COUNTER FRAUD ANNUAL OPERATIONAL PLAN

2026/27

31st December 2025

HILLINGDON
LONDON

Contents

The Counter Fraud key contacts in connection with this report are:

Alex Brown

Head of Counter Fraud

t: 01895 556811

e: abrown@hillingdon.gov.uk

1. INTRODUCTION

The Role of the Counter Fraud Team

1.1   The Counter Fraud Team (CFT) is responsible for delivering the Counter Fraud Strategy and Annual Operational Plan to ensure that the Council meets its statutory objectives in relation to fraud and corruption. The Annual Operational Plan gives key stakeholders an overview of the CFT operational activity for the coming financial year, as well as a summary of the key fraud risks the Council faces.

1.2   As well as a range of counter fraud activities, the CFT has historically conducted a range of other types of investigative work which do not necessarily have a criminal or fraud element to them i.e. revenue inspections, disciplinary investigations, other loss prevention work, etc. It also includes preventative work such as fraud awareness training, advising management on fraud risks and counter fraud controls as well as ensuring the Council has up-to-date and appropriate investigation policies and procedures.

The Purpose of the Counter Fraud Annual Operational Plan 2026/27

1.3   The Annual Operational Plan 2026/27 outlines the Council's approach to effectively tackle both the internal and external risk of fraud through its planned counter fraud activity. This planned approach is produced based upon the fraud landscape set out within the Councils risk register, to ensure that CFT resources are effectively deployed into areas of the highest fraud risk. The Annual Operational Plan also features a variety of proactive and reactive activity including investigative, project and verification work.

2. THE COUNTER FRAUD STRATEGIC APPROACH

2.1   The published Counter Fraud Strategy for 2025-28 details the approach and core principles of how the CFT will tackle and combat fraud and corruption. It also highlights the CFT's strategic objectives and provides assurance to key stakeholders by setting out how the Council's exposure to fraud is minimised.

2.2   The main principles of the Counter Fraud Strategy are:

- **Risk Based Approach** – The deployment of resources into the highest areas of fraud risk based upon the fraud universe and the risk assessment process.

- **Partnership & Engagement** – Communicating with service areas and key stakeholders to understand the risks the Council faces whilst creating a counter fraud culture. Offer support to stakeholders by undertaking work streams to identify fraud.

- **Prevent, Detect, Pursue & Deter** – The cornerstone of the counter fraud approach, with a focus on prevention, as preventative measures are more effective than cure.

- **Innovation & Modernisation** – A focus on delivering an efficient and effective counter fraud service through greater use of technology and data.

2.3   To ensure the CFT can operate effectively in preventing, detecting, and pursuing fraud, a wide range of policies are in place providing a corporate framework to support staff. These corporate policies outline the Council's approach to countering fraud and corruption. Further details on these policies are included on the Hillingdon Council website.

3. THE FRAUD UNIVERSE

3.1 In line with the Counter Fraud Strategy, the CFT deploys a risk-based approach which is embedded into all forms of counter fraud activity, including the triaging of referrals. Specifically, a risk assessment is carried out assessing the available evidence to ensure resources are allocated effectively.

3.2 During the risk assessment process, the CFT will score the assessment based on the following categories:

- **Financial risk** – What is the potential value of the fraud? What impact does it have on the Council and its residents?

- **Reputational risk** – How does this damage the Councils reputation? How would residents and the wider public perceive the referral if the Council took no action?

- **Operational risk** – How does this allegation, if true effect the day to day running of the Council? Is there a need to strengthen processes to mitigate fraud?

- **Systemic risk** – Is this a new or emerging risk based on environmental, Social or economic factors? Is this a fraud risk we will likely continue to be exposed to? Do we need to change working practices to combat the risk?

3.3 The Council's fraud risks are managed via the Council's risk register, and the Counter Fraud Team's risk assessment of those risks are set out in **Appendix A**. This highlights the pressures faced by the Council which includes national and local influences. External factors have greatly impacted the world over the past 3 years, in particular economic uncertainty which continues to create a perfect storm for opportunistic fraud to thrive.

3.4 As the fraud landscape within the public sector is ever changing, it is important that the CFT keeps up to date with industry news and communicates with key stakeholders to recognise the pressures and risks the Council will encounter. This will give the CFT the ability to adapt and combat the changing fraud risk landscape.

