



ANTI-FRAUD PROGRESS REPORT

London Borough of Southwark

For presentation to the Audit, Governance and Standards Committee

February 2024



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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 November 2023 to December 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

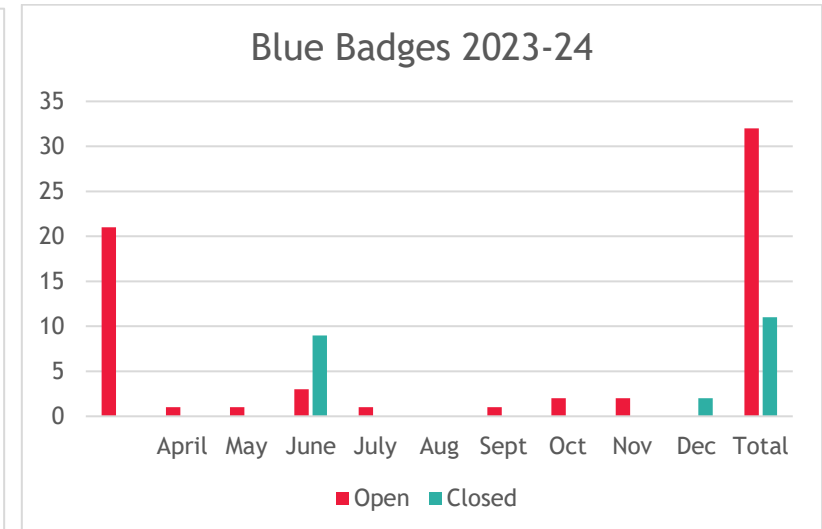
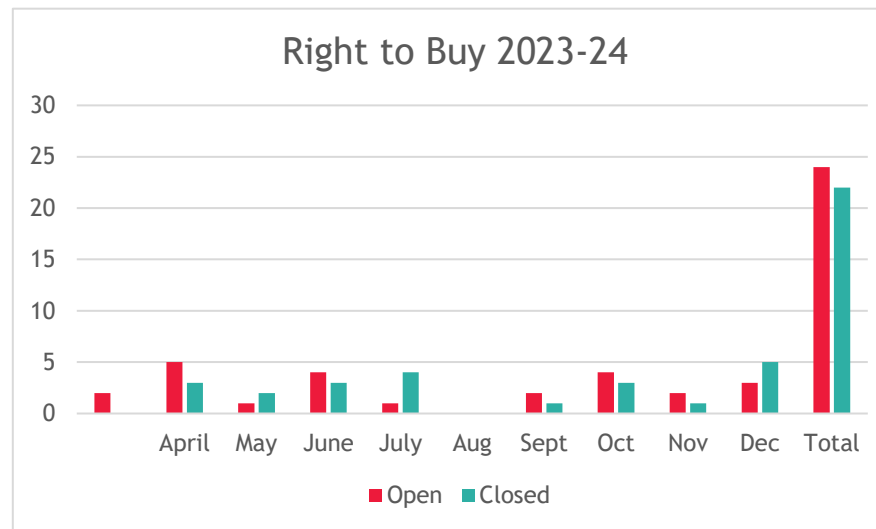
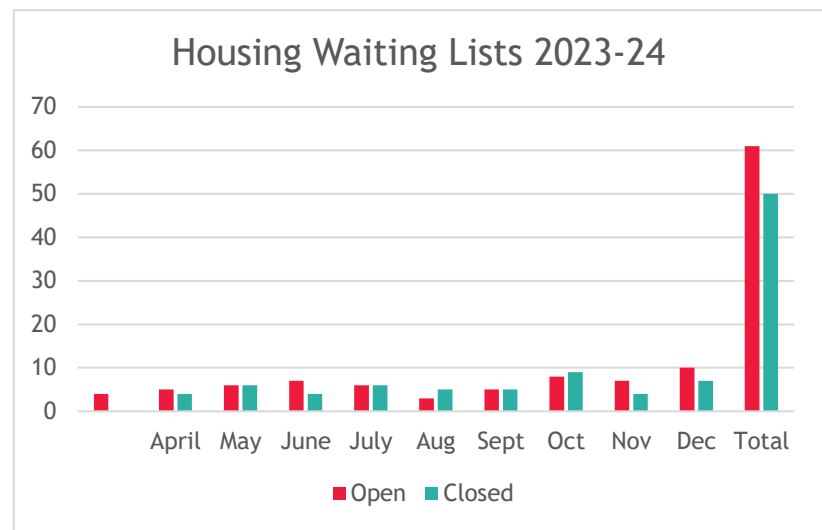
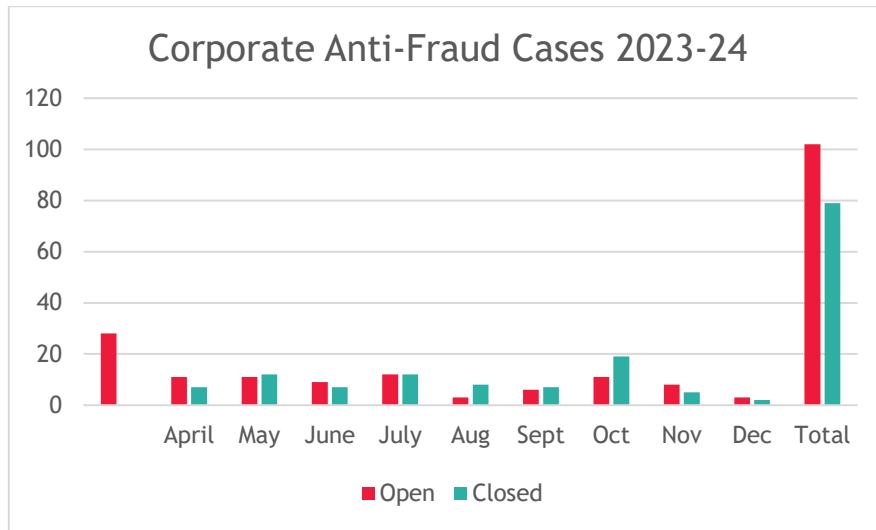
There are currently 16 active Corporate Anti-fraud Team investigations. These are split across the relevant Council services as follows:

