

Meeting Name:	Audit, Governance and Standards Committee
Date:	5 September 2024
Report title:	2024-25 Q1 report of the Corporate Anti-Fraud Team and the Special Investigations Team
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	n/a

RECOMMENDATION

1. That the audit, governance and standards committee note the 2024-25 Q1 report of the Corporate Anti-fraud Team and the Special Investigations Team.

BACKGROUND INFORMATION

2. This report summarises the work of the Corporate Anti-Fraud Team (CAFT) and Special Investigations Team (SIT) for the first quarter 1 April 2024 to 30 June 2024.

KEY ISSUES FOR CONSIDERATION

2024-25 Investigations

3. There were 20 corporate anti-fraud and 6 blue badge investigations carried over from the 2023-24 year. Table 1 summarises the Corporate Anti-Fraud Team investigations referred between 1 April 2024 to 30 June 2024.

Table 1: Summary of the anti-fraud caseload Q1 2024/25

2024-25	Corporate Anti-Fraud		Homeless		Housing - Waiting List		Right to Buy		Blue Badge	
	Open	Closed	Open	Closed	Open	Closed	Open	Closed	Open	Closed
c/f	20		0		0		0		6	
Apr	6	4	2	0	5	0	3	3	1	0
May	14	9	1	0	3	3	3	1	6	6
Jun	7	3	2	1	1	4	3	3	0	0
Total	47	16	5	1	9	7	9	7	13	6

Corporate Anti-Fraud investigations

4. Table 2 shows the 31 open corporate cases categorised across the council. The majority of corporate anti-fraud investigations are minor in nature and include areas such as declaration of interests, concurrent working etc.

Table 2: Corporate Anti-fraud Team Investigations by council directorate

Corporate Anti-Fraud Team Investigations Directorate	2024 - 25	
	Internal	External
Chief Executive Office	0	5
Finance	2	5
Children & Adults	5	7
Environment, Neighbourhoods & Growth	1	2
Housing	1	3
Strategy & Communities	0	0
Governance & Assurance	0	0

Homelessness and Housing waiting lists

5. The Team undertakes reviews of the housing waiting list and also those homelessness applications which are a cause for concern, such as suspicious supporting documents i.e., pay slips, bank statements, contrived overcrowding in order to be placed on the housing list.
6. In 2024/5 Q1, the team received referrals for 5 Homelessness applications and 9 Housing waiting list applications.
 - 1 Homeless application case was denied. Information obtained suggested that the applicant had provided false information regarding their circumstances to gain housing, or they have not provided sufficient evidence in response to enquiries. 4 homeless applications are under investigation.
 - 3 waiting list applications were denied and 4 cases were maintained. 2 cases are under investigation awaiting.

Right to Buy (RTB)

7. The council checks 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, the team reviews the source of cash funding and makes a recommendation to the RTB team. For each case denied or withdrawn a standard cash 'saving' to the council is assumed at £127,900.
8. In 2024-25 Q1 there have been 9 referrals
 - 7 cases have been closed after review and referred back to the RTB Team to progress the application.
 - 2 cases are waiting further information concerning the source of the funding.

Blue Badge

9. The Corporate Anti-Fraud Team (CAFT) support referrals for 'Blue Badge'

fraud and misuse as part of an Environment, Neighbourhoods and Growth (ENG) directorate initiative, which outsources the investigation and prosecution of Blue Badge irregularities to an external contractor, BBFI. Cases where blue badges are issued outside the borough are forwarded to the issuing authority.

10. Blue Badge Fraud Hotline cases in April 2024 – June 2024.

Closed No Further Action	6
Under investigation	7
Total	13

(6 Blue Badge CAFT referrals were carried forward from 2023/24)

For those that are described as 'No Further Action', the cars were not found to be using a Blue Badge.

11. For the proactive, BBFI foot Patrols (not referrals), 23 cases in total have been put forward to the legal department for prosecution since April 2024. Of those cases:

- 6 are currently with the court and are the process of being decided.
- 9 are awaiting the prosecutor's decision as to whether those cases meet the prosecution threshold.
- 5 have been discontinued, withdrawn or not proceeded with.
- 3 cases have recorded convictions
- 0 cases have recorded acquittals.

National Fraud Initiative (NFI)

12. 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 match. Where a match is found, there may be an inconsistency that requires further investigation.

13. The Cabinet Office are expected to release the data specifications for the 2024 exercise in September 2024. The results of all data matching will be released from late January 2025. 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.

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

14. The council has a mandated duty to submit Electoral Registry and Council Tax data to The Cabinet Office National Fraud Initiative (NFI) on an annual basis. This data is uploaded to the NFI in January 2025 and returned the same month. This match identifies 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.

