

# COUNTER FRAUD

## Report to Audit Committee:

### 2025/26 Quarter 3

31<sup>st</sup> December 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 3 (Q3) period (1<sup>st</sup> October to 31<sup>st</sup> December 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 Q3.
- 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 In Q3 the CFT has sustained its focus on areas of high-risk including Housing, Social Care and Revenues while continuing to support the Council wide Debt & Income project. **This approach has delivered financial savings of c£3.5m in Q3 2025/26.** This brings the year-to-date total to c£10.1m exceeding the target of £8.8m.
- 2.2 The majority of the CFT's work in Q3 has been undertaken in the area of Housing, in particular reactive investigative work due to tenancy fraud. Currently the team are investigating 130 cases of Housing fraud which is consistent with previous quarters. In addition to these ongoing cases a large number of investigations have concluded in Q3, **leading to the team recovering 29 properties at a notional saving of c£2m.** The high number of properties recovered in the third 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 10 clients were not occupying their emergency accommodation, which led to accommodation closures on all 10 cases saving c£268k.** 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 The CFT in Q3 has continued its Revenues Maximisation project, to identify businesses that are not declared for business rates. **In total 15 businesses have been brought into the ratings list with bills issued for c£733k.** This work is vital in supporting the Councils income and will be prioritised in Q4.

- 2.5 Following the success of the CFT winning two awards at the Public Finance Awards 2023 and being shortlisted for an award in 2025, the HCF and management team nominated the service for the Public Sector Counter Fraud Awards 2026. **The team have been shortlisted in two the category Local Excellence and Team of the Year.** The nomination was based on the team's multi-discipline approach that led to c£10.9m of savings in 2024/25. Entries were deliberated by a panel of experts and the CFT have been shortlisted for the prestigious award alongside other fraud teams with awards ceremony in March 2026.

### 3. COUNTER FRAUD ACTIVITY IN QUARTER 3

#### 3.1 Housing Fraud

- 3.1.1 The CFT has maintained its strong performance from previous quarters successfully **recovering 29 social housing properties, with a notional saving of c£2m in Q3.** This brings the total number of properties recovered this financial year to 84. The loss prevention savings for this area of work stands at £728k for Q3. These positive results stem from a range of proactive projects and data matching exercises undertaken by the CFT, highlighting that tenancy fraud remains a significant risk for 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 77% 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	Q3*	2025/26*	£k/value**
Abandonment	0	0	0	<b>0</b>	<b>£0</b>
Deceased	13	9	11	<b>33</b>	<b>£2,310k</b>
NFI Fraud Hub	2	4	5	<b>11</b>	<b>£770k</b>
Non-Occupation	8	10	7	<b>25</b>	<b>£1,750k</b>
Other	1	1	0	<b>2</b>	<b>£140k</b>
Sub-Let	1	1	6	<b>8</b>	<b>£560k</b>
Wrongful Succession	2	3	0	<b>5</b>	<b>£350k</b>
<b>Total Properties Recovered</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>84</b>	<b>£5,880k</b>

\* As at end of Q3 (31<sup>ST</sup> December 2025).

\*\* Tenancy Fraud Forum valuation.

- 3.1.3 Housing fraud remains the Council's most significant fraud risk, with the CFT actively investigating **130 cases relating to tenancy fraud.** To date **9 possession orders have been granted through legal proceedings** and are awaiting enforcement action. In addition, 32 further cases comprising both criminal and civil matters, are currently with our legal team for progression.
- 3.1.4 In Q3 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 The CFT has continued to **proactively analyse internally sourced data to identify discrepancies** that can lead to property recovery or generate financial savings, such as reductions in council tax discounts and exemptions. One notable data-driven initiative involved reviewing council tax exemptions applied to social housing stock, which facilitated the recovery of 8 properties in Q3. This approach has resulted in a total of 26 properties being recovered during the current financial year.
- 3.1.6 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 Q3 the CFT has **closed a further 10 emergency accommodation units due to non-occupation, resulting in savings of c£268k**. This brings the total of closures this financial year to 26. During these visits officers address any other concerns such as recovering any rent arrears and setting up payment plans for arrears. A further **14 cases have been opened** due to concerns of suspected non-occupation.
- 3.1.7 The CFT conducts verification checks on all Right to Buy (RTB) applications submitted to the Council, ensuring applicants meet eligibility criteria for the substantial discount and that funds used for the purchase comply with anti-money laundering regulations. **In Q3, the CFT cancelled one RTB application**, generating an estimated saving of approximately £136k, and is currently investigating 7 cases involving suspected sub-letting and non-occupation. Two of these cases have been referred to the Legal department to initiate criminal proceedings for fraud-related offences. Additionally, the CFT closed a further RTB application at the verification stage due to the applicant's failure to provide the required 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 Q3, as detailed in **Table 2** below, the CFT has **conducted 1,304 inspections, with 1,290 (99%) visited within the 10-day KPI target**.

