT undertake verification checks for all Section 17 applicants who approach Social Care. **Table 3 below**, illustrates the outcomes derived from the preventive measures in place that ensure services provided are only accessed by those who meet the eligibility criteria.

Table 3 ~ Section 17 Verification Cases 2025/26

Section 17 Cases	Q1	Q2*	2025/26*
Total number of cases reviewed	14	15	29
Total number verified as accurate	10	5	15
Total number of cases closed	1	3	7
Total number of cases under further checks	3	7	7
Loss Prevention Savings	£3544	-	£3544

* As at end of Q2 (30th September 2025).

- 3.3.5 In addition to verification checks the CFT also conduct a proactive Section 17 project, with counter fraud officers deployed to highlight cases of sub-letting and non-occupation of Social Care accommodation. With placements provided both inside and outside of the borough, counter fraud officers have begun conducting unannounced visits to all 88 service users, and during Q2 this has led to the **closure of 1 placement with a saving of c£17k.**

3.4 Blue Badge

- 3.4.1 Cases from previously reported Blue Badge operations and referrals from residents have continued to progress during Q2 with the successful **prosecution of 6 Blue Badge cases**. The evidence of these criminal cases was heard in the Magistrates Court with **a total of £11,309 in prosecution costs awarded to the Council and £2,937 in fines issued to offenders**. A further 2 cases are due to be heard in court, with outcomes expected to be reported in Q3.

3.5 Onsite Immigration Official

- 3.5.1 Q2 marked a successful quarter in the area of immigration with **£21,827 in loss prevention savings identified**. These savings can be contributed to the team's proactive approach within in Social Care by highlighting a change in **4 service users immigration status** and the collaborative steps taken by CFT and the Children's Resources Finance Team to support each service user to access public funds. These changes in immigration status relieves the Council from financially supporting each service user and encourages independence.
- 3.5.2 The Onsite Immigration Official service has now ended as the Home Office are no longer offering this service to local authorities. The CFT are working with service areas and other stakeholders to ensure alternative arrangements are put in place.

3.6 London Counter Fraud Hub

- 3.6.1 The CFT is recognised as a leading member of the London Counter Fraud Hub (LCFH). The hub is designed to bring London Boroughs together, sharing data to identify fraud, loss or error. This innovative approach will also use the power of data to uncover cross borough frauds.
- 3.6.2 The unique capabilities of the LCFH are now embedded in the CFT and this is producing referrals automatically every two weeks identifying cases where the Council may not be aware of tenants passing away. This has maximised loss prevention by ensuring that cases are identified at an early stage. A total of **6 council properties have been recovered** and returned to use as a result of information provided by the LCFH during Q2.

3.7 National Fraud Initiative

- 3.7.1 The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Cabinet Office and conducted every 2 years. The NFI matches data from over 1,300 organisations, including councils, the Police, hospitals and almost 100 private companies to identify potential fraud and error.
- 3.7.2 The CFT have dedicated significant resource into analysing the data provided by the 2024/25 NFI exercise which has led to savings in a variety of work streams.
- 3.7.3 Information received from the NFI has led to **the closure of 62 Housing Register applications** during Q2 where applicants had failed to declare changes in their circumstances and were no longer entitled to seek housing assistance from the Council.
- 3.7.4 **A further 25 Housing Register applications have been closed by the service area** following confirmation from the NFI that the applicants had passed away.

3.7.5 Reviewing cases where the NFI had identified changes in the income and capital of recipients of Council Tax Reduction (CTR) has led to **overpayments of c£41k which will be added to revised Council Tax Billing.**

3.7.6 The annual data match aiming to identify incorrectly claimed Council Tax Single Person Discount has been received and is being reviewed by the CFT with results expected in Q3.

3.8 Other Counter Fraud Activities

3.8.1 The CFT continue to be recognised as a leading authority in combatting fraud. During Q2 a Counter Fraud Manager was interviewed by MyLondon News reporting on the sector leading results being achieved by the CFT and was invited to speak to legal professionals at the Social Housing Legal Alliance training event.

3.8.2 Following their success as a speaker at the Tenancy Fraud Forum (TFF) annual conference the Counter Fraud Manager has also been elected to the Executive Board of the TFF where they will continue to guide and support national projects and policy in relation to social housing fraud.

3.8.2 During Q2 senior Council managers joined the CFT for a “back to the floor” evening and accompanied officers on out of hours visits to properties in the borough. This was a successful evening allowing the CFT to highlight their achievements and the challenges which officers face.

