



# **ANTI-FRAUD PROGRESS REPORT**

London Borough of Southwark

*For presentation to the Audit, Governance and Standards Committee*

*November 2023*



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# 1. PURPOSE

## Purpose of report

This report informs the Audit, Governance and Standards Committee of the work undertaken by the Corporate Anti-Fraud Team (“CAFT”) and Special Investigations Team (“SIT”), during the period April 2023 to October 2023.

Due to the nature of the work conducted by both CAFT and SIT, this report does not set out specific details of investigations conducted.

# 2. ANTI-FRAUD UPDATE

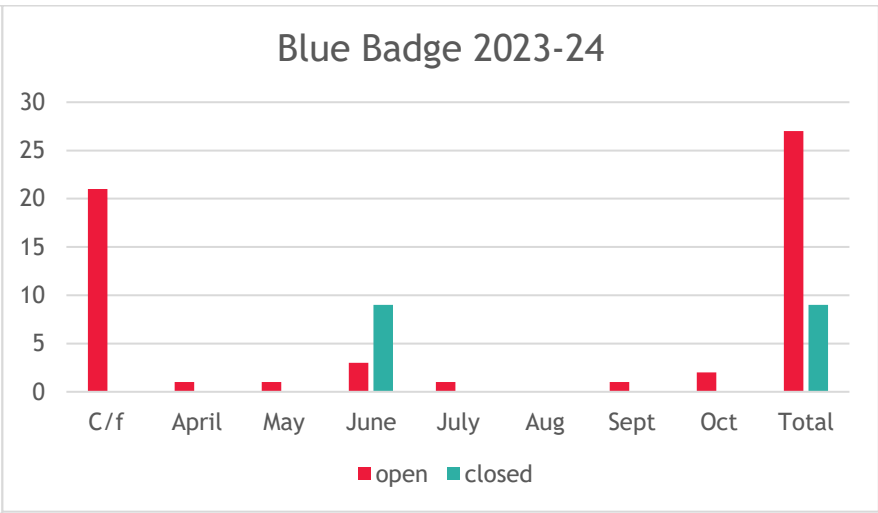
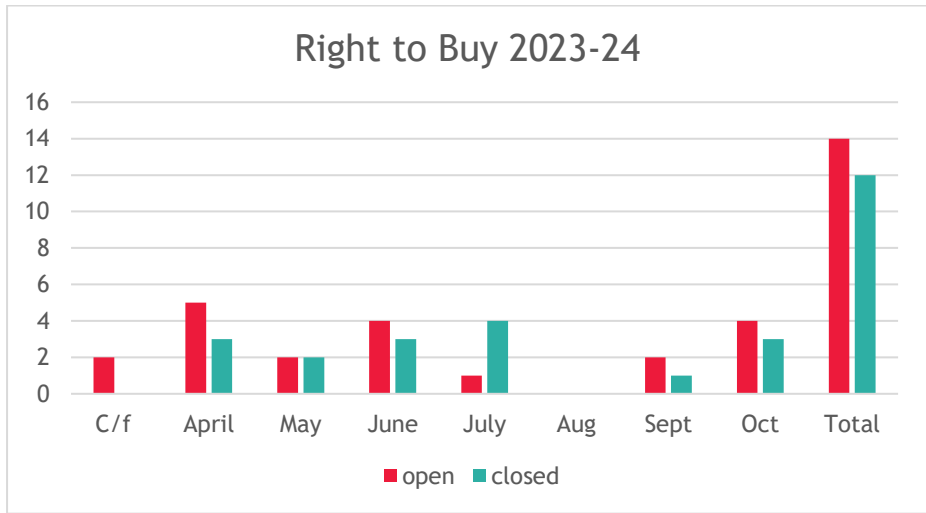
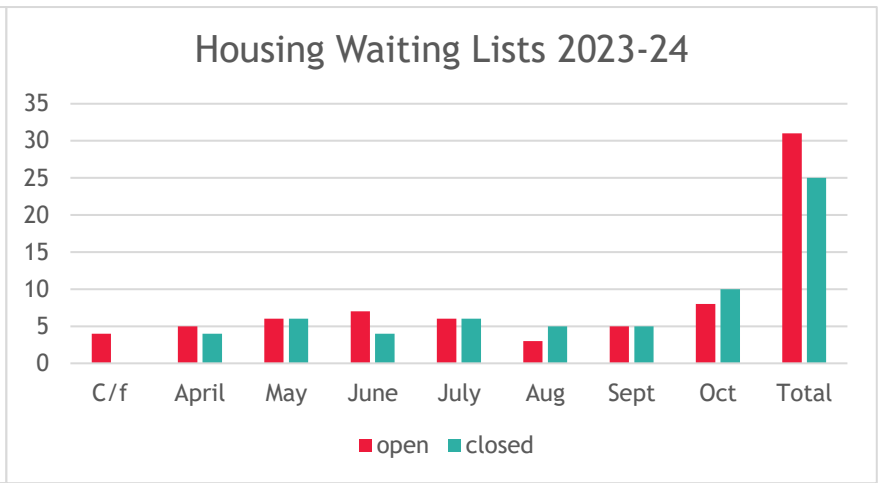
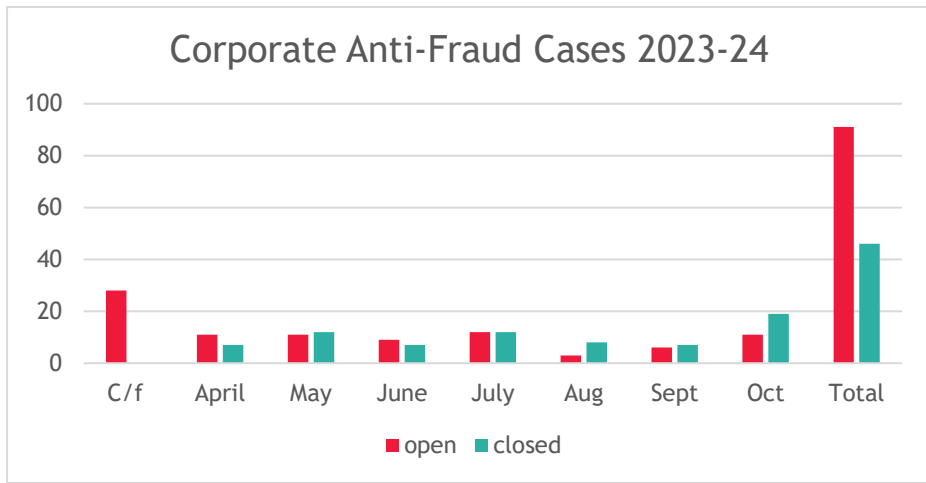
## Corporate Anti-Fraud investigations (CAFT)