Housing Tenancy Counter Fraud Activity 2023-24 Q1

15. The Special Investigations Team (SIT) investigates '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. The team are based within Residents Services within the Accommodation and Support Business Unit. The team operates reactively and proactively.
16. 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.

Table 3: Summary of Housing Tenancy Investigations 2024-25 Q1

SIT 2024/25 Q1	April	May	June	YTD
Open cases Month Start	483	487	496	483
Reactive Referrals Received	23	23	28	74
Verification Referrals Received	2	6	8	16
Proactive Referrals Received	2	0	0	2
Investigations Opened	27	29	36	92
Investigations Closed	23	20	18	61
Open Cases Month End	487	496	514	514
Properties Recovered	1	4	1	6
Frauds Prevented	0	4	4	8
Other Positive Outcomes	0	2	3	5
Value of Fraud Detected (£000's)	39	191	99	329

17. In addition to the properties recovered by the Special Investigations Team a further 13 properties have been recovered by Area Housing Management as a result of unlawful or illegal occupation.
18. Delays in the court system continue to impact the recovery of properties. The Ministry of Justice quarterly statistics for January to March 2024 (published

June 2024) show that, nationally, there has been a 10% increase in possession claims compared to the same period in 2023; at the same time there has been a 26% drop in trials and the average time for cases to reach trial (from a claim being issued) is approximately 67 weeks.

19. The Special Investigations Team continue to seek to engage with tenants prior to the issue of claims to obtain possession without the need for legal action where possible.
20. Table 4 shows the number of notices served where the Special Investigations Team have established sufficient evidence to determine that a secure tenancy should be ended due to illegal occupation; service of a notice is the start of the legal process to obtain possession. Also shown is the current level of cases with legal services.

Table 4: Notices Served

2024/25 Q1	April	May	June	YTD
Notices Served	4	3	1	8
Cases Referred to Legal Services	1	1	1	3
Cases with Legal Services (total)	20	21	21	21
Claims Issued by Court	0	2	0	2

Enhanced Verification

21. As part of the proactive plan SIT, review all applications received for changes to existing secure tenancies including all applications for succession, assignment, mutual exchange and name changes. SIT review the applications and information received and make a recommendation, within 20 working days, to the Area Housing Management to either accept or deny the application or to request further information/clarification from the applicant. A breakdown of this work is shown in the Table 5 below:

Table 5: Enhanced Verification

Enhanced Verification	April	May	June	YTD Total
Received	2	6	8	16
Within 20 w/days	2	6	8	16
Accept	1	2	4	7
Deny	0	1	1	2
Further Info	1	3	0	4

22. The value of fraud detected by the Special Investigations Team from the various work streams is shown in the Table 6 below:

23. The value of recovered properties by is calculated using a standard Tenancy Fraud Forum/Fraud Advisory Panel formula which is generally adopted by local authorities and is based on average, net, TA cost multiplied by average length of illegal occupation plus average investigation, legal and other costs. For southwark, this is £15k per property for tenancies prevented and £39k for illegal occupation.

Table 6: Fraud Value

2024/25	April	May	June	YTD
Value detected Illegal Occupation (£000's)	39	156	39	234
Value detected RTB prevented (£000's)	0	0	0	0
Value detected Tenancy prevented (£000's)	0	30	60	90
Other (£000's)	0	5	0	5
Total	39	191	99	329

Staffing, Recruitment and Training

24. CAFT has a compliment of 6 posts. 1 manager leading 3 teams. Currently there are 3 vacancies. Following a recent internal recruitment exercise 2 posts have been filled - a Senior Investigations Officer and a Fraud & Verification Officer who will start in late August 2024. Both officers were recruited from the Special Investigations Team. Recruitment for the trainee vacancy will commence in August.
25. SIT has a compliment of a manager and 8 investigations officers. One officer is currently awaiting confirmation that they have successfully achieved the Accredited Counter Fraud Specialist qualification (confirmed has passed in July 2024).

Policy framework implications

26. This report is not considered to have direct policy implications.

Community, equalities (including socio-economic) and health impacts

27. This report is not considered to contain any proposals that would have a significant impact on any particular community or group.

Equalities (including socio-economic) impact statement

28. This report is not considered to contain any proposals that would have a significant equalities impact.

Health impact statement

29. This report is not considered to contain any proposals that would have a significant health impact.

Climate change implications

30. This report is not considered to contain any proposals that would have a significant impact on climate change.
31. to have any climate change implications

Resource implications

32. This report is not considered to have direct impact on resource implications.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

33. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Tim Jones, Director of Corporate Finance	
Report Author	Paul Bergin, Corporate Anti-Fraud Manager Chris Flemyng, Special Investigations Team Manager	
Version	Final	
Dated	10 August 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance	n/a	n/a
Strategic Director, Finance	n/a	n/a
Cabinet Member	No	No
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