4. THE COUNTER FRAUD PLAN 2026/27

4.1 Set out in **Appendix B**, is the draft Counter Fraud Annual Operational Plan for 2026/27. The plan has been devised in liaison with key stakeholders and takes into consideration fraud risks as set out at in **Appendix A**. The planned operational activity covers proactive and reactive work across a wide range of fraud risks, whilst also retaining the flexibility for the CFT to tackle any emerging risks.

4.2 The plan explains the work the CFT will carry out by fraud risk and includes outcomes achieved previously in these areas, as well as the overall risk assessment rating. The plan for 2026/27 includes a variety of activity, which is listed below by type:

- **Criminal Investigations** – Investigations that have a criminal element undertaken by qualified investigators. These investigations normally fall within services areas, where a fraud is alleged to have taken place by a person or business accessing services or funds. Typically, the CFT will investigate offences relating to fraud, theft, bribery and forgery but may where it is in the interest of the Council and its residents, investigate other offences.

- **Civil Investigations** – These investigations are often where the burden of proof for criminal proceedings cannot be met, or it is not in the public interest to prosecute. These matters are dealt with by way of compliance and may require civil proceedings to bring the case to a resolution.

- **Disciplinary Investigations** – At times key stakeholders in conjunction with HR may require the assistance of the CFT in disciplinary matters.

- **Verifications** – A workstream conducted by the CFT to verify the eligibility of service users before accessing a particular scheme. These verification workstreams are embedded into processes within Housing and Social Care. This type of work is the core function behind the CFT's preventative measures.

- **Proactive Projects** – A series of projects conducted throughout the financial year, targeting the highest risk areas within the Council to drive down fraud, loss and error.

- **Data Matching** – Exercises designed to identify fraud, loss or error by matching internal and external data sets. Returned matches are analysed to verify the veracity of the potential outcomes identified.

- **Consultancy Work** – Upon request the CFT can carry out a review of service processes highlighting recommendations to improve fraud controls.

4.3   Another key feature of the 2026/27 plan is for the continued collaborative approach to risk between Internal Audit (IA) and the CFT. The CFT will work in conjunction with Internal Audit to identify areas of fraud risk and control weaknesses. Both teams can then deploy resources effectively to improve risk through mitigation and activity.

5. COUNTER FRAUD SKILLS & RESOURCES

5.1   Every member of staff in the Counter Fraud Team is either professionally qualified in counter fraud or is actively studying for a relevant professional qualification supported by the Council. This helps to ensure that the CFT provides a fully professional and effective service. A skills matrix approach is also used as part of monthly one to one meeting as well as at 6 monthly performance reviews.

5.2   In 2025/26 the HCF has reviewed the resources required for the CFT to operate effectively to meet its strategic objectives and deliver the operation work plan for 2026/27. The service has been operating under a new structure since April 2025 with new technology to improve the effectiveness of the team. The HCF believes the current structure is adequately resourced to achieve its work plan and the outcomes associated.

6. COUNTER FRAUD REPORTING

6.1   The CFT reports its progress to Corporate Management Team (CMT) and the Audit Committee (AC) on all matters of counter fraud activity on a quarterly basis. These reports provide an update on performance against KPIs, strategic and operational objectives and delivery against the financial loss prevention target for the year. In addition to this, an annual report is presented to CMT and AC providing a summary overview of counter fraud activity for the financial year including a detailed analysis on team performance and outcomes. This enables CMT and the AC to hold the Head of Counter Fraud to account.

6.2   The CFT also liaises with services managers on an ongoing basis to ensure regular dialogue in relation to counter fraud activities (where appropriate) as well as delivery of service level agreements. This high level of engagement plays a significant part in the CFT meeting its core principles set out in the Counter Fraud Strategy.

7. MEASURING COUNTER FRAUD PERFORMANCE

7.1   As the CFT is a support function that works closely with the majority of service areas across the Council, there are a wide range of stakeholders to satisfy, as well as key stakeholders such as CMT and the AC.

7.2   To monitor counter fraud performance across service areas, outcomes and objectives a suite of KPIs were refreshed and agreed in the Counter Fraud Strategy 2025-28. Regular updates on performance against these KPIs will be provided in each quarterly progress report and are updated yearly and set out in **Appendix C.**

7.3   The Counter Fraud Strategy 2025-28 sets out nine strategic objectives for the CFT to pursue, which includes the **financial loss prevention target for the year.** Taking into consideration the change in fraud landscape and the team's performance in 2025/26 and the methodology used to calculate outcomes (**Appendix D)**, **the financial loss prevention target for 2026/27 has been set at £9.4m.** This target is subject to resourcing arrangements being agreed for the continuation of debt recovery visits. It is also worth noting the VOA have a backlog of cases which in turn, is slowing outcomes for revenues maximisation.