4. COUNTER FRAUD PERFORMANCE IN Q2

4.1 Attached at **Appendix A** is **Table 4** which sets out the Q2 performance by the CFT against the 9 KPIs. Also attached at **Appendix B** is **Table 5** which provides an overview of the financial performance of the team in Q2 within each of the main areas of counter fraud activity. The CFT's financial performance should be considered against a target of £8.8m for 2025/26.

4.2 The CFT has achieved a consistent level of performance across KPI's throughout the quarter. The details of this are that **9 out of 9 KPI's are above targeted performance**. The management team are pleased that all KPI's have been met and will be working closely with the team to ensure this level of performance is sustained.

5. FORWARD LOOK

5.1 The Legislative Reform Order allowing data matching in Social Care has now passed through Parliament and data is being secured to allow this matching to take place during Q3 with results expected later in the year.

5.2 International Fraud Awareness Week falls during Q3 and the CFT will be supporting this with a variety of activity to promote the role of the CFT including working with the Communications Team to produce a series of Social Media posts and carrying out fraud awareness sessions with service areas.

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 during this quarter. There are no other counter fraud matters that the HCF needs to bring to the attention of CMT or the Audit Committee at this time.

Alex Brown APCIP
Head of Counter Fraud

APPENDIX A: Table 4 - CFT KPIs and Actual Performance

CFT KPIs	Target	Q1	Q2*	25/26*	24/25
1. Percentage of fraud referrals risk assessed within 3 working days	95%	100%	100%	100%	99%
2. Verification work timescales for completion:					
a. Right to Buy case completion within 28 working days	95%	100%	98%	99%	98%
b. Financial Assessments completion within 7 working days	95%	100%	100%	100%	100%
c. Section 17 reviews completion within 7 working days	95%	93%	100%	97%	100%
3. Investigation plan completion within 5 working days of case allocation	95%	100%	99%	99%	100%
4. Tenancy fraud referrals received resulting in property recovery	30%	67%	74%	68%	71%
5. Investigations resulting in loss prevention/financial saving outcome	40%	36%	41%	38%	47%
6. Revenue inspections completed within 10 working days of referral date	95%	99%	99%	99%	99%

* As at end of Q2 (30th September 2025).

APPENDIX B: Table 5 - CFT Quarter 2 2025/26 Financial Performance

Work Area	Description	Quarter 1	Quarter 2*	Quarter 3	Quarter 4	2025/26*
Housing	Right to Buy discounts	£98,800	£112,800	£0	£0	£211,600
	Property Recovery (notional savings)	£1,890,000	£1,960,000	£0	£0	£3,850,000
	Other savings/loss prevention	£233,404	£408,490	£0	£0	£641,894
Social Care	Section 17 and UASC**	£3,544	£17,708	£0	£0	£21,252
	Financial Assessments	£11,295	£15,926	£0	£0	£27,221
	Direct Payments	£0	£0	£0	£0	£0
	Other (Including Debt Visits)	£129,830	£32,191	£0	£0	£226,401
Revenues	Single Person Discount	£7,307	£11,355	£0	£0	£18,662
	Council Tax Reduction & arrears	£37,323	£43,869	£0	£0	£81,192
	Unlisted Buildings	£29,366	£20,054	£0	£0	£49,420
	Housing Benefit Overpayments	£1,086	£28,279	£0	£0	£1,086
	NNDR	£1,639,354	£22,801	£0	£0	£1,662,155
Blue Badge	Simple Caution & Financial Penalty	£2,578	£14,246	£0	£0	£16,824
Immigration Officer	Housing Homelessness Applications**	£0	£0	£0	£0	£0
	Social Care Savings	£10,265	£17,708	£0	£0	£27,973
Totals	Loss Prevention Savings	£403,774	£601,430	£0	£0	£1,005,204
	Notional Savings	£3,246,832	£2,007,136	£0	£0	£5,253,968
	Cashable Savings	£452,271	£146,998	£0	£0	£599,269
	Costs awarded and penalties	£2,578	£21,413	£0	£0	£23,991
	Total	£4,105,455	£2,776,977	£0	£0	£6,882,432

* As at end of Q2 (30th September 2025).

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

APPENDIX C - 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 Grants: 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: 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.

Revenue 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 mitigate 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.

Tenancy Fraud Forum Valuation: As of the 2022/23 financial year, the CFT will be using the new Tenancy Fraud Forum valuation for property recovery. Working in conjunction with the London Boroughs' Fraud Investigators' Group (LBFIG) a new formula has been created to determine how much tenancy fraud costs. The formula considers the annual average temporary accommodation cost per family, the average duration for tenancy fraud, as well as the average investigation, legal and void costs. The agreed calculation for tenancy fraud within the borough is now valued at £56k per property (Previously £18k). The new calculation allows Hillingdon Council to accurately calculate financial savings by factoring in local figures.

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.