Chief Executives Office	1 Case
Children & Adult Services - Internal	2 Cases (low level employee related)
Children & Adult Services - External	5 Cases (One personal budget, one spot contract and three ex-employee related)
Environment, Neighbourhoods & Growth	1 Case (Employee allegation)
Finance -External	3 Cases (One pension allegation and two local taxation allegations)
Housing	4 Cases

2023-24	Corporate Anti-Fraud		Housing Waiting List		Right to Buy		Blue Badges	
C/f	Open	Closed	Open	Closed	Open	Closed	Open	Closed
	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
Nov	8	5	7	4	2	1	2	0
Dec	3	7	10	7	3	5	0	2
Total	102	86	61	50	24	22	32	11

Figures provided are for the period 1st April 2023 to 31st December 2023.

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



Fraud and verification - Housing Waiting List

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 1st April 2023 and 31st December 2023 the team received 58 referrals, with 4 cases carried forward from the previous year. To date the following statuses have been reached:

- 31 cases have been denied. Information obtained suggests the applicant has provided false information regarding their circumstances to gain housing, or they have not provided sufficient evidence in response to FVT enquiries.
- 3 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.
- 3 cases referred back to Housing as the applicant failed to respond to enquiries and therefore, transferred to another department for further investigation.
- 8 cases remain under review. Information gathering phase i.e. awaiting a home visit or awaiting information from the applicant, an interview etc.
- 13 have been recommended to be maintained. FVT has reviewed the information and agreed the applicant should remain on the housing list.

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 1st April and 31st December 2023 there have been 21 referrals with 2 cases carried forward from the previous year. To date the following statuses have been reached:

- 18 cases reviewed and referred back to RTB Team to progress the application.
- 2 cases have been denied.
- No cases remain under review.
- 1 case was withdrawn by the applicant.

In addition, in relation to one of the above cases, 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 sighting 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 1st April and 31st October 2023 CAFT have received 37 referrals. 21 cases were carried forward from the previous year. To date the following statuses have been reached:

- 21 cases have been referred to BBFI.
- 11 cases have been closed with no further action i.e. Blue badge has expired since report and not replaced. Disability is not obvious to the person making the report.
- 5 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.

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.

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.

