

Meeting Name:	Audit, Governance and Standards Committee
Date:	13 November 2024
Report title:	Update: Corporate Anti-Fraud Team and the Special Investigations Team 2024-25 Q2
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	n/a

RECOMMENDATION(S)

1. That the audit, governance and standards committee note the 2024-25 Q2 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 September 2024.

KEY ISSUES FOR CONSIDERATION

2024-25 Investigations

3. There were 20 corporate anti-fraud, 4 Right To Buy 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 and 30 September 2024.

Table 1: Summary of the anti-fraud caseload Q2 2024/25

2024-25 Q2	Corporate Anti-Fraud		Homeless		Waiting List		Right to Buy		Blue Badges	
	Open	Closed	Open	Closed	Open	Closed	Open	Closed	Open	Closed
C/f	20		0		0		4		6	
April	6	4	2	0	5	0	3	5	1	0
May	14	9	1	0	3	3	3	2	6	6
June	7	3	2	1	1	4	3	4	0	0
July	6	10	1	3	11	6	2	2	0	0
Aug	8	8	0	2	7	4	1	3	2	0
Sept	5	11	0	0	12	8	0	0	0	0
Total	66	45	6	6	39	25	16	16	15	6

Corporate Anti-Fraud investigations

4. Table 2 shows 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. A further two cases are open as advisory to support external agencies with their enquiries.

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

CAFT Investigations - 2024 -25		
Directorate	Internal	External
Chief Executive Office	0	5
Children & Adults	5	8
Environment, Sustainability & Leisure	4	2
Governance & Assurance	1	0
Housing	2	5
Resources	2	11
Strategies & Communities	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 Q2, the team received 1 referral for a homelessness application and 30 for housing waiting list applications.
- Carry over from Q1 - 4 Homeless applications were 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. 1 homeless application was maintained.
 - Q2 - 10 waiting list applications were denied and 6 cases were maintained. In 2 cases, there was no further action. The remaining cases are being reviewed.

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 £136,400.
8. In 2024-25 Q2 there have been 3 referrals. The outcomes for Q2 are.

- 4 cases have been closed after review and referred back to the RTB Team to progress the application.
- 1 application has been denied.

Blue Badge

- The Corporate Anti-Fraud Team (CAFT) support referrals for 'Blue Badge' fraud and misuse as part of an Environment, Sustainability and Leisure (ESL) 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.
- Blue Badge Fraud Hotline cases in April 2024 - September 2024.

Closed No Further Action	6
Under investigation	9
Total	15
(6 Blue Badge CAFT referrals 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.

- Tables 3 provide a breakdown of BBFI blue badge seizures by type

Table 3. Blue Badge Seizures Type

BBFI Breakdown of seizure. April to Sept 2024						
	Apr	May	Jun	Jul	Aug	Sept
Misuse	7	6	5	3	-	5
Lost	-	-	1	1	1	2
Stolen	3	4	4	6	5	4
Deceased	-	1	1	-	-	-
Fake/Copy	1	-	1	-	-	-
Expired	1	2	-	1	2	-
Cancelled	-	-	1	-	1	1
Total	12	13	13	11	9	12

Total Cases April to September 2024 = 71

In preparation	4 (Awaiting Car pound docs)
Quality Assurance	2 (Review of evidence)
With Legal Services	37 (17 are still awaiting court)
Warning Letters	10 (warning letters for familial misuse offences).
Badge seized+ Towaway	18

Housing Tenancy Counter Fraud Activity 2024-25 Q2

12. 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, Housing Needs and Support Directorate. The team operates reactively and proactively.
13. The performance measure for the team is to be in the 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 4: Summary of Housing Tenancy Investigations 2024-25 Q2

2024/25	April	May	June	July	Aug	Sept	YTD
Open cases Month Start	483	487	496	514	426	427	483
Reactive Referrals Received	23	23	28	21	19	12	126
Verification Referrals Received	2	6	8	21	38	19	94
Proactive Referrals Received	2	0	0	0	0	0	2
Investigations Opened	27	29	36	23	18	18	151
Investigations Closed	23	20	18	88	17	14	180
Open Cases Month End	487	496	514	426	427	431	431
Properties Recovered	1	4	1	0	1	1	8
Frauds Prevented	0	4	4	2	0	2	12
Other Positive Outcomes	0	2	3	1	1	4	11
Value of Fraud Detected (£000's)	39	191	99	30	39	39	437

14. In addition to the properties recovered by the Special Investigations Team a further 27 properties have been recovered by Area Housing Management as a result of unlawful or illegal occupation; these will include properties recovered as a result of proactive enhanced verification work undertaken by SIT and other work to support Area Housing Management.
15. The above average number of case closures in July 2024 was as a result of a review of existing low risk cases which were not allocated to investigations

officers. Periodical reviews are taken of low risk cases (i.e. lack of obvious lines of enquiry) to ensure effective management and progression.