### Summary of CAFT investigations 2023-2024

| 2023-24      | Corporate Anti-Fraud |           | Housing Waiting List |           | Right to Buy |           | Blue Badges |          |
|--------------|----------------------|-----------|----------------------|-----------|--------------|-----------|-------------|----------|
|              | Open                 | Closed    | Open                 | Closed    | Open         | Closed    | Open        | Closed   |
| C/f          | 28                   |           | 4                    |           | 2            |           | 21          |          |
| April        | 11                   | 7         | 5                    | 4         | 5            | 3         | 1           | 0        |
| May          | 11                   | 12        | 6                    | 6         | 1            | 2         | 1           | 0        |
| June         | 9                    | 7         | 7                    | 4         | 4            | 3         | 3           | 9        |
| July         | 12                   | 12        | 6                    | 6         | 1            | 4         | 1           | 0        |
| Aug          | 3                    | 8         | 3                    | 5         | 0            | 0         | 0           | 0        |
| Sept         | 6                    | 7         | 5                    | 5         | 2            | 1         | 1           | 0        |
| Oct          | 11                   | 19        | 8                    | 9         | 4            | 3         | 2           | 0        |
| <b>Total</b> | <b>91</b>            | <b>72</b> | <b>44</b>            | <b>39</b> | <b>19</b>    | <b>17</b> | <b>30</b>   | <b>9</b> |

Figures provided are for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> October 2023.

