



# Annual Counter Fraud Report

2025-26

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# 1. Internal Fraud

Internal fraud encompasses a range of case types, including staff conduct issues, financial irregularities and procedural breaches. While the number of referrals tends to be lower than in other areas, these cases are typically more complex in nature. The main allegations continue to relate to suspected officer corruption, working whilst on sick leave, and working while claiming benefits.

The volume and nature of referrals remain consistent with previous periods, indicating that the current service profile and engagement across the Council remain effective.

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.

Table A - Internal Fraud	1 <sup>st</sup> April 2025 – 20 <sup>th</sup> Mar 2026	2024/25	2023/24
• New Referrals	34	25	27
• Closed Cases	31	23	20
• Fraud/Irregularity identified*	4	5	10

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

During the period, **31 cases** were concluded. In **4 cases**, fraud and/or irregularity was substantiated, broadly relating to:

- False homeless application by member of staff
- Failure by a staff member to declare employment for Council Tax Support
- Overtime claimed while on sick leave or annual leave (x2)

**4** internal cases are currently live and in progress. These relate to:

- 1x Officer Blue Badge Misuse
- 1x External Offence
- 1x Officer Misuse of IT
- 1x Officer Working and Claiming (From NFI Report)

# 1. Internal Fraud (cont'd)

## ◆ Whistleblowing

CF&I has received three referrals classified as protected disclosures under the Public Interest Disclosure Act 1988 (PIDA). Of these, two were assessed as outside the remit of CF&I and have been referred to the appropriate service areas. CF&I continues to maintain oversight and provides support to those services in progressing the investigations.

Due to the sensitive and confidential nature of these referrals, it is not appropriate to provide detailed information on the allegations or ongoing investigations within this report.

One referral, submitted anonymously under whistleblowing arrangements, remains under investigation.

## ◆ Whistleblowing Policy

CF&I is currently updating the Council's Whistleblowing Policy to make it more accessible and user-friendly for all staff. The team is working in partnership with Protect, the UK's leading whistleblowing charity, to ensure the revised policy reflects current best practice and a more modern approach.

The updated policy will be launched in due course, supported by a programme of communications and awareness activity.

## 2. Tenancy and Housing Fraud

The recovery of social housing properties continues to have a positive impact on the temporary accommodation budget and remains a key fraud risk priority for the Council.

During the period, **22 fraudulent housing cases were concluded**, with an estimated, notional saving of £1.45m (based on £66k per property recovered or housing application stopped).

The outcomes were as follows:

- **13 cases** – tenants were no longer residing at the property and had failed to inform the Council; properties were successfully recovered.
- **6 cases** – applicants seeking succession did not meet residency requirements; properties were successfully recovered.
- **3 cases** – unauthorised occupants were identified; properties were successfully recovered.

In addition, the team completed **27 tenancy verification visits** to confirm household occupation and mitigate risks relating to fraudulent succession and Right to Buy applications.

There are currently **47 live housing investigations**. Of these:

- **2 cases** have progressed to legal action with notices issued
- **6 cases** have been concluded, with recommendations made to Housing to commence recovery action

The team continues to work closely with Housing services to progress these cases and secure recovery of properties where appropriate.

Table B – Tenancy and Housing Fraud	1 <sup>st</sup> April 2025 – 20 <sup>th</sup> March 2026	2024/25	2023/24
New cases	152	45	129
Closed cases	133	73	161
Fraud/Irregularity identified*	22	16	16
* 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 £66,000.			

## 2. Tenancy and Housing Fraud (cont'd)

### ◆ Enhanced verifications of Right to Buy (RTB) applications

In November 2024, the government reduced the maximum Right to Buy discount to £16,000. This resulted in a significant increase in applications submitted ahead of the deadline. While many of these applications are unlikely to progress beyond the valuation stage, the surge in demand increased the risk of fraudulent applications.

In response, CF&I introduced an enhanced verification process for all RTB applications, providing more robust checks by Counter Fraud Officers. This approach is now fully embedded.

Enhanced verification has been completed for all **166 RTB applications** received between December 2024 and June 2025.

CF&I is now working closely with the RTB team to verify the **source of funds** for applications that have progressed further. At present, **three cases remain under investigation**.

### ◆ Succession applications

Following a review of priorities, resources were redirected to higher-risk areas where stronger fraud prevention and greater consistency could be achieved. One such area was tenancy succession.

Working with Housing Services, CF&I introduced a new process to verify all succession applications received from 1 October 2025. This approach is now embedded. To date, **22 applications have been fully verified**, with a further **16 currently in progress**.

**Two cases** have been identified as requiring further investigation.

In the first case, documents submitted as proof of residency were found to be falsified. Enquiries with the applicant's employer confirmed that payslips had been altered to reflect the tenancy address, and the issuing bank confirmed that the address shown on submitted statements had been amended and did not match their records. Legal advice is currently being sought in relation to potential criminal proceedings.

In the second case, information indicates that the applicant may not reside at the tenancy address and may hold a separate tenancy with another local authority. Enquiries with that authority are ongoing to determine eligibility to succeed the tenancy.

As part of continuous improvement, CF&I has also introduced the use of **AppCheck**, an NFI web-based tool, to support succession verification. This enables real-time checks against national datasets, improving efficiency, identifying links to other local authorities, and supporting more targeted data-sharing requests.