8. ACKNOWLEDGEMENT

8.1   The CFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the Council's management as part of the risk-based planning process.

Alex Brown APCIP

Head of Counter Fraud

31st March 2026

APPENDIX A – FRAUD, LOSS & ERROR RISK ASSESSMENT

The fraud risks specific to LBH are set out below, which is a summary of the organisational Fraud Risk Assessment (the Fraud Universe) for the Council.

Fraud Risk Area	Fraud, Loss & Error Risk Assessment
General Fraud Risks	• Increased financial pressure associated with the rise in the cost of living on individuals and concerns over money and fear of redundancy due to economic climate leading to higher likelihood and pressure to commit fraud by those internally and externally. • Increased demand within services leading to reduced due diligence over operational matters and overriding of controls creating a greater opportunity for fraud. • An increase in vacancies due to a challenging recruitment market leads to lack of resources and impacts the operation of preventative controls, decreased monitoring activity and increasing risk of fraud going undetected. • Decreased face-to-face meetings with service users, less verification of original documentation with reliance on scanned or copies of documentation. More provision of services remotely leading to higher likelihood of fraud not being detected. • An inflated recruitment market, leading to a higher number of vacancies with a heavy reliance on agency. A lack of due diligence with a priority of meeting resourcing demands, leaving the organisation exposed to recruiting unsuitable candidates. • The negative impact of the rise in the cost of living and inflation on residents and businesses, leads to a greater risk of non-payment for services, increasing the Council's debt and reduces the opportunity for recovery. • Decrease in support from back-office services due to lean operating models requiring front lines services to perform additional tasks leading to reduced resources to carry out due diligence within processes creating a greater opportunity for fraud to thrive. • Fast pace and significant transformational change to meet budget pressures and provide efficient modern services sees process change with limited consideration to fraud risk and control. • Poor data quality in services used for decision making at a strategic or operational level can leave departments susceptible to fraud or loss.
IT & Procurement of Goods and Services	• An increased need to win government contracts because of financial pressures on businesses due to the cost of living leading to the fraudulent manipulation of procurement processes. • Higher financial pressure on Council contractors creating increased desire to maximise profit from contracts leading to higher likelihood of misrepresentation of services, goods and materials supplied. • Increased cyber-crime activity nationally and globally and the higher likelihood of a cyber-attack against the Council such as ransomware, malware, viruses, tap jacking, quishing and a continually adapting external cyber-threat environment.

Fraud Risk Area	Fraud, Loss & Error Risk Assessment
	• Demand to shift more of Council activities onto online platforms to access services can expose the organisation to programmed bots that break into user accounts to redirect payments/refunds, steal contact information and other harmful activities that could also lead to negative GDPR and reputational ramifications. • A reduction in oversight for contract management due to front line demand led pressures, creating an environment for contractors to commit fraud through claiming additional income and sub-standard services, goods or materials.
Port Authority	• Higher numbers of Unaccompanied Asylum Seekers (UAS) approaching the Council compared to non-port authorities, leading to greater levels of fraudulent approaches to the Council for services. • Increases in services used by individuals where service provision is subject to immigration status, leading to more likelihood of misrepresentation of circumstances to access services where there is No Recourse to Public Funds (NRPF).
Statutory Duty to Provide Social Housing	• Higher levels of housing need and homelessness claims in the borough linked to ongoing cost of living pressures, leading to increased levels of fraud within housing. • Public perception of availability of low-cost social housing leads to greater numbers of individuals seeking housing from the Council and the opportunity to misrepresent circumstances within the process to obtain housing fraudulently. • Increased pressure on housing services requiring greater use by the Council of temporary accommodation. With the likelihood of the accommodation used being outside of the borough which in turn reduces the ability to monitor use and occupation and increases likelihood of misuse going undetected.
Social Care Provider	• High costs of social care provisions lead to greater pressure to misrepresent circumstances in relation to assets and income in the financial assessment process. • Inability of vulnerable individuals to properly manage Direct Payments meaning greater involvement of family members and third parties to manage payments, leading to increased risk of opportunistic misappropriation of funding by a third party. • Absence of appropriate financial controls or appropriate monitoring, leading to the increased risk of unwarranted Direct Payments expenditure and misappropriation of funding. • Access to Council services by individuals subject to immigration status checks leads to risk of misrepresentation of status to access services where there is NRPF.
Revenue Collection Authority	• High cost of rateable value of business premises leads to the risk of fraudulent misrepresentation of circumstances to take advantage of reliefs. • Pressure to reduce individual costs against the cost of Council Tax leads to the wrongful claiming of single person discount and/or other exemptions and discounts, leading to lost revenue across a large number of residential addresses.