16. The Ministry of Justice (MoJ) quarterly statistics for their Q2 April to June 2024 have recently been released. The MOJ report indicates an increase in time delays on taking cases to court, previously reported as approximately 67 weeks, now exceeding 71 weeks.
17. 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.
18. Table 5 shows the number of notices served where the Special Investigations Team have established sufficient evidence to determine that a secure tenancy should cease due to illegal occupation; the '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 5: Notices Served

	April	May	June	July	Aug	Sept	YTD
Notices Served	4	3	1	0	0	0	8
Cases Referred to Legal Services	1	1	1	0	1	0	4
Cases with Legal Services (total)	20	21	21	21	21	22	22
Claims Issued by Court	0	2	0	0	0	1	3

Enhanced Verification

19. 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 can be seen in the Table 6:

Table 6: Enhanced Verification

	April	May	June	July	Aug	Sept	YTD Total
Received	2	6	8	21	38	19	94
Within 20 w/days	2	6	8	20	34	15	85
Accept	1	2	4	14	26	9	56
Deny	0	1	1	3	7	7	19
Further Info	1	3	0	3	1	4	12

20. Q2 indicates a significant uplift to Q1 as the enhanced verification process was not fully implemented until the start of June 2024. Therefore Q2 will have seen the process fully implemented and bedded in and therefore an increased number of cases referred for verification.
21. The value of fraud detected by the Special Investigations Team from the various work streams is identified in the Table 7 below:

Table 7: Fraud Value

2024/25	April	May	June	July	Aug	Sept	YTD
Value detected Illegal Occupation (£000's)	39	156	39	0	39	39	312
Value detected RTB prevented (£000's)	0	0	0	0	0	0	0
Value detected Tenancy prevented (£000's)	0	30	60	30	0	0	120
Other (£000's)	0	5	0	0	0	0	5
Total	39	191	99	30	39	39	437

22. The value of recovered properties is calculated using the Tenancy Fraud Forum/Fraud Advisory Panel formula which is generally adopted by LA's and is based on average, net, TA cost multiplied by average length of illegal occupation plus average investigation, legal and other costs. The national average was calculated at £42k per property but the formula allows for calculation using LA specific figures.
23. Value of tenancy prevented is £15k per property and is average, net, TA cost multiplied by average length of occupation in TA (currently 2.5 years).
24. Value of a RTB prevented is £133k (max discount value) plus three years average rent. (Rental income is lost to the HRA and a brand new tenant would not have the RTB for 3 years from the start of the tenancy).

National Fraud Initiative (NFI)

25. 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.
26. 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.

- i. Risk Logic - a set criteria for each dataset combination which indicates when a fraudulent outcome is more likely to occur and;
 - ii. 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.
27. 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.
28. Southwark have participated in an NFI Tenancy Fraud Pilot project which has resulted in further data being released to the Council to review and consider. This pilot project has produced a new release of over 7,000 matches. These will be examined over the course of Q3 to assess their quality, effectiveness and usefulness although initial considerations indicate that these are not likely to identify significant numbers of cases not already identified by other proactive work undertaken by the team.

Staffing, Recruitment and Training

29. CAFT has a compliment of 6 posts. 1 manager leading 3 teams. Currently there is 1 vacancy. Following a recent internal recruitment exercise 2 posts have been filled - a Senior Investigations Officer and a Fraud and Verification Officer.
30. SIT has a planned compliment of a manager and 8 investigations officers. There are currently 2 vacancies which should be filled before the end of the financial year. The loss of two officers is likely to have only a short-term impact on team performance as measures have been put in place with the remaining staffing to mitigate this.
31. The minor reorganisation to create the Housing Needs and Support Directorate and the move of the Special Investigations Team business unit to this new directorate is not anticipated to have any effect on the delivery of the counter fraud services.

Policy framework implications

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

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

33. 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

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

Health impact statement

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

Climate change implications

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

Resource implications

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

38. 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	30 October 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, Resources	n/a	n/a
Cabinet Member	No	No
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