Appendix 1 – Interim Counter Fraud Report 2024-25

Interim Counter Fraud Report

2023-24

Contents

1. Internal Fraud

Internal fraud includes whistleblowing referrals and a range of case types such as staff conduct, financial and procedural irregularities. Internal fraud typically has the fewest referrals in any period but is generally more complex in nature. **Table A** sets out key figures in relation to Internal Fraud for the period 1 April 2024 to 31 October 2024.

12 new referrals were opened during this year from a variety of sources, including whistleblowing. A summary of the main types of allegations received are as follows:

- Breach of financial regulations
- Misuse of IT
- Polygamous employment
- Recruitment Irregularities
- Theft of cash or assets

Table A - Internal Fraud	1 April to 31 October 2024	2023/24 (Full year)	2022/23 (Full year)	2021/22 (Full year)
• New Referrals	12	27	20	24
• Closed Cases	14	20	22	27
• Fraud/Irregularity identified*	5	10	4	6

* Where closed cases do not identify fraud / irregularity, these are recorded as NFA (No Further Action)

The volume and type of referrals is consistent with recent years, and the trend suggests the service profile and engagement across the Council continues to be effective.

There were also **14** cases concluded during the same period. In **five** of these instances a degree of fraud and/or irregularity was identified, broadly relating to:

- **Recruitment irregularities (x4)**
  - this related to polygamous employment (multiple contract working).

- **External offences/breaches and/or conduct by staff (x1)**
  - misuse of a Disabled Persons Blue Badge which led to a final written warning.

Due to the confidential nature of these type of referrals, it is not appropriate to provide specific details of the allegations or subsequent investigations in this report. There are currently **12** live investigations at various stages, with **one** of these categorised under whistleblowing (anonymous). Due to the nature of these cases, the team will regularly liaise with management, as appropriate, throughout the investigation to ensure that any issues in relation to controls, processes or organisational risks are addressed.

2. Tenancy and Housing Fraud

The recovery of social housing properties by the team has a positive impact upon the temporary accommodation budget and remains a high priority fraud risk for the Council.

Table B summarises the counter-fraud activity for the period 1 April 2024 to 31 October 2024.

The total number of fraudulent housing cases concluded in this period was **nine**. The total notional value of these cases (applying the value of £42k per property recovered or housing application stopped) is **£378,000**.

Table B – Tenancy and Housing Fraud	1 April to 31 October 2024	2023/24	2022/23	2021/22
New cases	35	129	174	204
Closed cases	40	161	155	192
Fraud/Irregularity identified*	9	16	20	27

*Notional value of recovered properties (including Housing and Right to Buy applications stopped, property size reduction and prevention of split tenancy) used for reporting purposes is £42,000. (£93,000 used previously and for concluded cases where a tenancy was recovered before 1st April 2023.)

In one case, an investigation commenced following a referral from the gas safety team. An investigation discovered that the tenant and her partner and children had been living in another borough for over 10 years, whilst a family member occupied the tenancy.   The property was successfully recovered following court proceedings.

In another case, a referral was received from a Housing Officer who had suspected a fraudulent Succession application. Enquiries revealed the applicant was falsely claiming to be a partner of the deceased tenant and had not lived at the tenancy prior to the death of the tenant. This resulted in the Succession being declined and recovery of the property.

In addition, the team has completed **nine** tenancy verifications to verify household occupation and mitigate fraudulent Succession and Right to Buy applications.

The Counter Fraud and Investigations team continues to work closely with Housing Management (HM) to increase information and intelligence sharing and to improve the quality of referrals.

There are currently **35** live housing investigations – of these; **nine** cases are involved with legal proceedings to recover the property, and a further **five** cases have been concluded by the team with a report issued to HM and other Registered Social Landlords that recommends recovery action is instigated; **two** await bailiff action. The team works closely with the relevant teams to progress these cases.

The team has provided Housing staff with appropriate access to anti-fraud systems to aid verification of Succession and Right to Buy applications. It continues to assist management in a variety of ways with ongoing tenancy audit and anti-fraud strategies that includes fraud risk training and support for staff and tenancy data matching.

3. External Fraud

'External fraud' includes all external fraud / irregularity that affects the Council. This includes (but is not limited to) fraud cases involving; Blue Badge, Direct Payments, Council Tax, Business Rates, insurance, finance, concessionary travel and grant applications.

Table C summarises the counter fraud activity for the period 1 April 2024 to 31 October 2024.

There have been **55** new cases opened in this period.