Fraud Risk Area	Fraud, Loss & Error Risk Assessment
	• Increases in the cost of living leads to residents misrepresenting their circumstances in order to qualify for the Council Tax Reduction scheme. • Council Tax and Business Rates costs leads to the risk of deliberate avoidance of completion of new build properties by developers and owners meaning lost revenues for the Council.

Appendix B - Counter Fraud Annual Operational Work Plan 2026/27

Set out below is the draft Counter Fraud Annual Operational Work Plan for the key proactive projects and investigative work due to be conducted in 2026/27.

Counter Fraud Activity	Planned Work	Outcomes 2025/26	Risk
Tenancy Fraud & Housing Investigations	The CFT will continue to detect illegal sub-letting and non-occupation of Council properties as referred by colleagues and residents. This also includes false applications for housing, assignment and succession. The CFT will also recover properties in cases where Housing Services have faced challenges in their investigations to gain lawful possession of Council properties.	114 properties recovered, £7,160k notional savings	**HIGH**
Social Housing & Temporary Accommodation Residency Checks	A risk-based approach to tenancy residency checks working with the Housing team and using tenancy fraud data to identify hotspots. This will be delivered as part of proactive projects work.		
Social Housing & Temporary Accommodation In-House Data Matching	Proactive project work utilising data from internal systems to identify instances of illegal sub-letting and non-occupation of Council properties.		
Housing Right to Buy (RTB)	The CFT will continue to provide a risk-based verification service of all RTB applications to identify fraud and where appropriate actively investigate applications found to contain suspected misrepresentation.	5 applications closed, 1 criminal prosecution	**HIGH**
B&B Residency Checks	The CFT will continue with proactive residency checks on all emergency B&B accommodation. The checks will identify suspected non-occupation and sub-letting of emergency housing, and false applications.	27 cases closed, £725k in loss prevention savings	**HIGH**
Social Care S.17 Emergency Funding	Desk based checks to confirm eligibility of applicants requiring emergency accommodation and support from Social Care. An annual proactive project identifying suspected subletting or non-occupation of accommodation provided by the Council.	3 Placements Closed, £52k financial savings	**HIGH**
UASC Project	An annual proactive project identifying suspected sub-letting or non-occupation of accommodation provided by the Council. A referral process is in place for cases of misrepresentation to be passed to the CFT for investigation.	N/A	**HIGH**
Direct Payments	Proactive project work utilising data to identify instances of funds not being used appropriately, and or misrepresentation of circumstances in order to access funding towards care costs.	N/A	**HIGH**

Counter Fraud Activity	Planned Work	Outcomes 2025/26	Risk
Commissioned Care	Proactive project work utilising data to identify instances of services not being provided and overpayments.	N/A	**HIGH**
Revenues Inspections and Investigations	In 2025/26 the CFT will continue to deliver all inspections for Business Rates and Council Tax and develop an investigative approach to Business Rates and Council Tax avoidance and illegal evasion.	4412 inspections conducted in 2025/26	**HIGH**
Revenue Maximisation	Proactive project work utilising data to identify previously unlisted or modified domestic or commercial properties that are not paying the correct amount of tax or rates.	£2.3m of previously uncollected NNDR identified	**HIGH**
Council Tax Discounts & Exemptions	A proactive desk top data review of discounts and exemptions utilising data matching and in-house data. All discounts found to be fraudulent will be referred to the Revenues Team for removal of discounts/exemptions and investigated for fraud where appropriate by the CFT. Joint working with the Department for Work and Pensions to identify and pursue Council Tax Reduction fraud investigations.	£294k in loss prevention savings	**HIGH**
Social Care Financial Assessments	The CFT will continue to verify all applicants who apply for Social Care funding via Financial Assessments to ensure eligibility. The CFT will conduct a proactive project with the Financial Assessment Team to identify loss prevention savings during the annual review process and review all NRPF service users immigration status to assess eligibility to access public funds.	£137k of loss prevention identified	**HIGH**
Debt Recovery Visits	The CFT uses its out of hours visiting function and utilises officers training in communication and engagement, to encourage those that owe money for services to pay. This includes one off payment and negotiated payment plans across a variety of different service areas.	c£164k of payments	**HIGH**
London Counter Fraud Hub	Working in conjunction with other London based local authorities to create proactive data matching exercises to identify fraud and error in known risk areas leading to loss prevention outcomes.	13 properties recovered, (included in the property recovery total above)	**MEDIUM**