An analysis of the composition of number of cases is contained on the following pages.



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There are currently 15 active Corporate Anti-fraud Team investigations and four that remain open but which are on a “monitor only” basis. These are split across the relevant Council services as follows:

|                                      |   |
|--------------------------------------|---|
| Chief Executives Office              | 2 cases   |
| Children & Adult Services            | 6 Cases   |
| Environment, Neighbourhoods & Growth | 1 Case  |
| Finance - Internal                   | 1 Case (low level employee allegation)                              |
| Finance - External                   | 3 Cases (one pension allegation and two local taxation allegations) |
| Housing                              | 2 Cases   |

### **Fraud and verification**

Corporate Anti-Fraud Team conduct reviews of Housing Waiting list and Homelessness Applications which have an identified cause for concern. A test of the veracity of the application enables housing management to make an informed decision on the applicant’s eligibility to remain on the housing register.

Between 1<sup>st</sup> April 2023 and 31<sup>st</sup> October 2023, the team received 44 referrals, with 4 cases carried forward from the previous year. To date the following statuses have been reached:

- 25 cases have been denied. Information obtained suggests the applicant has provided false information regarding their circumstances to gain access to housing, or they have not provided sufficient evidence in response to FVT enquiries.
- 2 cases had no further action. The referral does not fall within the remit of the FVT function and was passed back to the Housing Officer for Housing to review.
- 2 cases referred back to Housing as the applicant failed to respond to enquiries.
- 5 cases are under review. Information gathering phase i.e., awaiting a home visit or awaiting information from the applicant, an interview etc.
- 10 have been recommended to be maintained. FVT has reviewed the information and agreed the applicant should remain on the housing list.

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## **Right to Buy (RTB)**

The Council introduced forms to check the veracity of the sources of funds used for the purchase of properties under the right to buy scheme. Referrals are raised when the cash element of the purchase exceeds HMRC guidelines. When referrals are received, we review the source of cash funding and make a recommendation to the RTB team.

Between 1<sup>st</sup> April and 31<sup>st</sup> October 2023, there have been 19 referrals with 2 cases carried forward from the previous year.

- 14 cases reviewed and referred back to RTB Team to progress the application.
- 2 cases have been denied.
- 2 cases remain under review. Information gathering phase i.e., awaiting a home visit or awaiting information from the applicant etc.
- 1 case was withdrawn by the applicant.

The FVT identified potential subletting issues and the case was denied for RTB. This referred to Special Investigations Team who have since served a Notice to Quit and the property has been recovered

## **Blue Badge**

CAFT are supporting Blue Badge referrals as part of an Environment & Leisure Initiative which involves outsourcing the investigation and prosecution of Blue Badge irregularities to an external contractor, BBFI.

CAFT receives reports of alleged Blue Badge fraud and misuse. Cases concerning badges issued outside the borough will be forwarded to the issuing authority. Reports concerning repeat sightings will be referred to BBFI. Retrospective single sighting with no information of the driver or vehicle occupants do not provide sufficient evidence to progress any investigation. These will normally be reported to the Blue Badge team to follow up with the badge holder to confirm the badge remains in their possession.

Between 1<sup>st</sup> April and 31<sup>st</sup> October 2023, CAFT have received 9 referrals. 21 cases were carried forward from the previous year.

- 17 cases have been referred to BBFI.
- 9 cases have been closed with no further action i.e., the blue badge has expired since reported and not replaced. Disability is not obvious to persons making report.
- 4 cases have been transferred out as they are not deemed to be fraudulent and there is no case to answer. They relate to other matters i.e., neighbours not using allocated disabled parking bays and obstructing other vehicle users accessing regular parking spaces.

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During routine patrol, the external contractor has recovered 27 badges either stolen or misused. 14 were issued by the Council. The remaining 13 badges have been returned to the issuing authorities. Further updates will be provided at subsequent meetings.

### **NATIONAL FRAUD INITIATIVE (NFI) 2022/23 BIENNIAL EXERCISE**

The Cabinet Office via NFI released the data matches in January 2023. The matches relate to a number of areas including Blue Badges, Payroll to Payroll, Council Tax Reduction, Housing Tenancy and Concessionary travel. The initial risk score is based on two factors.