**Table 2 ~ Revenues Inspections Performance 2025/26**

Revenues Inspections	Q1	Q2	Q3*
Total number of inspections completed	1,841	1,593	1,304
Percentage within 10-day target	99%	99%	99%

\*As at end of Q3 (31<sup>st</sup> December 2025).

- 3.2.2 In Q3, the Counter Fraud Team (CFT) uncovered **13 additional properties** operating as "Beds in Sheds" that were previously unlisted. This discovery led to revised Council Tax bills being issued to the responsible parties, **generating approximately £10,000 in additional revenue**. The CFT will continue collaborating with other Council departments throughout the year to identify similar cases and take appropriate enforcement action.
- 3.2.3 During Q3, the CFT continued its Revenue Maximisation programme in partnership with key stakeholders. This initiative focuses on identifying unlisted properties and changes in land use. As a result, **15 previously unlisted business premises were identified, leading to additional billing worth around £733,000 issued to businesses in Q3**.

### 3.3 Social Care

- 3.3.1 In Q3, the CFT sustained its successful engagement within Social Care, reporting its most productive quarter of the year with **loss prevention savings of approximately £177k**. These positive outcomes were achieved through a range of workstreams, including the Financial Assessment verification process, tracing service users, and verifying residents receiving Section 17 support.
- 3.1.2 In Q3 CFT officers have continued to pilot visiting residents to recover outstanding Social Care debt. This has proven to be successful with further results obtained of **initial payments of £3,600 being made during Q3 with a further two payment plans being established which will result in additional c£9.2k being recovered over the next 12 months**.
- 3.3.3 The CFT's risk-based loss prevention work within Financial Assessments has continued throughout Q3, with the team conducting **142 financial assessment verifications, resulting in savings of over £100k**. 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	Q3*	2025/26*
Total number of cases reviewed	14	15	8	37
Total number verified as accurate	10	5	7	22
Total number of cases closed	1	3	1	5
Total number of cases under further checks	3	7	1	-
<b>Loss Prevention Savings</b>	£3544	-	£17,708	£21,252

\* As at end of Q3 (31<sup>st</sup> December 2025).

### 3.4 Blue Badge

- 3.4.1 Cases from previously reported Blue Badge operations and referrals from residents have continued to progress during Q3 with the successful **prosecution of one Blue Badge case**. Following a hearing in the Magistrates Court **£1,500 in prosecution costs was awarded to the Council and £225 in fines issued to the offender**.

### 3.5 London Counter Fraud Hub

- 3.5.1 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.

- 3.5.2 The unique capabilities of the LCFH are now fully integrated into the CFT, enabling automated referrals every two weeks. These referrals highlight cases where the Council may be unaware that a tenant has passed away, allowing early intervention and maximising loss prevention. As a direct result of this intelligence during Q3, **five Council properties have been recovered and returned to use.**

### 3.6 National Fraud Initiative

- 3.6.1 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.
- 3.6.2 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.
- 3.6.3 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£34k which will be added to revised Council Tax billing.**
- 3.6.4 The annual data match aiming to identify incorrectly claimed Council Tax Single Person Discount has been processed during Q3 which has led to the identification of £63k in incorrectly claimed discount which will be added to revised Council Tax billing with further results expected during Q4.

### 3.7 Other Counter Fraud Activities

- 3.7.1 The Counter Fraud Team has been shortlisted for two prestigious accolades at the Counter Fraud Awards 2026: *The Local Excellence Award* and *Team of the Year Award*. These nominations reflect the team's outstanding contribution to safeguarding public resources and their commitment to innovation and best practice in fraud prevention and detection. Being recognised at a national level underscores the team's dedication and the high standards of work delivered throughout the year.
- 3.7.2 During Q3, the Counter Fraud Team actively participated in a careers fair alongside other service areas. The event was aimed at supporting care leavers by providing information and guidance on career opportunities within the council. The team showcased the diverse roles available in fraud investigation and highlighted the importance of protecting public funds. This engagement not only promoted awareness of the council's work in tackling fraud but also encouraged young people to consider careers in this specialist area.
- 3.7.3 During Q3 the CFT has delivered a series of organised fraud awareness training sessions for School Admissions and Client Affairs. These sessions have not only strengthened the organisation's fraud awareness but also facilitated in identifying key risk areas. Further sessions with other departments have been booked in Q4.
- 3.7.4 Throughout Q3, the Counter Fraud Team continued to play a leading role in shaping national policy and sharing best practice across the sector. The Counter Fraud Manager represented the council at key industry events, speaking at conferences organised by the National Anti-Fraud Network and the Social Housing Law Association. These engagements provided an opportunity to influence policy discussions, exchange insights with other professionals, and reinforce the council's reputation as a thought leader in counter fraud strategy.