Counter Fraud Activity	Planned Work	Outcomes 2025/26	Risk
'Beds in Sheds' - Unregistered Residential Dwellings	The Revenues Investigations Unit will identify unlawful and unregistered residential dwellings in order that properties are brought within Council Tax banding and evasion pursued as investigations. Any enforcement action on planning issues will be referred to Planning Enforcement and Housing Standards.	52 cases identified, revenue of £59k	**MEDIUM**
Blue Badge Referrals	As part of the CFT's reactive capabilities, allegations of Blue Badge misuse will be risk assessed, and CFT resources deployed where appropriate.	13 Criminal prosecutions. £4.4k in fines issued and £14k in prosecution costs awarded	**LOW**
Fraud Awareness & Engagement	The CFT will continue to provide a program of fraud awareness internally to champion a counter-fraud culture and encourage service provider engagement over fraud risks. This will include a refreshed fraud awareness campaign including whistleblowing, money laundering and bribery concerns. This will also include periodic social media communications released to the public to promote awareness and raise the profile of counter fraud activity within the borough.	Delivered 3 awareness sessions	**N/A**

APPENDIX C – Counter Fraud Team KPI's 2026/27

The updated KPI's for the CFT are set out in the table below. The KPI's have been reviewed and updated to ensure team performance can be measured against all key areas of the service delivery.

CFT KPIs 2026-27	Actual 2025/26 Performance	2026/27 Annual Target
1. Percentage of fraud referrals risk assessed within **3** working days	**100%**	**95%**
2. Verification work timescales for completion:		
a. Right to Buy case completed within **28** working days	**99%**	**95%**
b. Financial Assessments completed within **2** working days	**100%**	**95%**
c. Section 17 reviews completed within **7** working days	**97%**	**95%**
3. Investigation plans completed within **5** working days of case allocation	**100%**	**95%**
4. Tenancy fraud referrals received resulting in property recovery	**73%**	**40%***
5. Investigations resulting in loss prevention/financial saving outcome	**40%**	**40%**
6. Revenues Inspections completed within **10** working days of referral date	**95%**	**95%**

 * = An increase in KPI target compared to 2025/26

APPENDIX D – Counter Fraud Team Outcomes Methodology

The latest Fraud valuations are set out in the table below. All fraud valuations have been reviewed to ensure they are proportionate, justifiable, reasonable, are following a sound methodology and give key stakeholders quantifiable data on the team's performance.

Service Area	Counter Fraud Activity	Methodology of Loss Prevention Valuation
Housing	Homeless applications and/or emergency accommodation closed	Average cost of accommodation per night x average length of stay*
	Council property or temporary accommodation recovered	Tenancy Fraud Forum calculation**
	Right to Buy application closed	Value of the discount offered during the Right to Buy process
	First time Buyer Grant recovered	Value of the grant received
Social Care	Section 17 application and/or accommodation closed	Average cost of accommodation per night x average length of stay*
	Financial assessment application closed or amended	Value of the amendment to the financial assessment or the value of the contribution for 1 year for any closed financial assessments
	Disabilities Facilities Grant application closed or amended	Value of the grant received
	Unaccompanied Asylum Seeker accommodation and/ or application closed	Cost of accommodation and/or subsistence to the Council for 1 year***
	Direct Payment amended or closed	Value of the amendment or the value of the direct payment for 1 year plus any backdated calculations
Revenues	Council Tax Reduction amended or closed	Value of the amendment or value of 1 year's benefit plus any backdated calculations
	Council Tax discount or exemption cancelled	Value of 1 year's discount/exemption plus any backdated calculations
	Housing benefit overpayment	Value of overpayment
	Bed in Shed or Annexe identified	1 year's value of additional Council Tax income plus any backdated billing

	Identification of unlisted business or residential property	1 year's value of additional income plus any backdated billing****
All service area's	Debt Recovery	The value of the debt collected or the value of the payment plan up to 12 months.

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

** = A national formula to calculate the value of tenancy fraud which takes into consideration cost of emergency accommodation, court costs, investigator costs, void costs and length of time the fraud has been committed.

*** = Cost of accommodation and subsidence per week for one year. This figure is a prudent estimate as the Council can and does often support asylum seeking children until they are 25 years old.

**** = NNDR operates under a business rates retention model with the Council keeping 30% of income.