## 2. Tenancy and Housing Fraud (cont'd)

### ◆ Crisis and Resilience Fund (CRF) formerly Discretionary Housing Payment (DHP), Resident Support Fund (RSF) and Domestic Abuse Homeless Applications

CF&I has worked with Resident Services and Homelessness Services to provide targeted fraud awareness and support the verification of applications relating to the Crisis and Resilience Fund (CRF), Resident Support Fund (RSF), and Domestic Abuse homelessness cases.

This proactive approach strengthens fraud prevention in higher-risk service areas and promotes a more consistent and robust approach to application checks.

As processes continue to develop, it is expected that both services will work more closely with CF&I. This will support earlier identification of potential irregularities and improve overall assurance across financial and safeguarding-related assessments.

### 3. External Fraud

External fraud covers all fraud and irregularity impacting the Council, including (but not limited to) Blue Badge, Direct Payments, Council Tax, Business Rates, Insurance, Finance, Concessionary Travel and grant applications.

During the period, **61 cases were closed**. Referrals primarily related to benefits, support payments, discounts, grants, theft of client funds, and other external allegations.

In one case, the Estate Regeneration Service sought CF&I's advice regarding the authenticity of a receipt submitted by a tenant for reimbursement of flooring costs. The investigation confirmed the receipt was not genuine, and CF&I recommended that the claim should not be paid. As a result, a payment of **£3,800 was prevented**, avoiding an unwarranted financial loss.

#### ◆ PCN Appeals – Blue Badge Misuse

CF&I received **two referrals** from the Notice Processing Service relating to PCN appeals where Blue Badges were submitted as evidence to support free parking eligibility.

Investigations found that the badges submitted as part of the appeals did not match those displayed at the time of the offence. The badges in use at the time had been cancelled following reports that they were lost, stolen or otherwise invalid.

- **Case 1:** Concluded. The registered keeper attended an interview under caution and provided an explanation. A warning letter was issued.
- **Case 2:** Ongoing. The registered keeper has been invited to attend an interview under caution.

Table C - External Fraud	1 <sup>st</sup> April 2025 – 20 <sup>th</sup> March 2026	2024/25	2023/24
New Referrals	40	204	300
Closed Cases	61	234	322
Fraud/Irregularity identified	30	91	213
<i>* Where closed cases do not identify fraud / irregularity, these are recorded as NFA (No Further Action)</i>			

## 4. Proactive and Preventative Activity

### ◆ National Fraud Initiative (NFI)

The Council participates in the Cabinet Office–mandated National Fraud Initiative (NFI), a biennial exercise that involves submitting key datasets (including payroll, pensions, creditors, housing benefit and council tax). These are matched against national sources such as HMRC, DWP, the General Register Office and Operation Amberhill to identify anomalies and potential fraud.

For the 2024/25 exercise, the Council received **40 reports containing 540 matches**. While many matches require only administrative checks and do not result in detected fraud or savings, all matches must be reviewed to ensure data accuracy and mitigate the risk of undetected fraud.

The review of all reports has now been completed, either directly or in partnership with relevant services. Key outcomes include:

- **£344,596 notional saving** from the cancellation of **435 Blue Badges** linked to deceased individuals
- **£3,871.92 notional saving** from the cancellation of Council Tax Reduction (CTR) claims for deceased claimants
- **£8,074.51 savings** from two CTR cases involving undeclared income
- **£31,069.05 in CTR overpayments identified** through a review of 68 matches against HMRC earnings and capital data

### ◆ Proactive Workstreams

The team continues to undertake targeted proactive work to strengthen fraud prevention and improve assurance in higher-risk areas. Key activity includes:

#### a) Housing Tenancy vs Waiting List Review

A comparative review of waiting list durations against allocated tenancies to assess the integrity, fairness and transparency of housing allocations. This work aims to identify anomalies that may indicate process weaknesses or potential fraud.

#### b) Brent Fleet Vehicles Review

A review to establish visibility and assurance over Council fleet assets, focusing on vehicles reported as Council-owned but not captured within existing records or controls. This work aims to confirm ownership, usage and governance arrangements, and address risks associated with unrecorded or misused assets.

## 4. Proactive and Preventative Activity (cont'd)

### c) Continued use of the NFI London FraudHub

The Council continues to participate in the NFI London FraudHub (joined in 2022/23), which enables near real-time and cross-boundary data matching across London authorities. Multiple datasets, including pensions, council tax and Blue Badge, are matched against deceased records and other local authority data to identify anomalies.

A pilot exercise matching payroll and agency data has now been embedded as a routine activity, further strengthening the Council's ability to identify potential irregularities.

#### ◆ Pre-employment Vetting

The Council continues to strengthen pre-employment controls through the use of the **Insider Threat Database (ITD)**, provided by CIFAS. The ITD is a national fraud risk database that supports recruitment decision-making by identifying individuals linked to fraud or other serious irregularity. It provides additional assurance across both agency and permanent recruitment processes and supports internal investigations where required.

CF&I manages vetting protocols for agency staff, while permanent recruitment checks are embedded within standard onboarding processes managed by HR.

A summary of activity to **31 March 2026** is set out below:

	Total searches	Positive matches	Employment status
Agency Staff	470	12	10 offers withdrawn
HR Recruitment	622	8	4 offers withdrawn