Annual Counter Fraud Report

2024-25

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.

25 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

Table A - Internal Fraud	2024/2025	2023/24	2022/23	2021/22
• New Referrals	25	27	20	24
• Closed Cases	23	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 **23** cases concluded during this period. In **5** of these instances a degree of fraud and/or irregularity was identified, broadly relating to;

- **Recruitment irregularities (x2)**
  - this related to polygamous employment (multiple contract working).

- **External offences/breaches and/or conduct by staff (x1)**
  - providing a false reference for a member of staff
- **Financial Irregularities**
  - Failing to declare a conflict of interest
- **Blue Badge Misuse**
  - Staff member misusing a Blue Badge

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 were **4** referrals closed which were categorised under whistleblowing (anonymous).

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.

The total number of fraudulent housing cases concluded in this period was **16**. *The total notional value of these cases (applying the value of £42k per property recovered or housing application stopped) is* £672,000.

Table B – Tenancy and Housing Fraud	2024/2025	2023/24	2022/23	2021/22
New cases	45	129	174	204
Closed cases	73	161	155	192
Fraud/Irregularity identified*	16	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.

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 successful 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 **16** tenancy verifications to verify household occupation and mitigate fraudulent Succession and Right to Buy applications.

There are currently **38** live housing investigations – of these; **9** cases are involved with legal proceedings to recover the property, and a further **5** cases have been concluded by the team with a report issued to HM and other Registered Social Landlords that recommends recovery action is instigated; **2** await bailiff action. The team works closely with the relevant teams to progress these cases.

Enhanced verifications of Right to Buy (RTB) applications

In November 2024 the maximum discount allowed to social tenants for purchasing their tenancy was reduced by the government to a maximum of £16,000. This resulted in an influx of RTB application requests prior to the November deadline. Whilst a number of the applications will not progress and are merely requests for valuations the increased workload and level of enquiries, heightened the risk of fraudulent applications progressing.   CF&I implemented an Enhanced Verification Process for RTB applications to be carried out by Counter Fraud Officers to enhance vetting of applicants. 62 Enhanced Verifications were carried out with 9 cases being identified as High Risk for additional checks should application progress; and 2 identified as requiring further checks for funding source once received. A further phase of enhanced verifications is due to be carried with those RTB applications that have progressed beyond valuation stage.

3. External Fraud

External fraud' includes all external fraud / irregularity that affects the Council. This will include (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 March 2025

There have been **234** cases closed in this period.

Table C - External Fraud	2024/25	2023/24	2022/23	2021/22
New Referrals	204	300	224	288
Closed Cases	234	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 **195** successful Blue Badge outcomes this year.   This includes **14 successful prosecutions** and **9** cautions and **129** warnings issued for Blue Badge offences.

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 27 live External cases, which includes; **18** Blue Badges and **9** other.

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, means that the Council maintains 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 this 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 March 2025.

Table D - Proactive Cases	2024/25	2023/24	2022/23	2021/22
New Proactive Reviews	9	131	4	110
Closed Cases	96	93	47	96
Fraud / Irregularity / Savings identified	5	3	8	7
Advice / Recommendations	6	1	1	2
Audit/Risk Review	70	89	46	96

The mandatory data submissions for the *2024* exercise is underway. The team will be reviewing the majority of the matching reports, either directly or in conjunction with relevant services, and aim to complete all reviews by end of Q4 2025-26.

Other Proactive Work Concluded:

a) ***Housing Tenancy Pilot*** – this involved data matching of Brent housing tenants to HMRC property data (to reveal tenant links to other properties) A review of these matches identified 7 cases for further investigation, of which 2 cases are progressing to recovery of the tenancy due to non-occupation by the tenant.

b) ***A Visiting Exercise to Void(empty) Properties*** – following intelligence from a neighbouring borough regarding external third party take over of empty social housing properties, a high priority proactive was initiated by the CF&I team to carry out visits to all properties listed as currently empty (void) to ensure they had not been occupied by unauthorised tenants. Results showed no unauthorised occupation of empty properties. Results were shared with the Housing Team.

c) ***Agency to Payroll Data to identify Polygamous Workers*** - Following an increase in undeclared polygamous work across boroughs and other bodies, a new data matching pilot was carried out. Payroll data was matched to Agency workers across all NFI members to identify any dual (polygamous) workers. This was carried out over 2 phases and resulted in a member of staff being dismissed.

d) **Bespoke fraud awareness sessions –** a bespoke fraud awareness session for 30 members of the Housing Team was conducted by CF&I officers. This included new Area Tenancy Managers and existing housing staff to highlight fraud risks and refresh fraud awareness with greater liaison between housing and CF&I.

e) **Continued use of the NFI London Fraudhub -** The Council joined the NFI London FraudHub in 2022-23, which was for an initial period of two years. It is modelled on the existing NFI platform and the majority of London councils have joined. The hub allows for more real-time and cross boundary data matching, in addition to bespoke internal data matching. A number of different datasets including Pensions, Council Tax and Blue Badge are matched against DDRI (deceased data) and other local authority's data to highlight potential discrepancies or areas of concern. A proposed pilot to include Payroll to Agency data on a regular basis is currently being reviewed.

f) **Fraudhub Appcheck** - Appcheck is an additional resource within the Fraudhub to verify any data included on applications submitted against other local authorities' data. 4 training sessions were carried out by CF&I staff to Housing Needs and Housing Allocations staff to introduce Appcheck as a potential resource to assist verification of applications.

Pre-employment Vetting

The Council has 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. This system is focussed on employee fraud and recruitment controls. The system enables the Council to have additional assurance around agency and permanent recruitment and provide the team with additional resource when conducting internal investigations. The team manages the new vetting protocols for agency staff, whilst Recruitment manage it as part of existing permanent recruitment onboarding. A summary of activity to 31st March 2025 is summarised below.

	Total searches	Positive matches	Employment status
Agency Staff	442	13	12 declined / 1 employed
HR Recruitment	516	12	4 declined / 8 employed