1. Risk Logic a set criteria for each dataset combination which indicates when a fraudulent outcome is more likely to occur and;
2. Footprint Score a set of criteria associated with the number of times an individual appears across all NFI data at the address and inform the risk.

A combination of risk logic and footprint score produces a final risk core for each match. We do not look at every data match but prioritise matches above 50% final risk score. The fraud risk identified 4,387 matches.

|             |       |
|-------------|-------|
| High Risk   | 858   |
| Medium Risk | 1,731 |
| Low Risk    | 1,457 |
| Nil         | 341   |

Data matching involves comparing computer records held by one organisation against other computer records held by the same or another organisation to see how far they match. The match can be an exact match or a very close (fuzzy) match. This is usually personal information.

Where a match is found it indicates that there may be an inconsistency that requires further investigation. Therefore no assumption can be made as to whether there is fraud, error, or other explanation until an investigation is carried out.

In summary, the following is the current progress / status of the matches identified:

|                   |                             |
|-------------------|-----------------------------|
| Investigating     | 157 - not included in total |
| Processed matches | <u>3,933</u>                |
| Cleared           | 3,203                       |
| Frauds            | 12                          |
| Errors            | 718                         |
| Total Outcomes    | £253,792.07                 |

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Estimates are included where it is reasonable to assume that the fraud, overpayment, and error would have continued undetected without the NFI data matching. These estimates are subject to review prior to the start of each two-yearly National Exercise and are approved by the NFI Governance Board and the cabinet Office Cross Government Fraud Prevention Panel.

When assessing the monetary impact of the cases under investigation or deemed fraudulent, the term “Total Outcomes” refers to the actual sums that have been identified and can be considered recoverable.

In addition, specific annual matching exercises are also carried out, details of which are set out below:

**Council Tax single persons discount to Electoral Register**

The purpose of this match is to identify addresses where the householder is claiming a council tax single person discount on the basis that they live alone yet the electoral register suggests that there is more than one person in the household aged 18 or over. There were 6,192 matches reported in the annual dataset. Current status of matches is as follows:

|                   |             |
|-------------------|-------------|
| Processed matches | <u>3043</u> |
| Investigating     | 0           |
| Cleared           | 2257        |
| Frauds            | 689         |
| Errors            | 97          |
| Total Outcomes    | £348,973.50 |

Total Cabinet Office NFI co-estimated saving Outcome £939K

**Council Tax rising 18s**

This match identifies addresses where the householder is claiming a council tax single person discount (SPD) on the basis that they are the only occupant over 18 years of age, yet the electoral register suggests that there is somebody else in the household who is already, or is approaching, 18 years of age. This may have already made, or may be about to make, the SPD invalid.

|                   |           |
|-------------------|-----------|
| Processed matches | <u>34</u> |
| Investigating     | 0         |
| Cleared           | 5         |
| Frauds            | 15        |
| Errors            | 14        |
| Total Outcomes    | £9,083.03 |

Total Cabinet Office NFI co-estimated saving Outcome £17,963.90.



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## 3. HOUSING TENANCY UPDATE

### Housing Tenancy Fraud - October 2023

The Special Investigation Team (SIT) falls under the Council's Fraud Prosecution Policy with the following remit:

- 2.1 *The special investigation team will investigate 'housing tenancy fraud' in respect of the housing stock owned and managed by the council and other social housing where legislation directs that a local authority has specific responsibility. This includes cases of unlawful subletting, non-occupation, succession, assignment, mutual exchange, right to buy and housing register application fraud, unless otherwise agreed.*

SIT are based within Residents Services within the Accommodation and Support Business Unit.

The team operates reactively and proactively. The performance measure for the team is to be top quartile nationally in terms of properties recovered from illegal occupancy as a percentage of total housing stock. The team also provides support to other teams within Residents Services to prevent and detect housing tenancy fraud and illegal occupancy and to support actions taken by those teams, including recovery of properties from illegal occupancy.