Table C - External Fraud	1 April to 31 October 2024	2023/24	2022/23	2021/22
New Referrals	55	300	224	288
Closed Cases	132	322	197	224
Fraud/Irregularity identified	91	213	94	67

* Where closed cases do not identify fraud / irregularity, these are recorded as NFA (No Further Action)

The team continues to receive a large volume of blue badge referrals, with the majority of these arising from parking enforcement activities. Other referrals mainly relate to benefits, support, discounts, allowances, grants, theft of client funds and other external allegations.

Blue Badges

There have been **90** successful outcomes this year (where fraud was detected). This includes **11 successful prosecutions** and **79** cautions/warnings issued for Blue Badge fraud. In addition to these outcomes, the cases where appropriate are filed to the _Cifas National Fraud Database_, which helps to further prevent and detect fraud.

In one case, a stolen Blue Badge was used on a vehicle and on receipt of a PCN, the driver submitted an appeal claiming it to be his own valid badge.   Investigation revealed this to be false and proceeded with prosecution.   At court the defendant pleaded guilty and was fined £600 plus costs.

There are currently **55** live External cases, which includes **45** Blue Badge and **10** others.

The theft and supply of stolen Blue Badges appears to be a widespread and increasing problem across all London boroughs. Almost all Blue Badge prosecutions this year relate to badges that were issued by other local authorities. It is not possible to comment with any degree of certainty on the illegal Blue Badge market, as stolen badges are essentially worth whatever someone is willing to pay for them. However, the continued collaboration and joint-working between internal and external partners assists the Council in maintaining a zero-tolerance approach to all types of Blue Badge fraud within the borough. This collaboration is currently developing strategies to specifically prevent the physical thefts of badges from vehicles across the borough limiting the impact on borough residents and Police. It should be noted that whilst the strategies being developed should have a positive impact, we do not expect the level of Blue Badge fraud to immediately decrease because most stolen/lost badges identified are issued by other authorities.

4. Proactive and other activity

The team undertakes a broad range of proactive activity based on fraud risk and close working with Internal Audit and other stakeholders. Activity will include NFI data matching reviews, fraud workshops, targeted operations and other planned fraud risk reviews across all departments to protect the Council from its highest fraud risks.

Table D summarises the counter fraud activity for the period 1 April 2024 to 31 October 2024.

Table D - Proactive Cases	2024/2025	2023/24	2022/23	2021/22
New Proactive Reviews	16	131	4	110
Closed Cases	32	93	47	96
Fraud / Irregularity / Savings identified	4	3	8	7
Advice / Recommendations	2	1	1	2
Audit / Risk review	26	89	46	96

The mandatory data submissions for the _National Fraud Initiative 2022_ exercise is underway. The team will be reviewing the matching reports, either directly or in conjunction with relevant services, and aim to complete all reviews by end of Q4 2024-25. **32** proactive cases have been concluded this year, which included **26** NFI data matching reviews.

Other Proactive Work concluded includes:

- _Housing Tenancy Pilot_ – data matching of housing tenants to HMRC property data (to reveal tenant links to other properties).
- _Visiting Exercise to Void (empty) Properties_ – visits to all properties listed as currently empty to ensure they had not been occupied by unauthorised tenants (following intel from various sources).
- _Agency to Payroll Data to identify Polygamous Workers_ – 2 Phases; data matching of payroll data to Agency workers across NFI members to reveal polygamous workers.
- _DDRI (deceased list) to Pensions and Blue Badge Team (for ongoing review)_ – regular data matching of DDRI (deceased list data) against current pensions and Blue Badges issued for review and cancellation.

Together with other London councils, Brent joined the **NFI London Fraud Hub** in 2022-23, for an initial period of two years. It is modelled on the existing NFI platform and allows for more real-time and cross boundary data matching, in addition to bespoke internal data matching. Hub members agreed to start with mortality screening against its Occupational Pension data, seeing immediate results in most cases; this continues to be a stream of verification carried out by the Pensions and Payroll Team.

The Council have now full membership access to the **Insider Threat Database** (ITD), formerly the Enhanced Internal Fraud Database, that has been developed and maintained by CIFAS (a not-for-profit UK fraud prevention service. The ITD is a repository of fraud risk information

that can be used to reduce exposure to fraud and other irregular conduct and inform decisions according to risk appetite. The system is focussed on employee fraud and recruitment controls and will enable the Council to have additional assurance around agency and permanent recruitment and provide the team with additional resource when conducting internal investigations.

The team and Cifas have worked with HR and Recruitment / Comensura to ensure the new system and vetting protocols went live on 1 November and applies to all recruitment. The team manages the new vetting protocols for agency staff, whilst Recruitment manages it as part of existing permanent recruitment onboarding. A summary of activity to 31 March is summarised below.

	Total searches	Positive matches	Employment status
Agency Staff	274	7	6 declined/1 Pending
HR Recruitment	384	7	2 declined/4continued/1Pending