There have been minor changes since our last report to the NFI outcomes. In summary, the following is the current progress / status of the matches identified:

Investigating	157 - not included in total
Processed matches	<u>4,203</u>
Cleared	3,469
Frauds	12
Errors	722
Total Outcomes	£273,697

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 2 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>3,043</u>
Investigating	0
Cleared	2,257
Frauds	689
Errors	97
Total Outcomes	£348,974

Total Cabinet Office NFI co-estimated saving Outcome £939K, based on the figure of £348,973. The sum is effectively based on the potential life of a fraud rather than actual i.e. the premise that certain frauds exist for 3 to 5 years before being identified. It is therefore potential rather than actual.

The Council Tax and Electoral Register 2024 exercise data is due to be uploaded week ending 19th January 2024. Once uploaded the Team will begin the usual data matching exercise.

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

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 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	109	84	0	0	0	2
November	61	45	0	1	0	4
December	19	16	0	2	0	0
Total	553	137	7	5	1	12

* Statistics up to and including 31/12/2023

The value of housing tenancy fraud detected and prevented by SIT up to 31/12/2023 represented in the table above is £631,000.

In addition to the properties recovered from illegal occupancy by SIT, area housing management have recovered 27 properties up to 31/12/2023. The total number of properties recovered from illegal occupation by Residents Services to date is 34.

In addition to investigations conducted, SIT undertake checks, where legislation allows, in support of the work by area housing management and legal services to recover properties from illegal occupation. In addition to the outcomes shown in the table above SIT have provided information to support the work of the Residents Services in 26 cases up to 31/12/2023.

Up to 31/12/2023 SIT have served a total of 16 Notices to Quit or Notices Seeking Possession as a result of investigations conducted and have referred 8 cases to legal services during the current financial year. SIT have a total of 14 cases with legal services at various stages of the legal process.

Proactive Investigations

National Fraud Initiative (NFI)

SIT continues to work on housing tenancy related matches under the NFI. The Cabinet Office released further housing related data matches in late November 2023. In total 1,409 new matches were released to SIT. 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
2,435	1,045	124	1,409

Operation Silver II

A further exercise to data match tenancies to enable intelligence led tenancy checks to 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 which was due to commence in Q3 of 2023/24 has been delayed due to additional proactive planning and the upgrading of the case management system. This will now take place in Q4.

Additional proactive plans agreed with Residents Services and Housing Management in December 2023. These plans include SIT undertaking enhanced governance and verification work around changes to secure tenancies including assignment, succession, mutual exchange, and changes to the tenant details. This work will proactively identify potential housing tenancy fraud, ensure solid governance arrangements within the secure tenancy regime, and identify illegal occupancy to allow for appropriate redress.

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	Nov	Dec
PoSHFA powers*	2	2	1	5	1	5	8	2	6
Cumulative PoSHFA powers	2	4	5	10	11	16	24	26	32
Total No of officers	9	9	9	9	9	9	9	9	9
Total ACFS (or equiv.) officers	8	8	8	8	8	8	8	8	8
Total Spend (£'000's)	44	41	44	66	74	46	39	65	62
Cumulative Spend (£'000's)	44	86	129	195	269	315	355	419	481
Cases Investigated (closed)	22	14	15	15	2	13	37	43	16
Cumulative cases	22	36	51	66	68	81	118	161	177
Average cost per case (£'000's)	2	2	3	3	4	4	3	3	3

* The Prevention of Social Housing Fraud Act 2013 ("PoSHFA") creates offences related to sub-letting and parting with possession of social housing and makes provision for the investigation and prosecution of social housing fraud offences

4. STAFFING AND RECRUITMENT UPDATE

CAFT - Offers have been made for the posts of Fraud Trainee. The Fraud Team Manager post has been advertised with interviews to take place in February 2024. As a result of the successful Senior Investigator Officer accepting the offer there is a new vacancy for the Fraud & Evaluation Officer role.

SIT has a full complement of a manager and 8 investigations officers. One officer is currently undertaking training to professionally qualify as Accredited Counter Fraud Specialist. A full review of team training needs, including refresher training, is currently being undertaken.

5. OTHER ITEMS

NFI Pilot Exercise Housing Pilot Phase 2

Cabinet Office NFI is undertaking this initiative to support local authorities and social landlords to address fraud in their housing portfolios. The pilot is designed to address key housing fraud risks such as subletting and abandonment. CAFT & SIT will be participating with SIT taking the lead on behalf of Southwark, in addition to the other work already detailed above.

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