#### 4. COUNTER FRAUD PERFORMANCE IN Q3

- 4.1 Attached at **Appendix A** is **Table 4** which sets out the Q3 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 Q3 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 During Q4 further data matching from NFI will be available in the areas of Adult Social Care and Council Tax. These matches are likely to detect instances of fraud and have a financial benefit to the Council. The CFT will prioritise these data sets for analysis in Q4.
- 5.2 As part of the CFT's programme to become digitally and data enabled, a new Power BI dashboard providing management information including insights, performance and outcomes will be completed in Q4. This will change the way the service reports to stakeholders and provide real time information.
- 5.3 To sustain high levels of property recovery the CFT plans to undertake a variety of proactive projects in Q4. The projects will be risk based to identify suspected subletting or non-occupation across different tenures.
- 5.4 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	Q3*	25/26*	24/25
1. Percentage of fraud referrals risk assessed within 3 working days	95%	100%	100%	100%	100%	99%
2. Verification work timescales for completion:						
a. Right to Buy case completion within 28 working days	95%	100%	98%	100%	99%	98%
b. Financial Assessments completion within 2 working days	95%	100%	100%	100%	100%	100%
c. Section 17 reviews completion within 7 working days	95%	93%	100%	100%	97%	100%
3. Investigation plan completion within 5 working days of case allocation	95%	100%	99%	100%	100%	100%
4. Tenancy fraud referrals received resulting in property recovery	30%	67%	74%	77%	73%	71%
5. Investigations resulting in loss prevention/financial saving outcome	40%	36%	41%	41%	40%	47%
6. Revenue inspections completed within 10 working days of referral date	95%	99%	99%	99%	99%	99%

\* As at end of Q3 (31<sup>st</sup> December 2025).

**APPENDIX B: Table 5 - CFT Quarter 3 2025/26 Financial Performance**

Work Area	Description	Quarter 1	Quarter 2	Quarter 3*	Quarter 4	2025/26*
<b>Housing</b>	Right to Buy discounts	£98,800	£112,800	£136,400	£0	<b>£348,000</b>
	Property Recovery (notional savings)	£1,890,000	£1,960,000	£2,030,000	£0	<b>£5,880,000</b>
	Other savings/loss prevention	£134,604	£295,690	£269,209	£0	<b>£699,503</b>
<b>Social Care</b>	Section 17 and UASC**	£3,544	£35,417	£54,338	£0	<b>£93,299</b>
	Financial Assessments	£11,295	£15,926	£110,531	£0	<b>£137,752</b>
	Direct Payments	£0	£0	£0	£0	<b>£0</b>
	Other (Including Debt Visits)	£129,830	£96,572	£12,888	£0	<b>£239,290</b>
<b>Revenues</b>	Single Person Discount	£7,307	£11,355	£69,244	£0	<b>£87,906</b>
	Council Tax Reduction, Exemptions & Arrears	£48,626	£43,869	£38,380	£0	<b>£130,875</b>
	Unlisted Buildings	£29,366	£20,054	£10,222	£0	<b>£59,642</b>
	Housing Benefit Overpayments	£1,086	£28,279	£32,131	£0	<b>£61,497</b>
	NNDR	£1,639,354	£22,801	£733,651	£0	<b>£2,395,806</b>
<b>Blue Badge</b>	Simple Caution & Financial Penalty	£2,578	£14,246	£1,725	£0	<b>£18,549</b>
<b>Immigration Officer</b>	Social Care Savings	£10,265	£17,708	£0	£0	<b>£27,973</b>
<b>Internal</b>	Pension & Salary Overpayments	£1,285	£0	£240	£0	<b>£1,525</b>
<b>Totals</b>	Loss Prevention Savings	£304,975	£510,458	£570,078	£0	<b>£1,385,511</b>
	Notional Savings	£3,246,832	£2,007,136	£2,668,861	£0	<b>£7,992,829</b>
	Cashable Savings	£453,557	£146,998	£258,294	£0	<b>£858,849</b>
	Costs awarded and penalties	£2,578	£21,413	£1,725	£0	<b>£25,716</b>
	<b>Total</b>	<b>£4,007,942</b>	<b>£2,686,005</b>	<b>£3,498,958</b>	<b>£0</b>	<b>£10,192,905</b>

\* As at end of Q3 (31<sup>st</sup> December 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.