Summary of Reactive SIT Investigations 2023-24

| 2023/24   | Investigations Opened | Investigations Closed | Properties Recovered | Tenancy Prevented | RTB prevented | Other Positive outcomes |
|-----------|-----------------------|-----------------------|----------------------|-------------------|---------------|-------------------------|
| C/f       | 402                   |                       |                      |                   |               |                         |
| April     | 10                    | 24                    | 2                    | 0                 | 0             | 0                       |
| May       | 13                    | 14                    | 0                    | 0                 | 1             | 3                       |
| June      | 19                    | 15                    | 3                    | 1                 | 0             | 1                       |
| July      | 3                     | 15                    | 0                    | 0                 | 0             | 0                       |
| August    | 14                    | 6                     | 0                    | 0                 | 0             | 1                       |
| September | 40                    | 13                    | 2                    | 1                 | 0             | 1                       |
| October*  | 80                    | 30                    | 0                    | 0                 | 0             | 2                       |
| Total     | 464                   | 117                   | 7                    | 2                 | 1             | 8                       |

\* Statistics up to and including 18/10/2023

**NB:** The carried forward figure for open cases includes proactive cases due for closure once new data matching is undertaken.

In addition to the properties recovered from illegal occupancy by SIT, area housing management have recovered 13 properties up to 31 October 2023. The total number of properties recovered from illegal occupation by Residents Services to date is 20.

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### Proactive SIT Investigations

National Fraud Initiative (NFI) - SIT continues to work on housing tenancy related matches under the NFI. Progress against the matches falling within the remit of SIT is given in the table below:

| Total Matches (SIT) | Matches Closed | Open Investigations | Matches to review |
|---------------------|----------------|---------------------|-------------------|
| 1,029               | 775            | 81                  | 138               |

### Operation Silver II

A further exercise to data match tenancies to enable intelligence led tenancy checks that will be undertaken by Residents Services Officers will take place in 2023/24 to support the counter fraud work and residents services wider responsibilities.

Data matching is now due to commence at the start of Q3 pending the upgrade of the investigations case management system.

### Transparency Data

In 2015 the Local Government Transparency Code was revised and published with a requirement to publish the following information about counter fraud work annually. The table below shows the required data for SIT.

|                                 | April | May | June | July | Aug | Sept | Oct |
|---------------------------------|-------|-----|------|------|-----|------|-----|
| No times PoSHFA powers          | 2     | 2   | 1    | 5    | 0   | 5    | 8   |
| Cumulative PoSHFA powers        | 2     | 4   | 5    | 10   | 10  | 15   | 23  |
| Total No officers               | 9     | 9   | 9    | 9    | 9   | 9    | 9   |
| Total ACFS (or equiv.) officers | 8     | 8   | 8    | 8    | 8   | 8    | 8   |
| Total Spend (£'000's)           |       |     | 157  |      |     | 197  |     |
| Cumulative Spend (£'000's)      | 0     | 0   | 157  | 157  | 157 | 354  | 354 |
| Cases Investigated (closed)     | 24    | 14  | 15   | 15   | 2   | 13   | 80  |
| Cumulative cases                | 24    | 38  | 53   | 68   | 70  | 83   | 163 |
| Average cost per case (£'000's) | 0     | 0   | 3    |      |     | 4    |     |
|                                 |       |     |      |      |     |      |     |

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## 4. STAFFING AND RECRUITMENT UPDATE

CAFT (Finance) currently consists of 2 x Senior Investigator (one is currently acting up as Interim Team Manager) and 1 Fraud & Verification Officer. Current vacancies exist for 1 x Team Manager, 1 x Senior Investigator and 1 x Anti-Fraud Trainee. The posts for Fraud Trainee and Senior Investigator resulted in 166 and 34 applicants respectively. The shortlisting has completed and interviews will take place in November 2023.

SIT has a compliment of a manager and 8 investigations officers. During Q1 three staff have been on long term absence with an associated reduction in capacity. All staff have now returned, as of 1<sup>st</sup> September 2023 and SIT are operating at full complement and capacity.

## 5. OTHER ITEMS

Nothing to report

**FOR MORE INFORMATION:**

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