

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 23/11/2022

Subject: Corporate Anti-Fraud Service Half-Year Report – 1 April 2022 to 30 September 2022

Report of: David Hughes, Shared Services Director for Audit, Fraud, Risk and Insurance

Responsible Director: Director for Audit, Fraud, Risk and Insurance

Summary

The Council takes its responsibilities to protect the public purse very seriously and is committed to protecting the public funds it administers. This report provides an account of fraud-related activity carried out during the past year to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

Work is undertaken by the Corporate Anti-Fraud Service (CAFS), providing a complete, professional counter-fraud and investigation service for fraud attempted or committed against the Council and reinforces the Council's commitment to preventing, detecting and deterring fraud and corruption.

For the period 1 April 2022 to 30 September 2022, CAFS identified 62 positive outcomes. The fraud identified has a notional value of over £440,000.

Recommendation

1. For the Committee to note and comment on the report.
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Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	CAFS supports the Council in its statutory obligation under Section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.

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Background Papers Used in Preparing This Report

None

1. INTRODUCTION

- 1.1. This report provides an account of fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2021 to 30 September 2022 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 1.2. CAFS remains a shared service providing the Council with a complete, professional counter-fraud and investigation service for fraud attempted or committed against the authority.
- 1.3. All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities set out within the financial regulations section of the Council's constitution. CAFS ensures the Council fulfils its statutory obligation under the Local Government Act 1972 to protect public funds and to have an effective system of preventing and detecting fraud and corruption.
- 1.4. The report also details activity and performance against the Council's Anti-Fraud and Corruption Strategy to assess its effectiveness, highlights some of the current and emerging areas of fraud risk and provides an overview of the effectiveness of the Council's arrangements to minimise the risk of fraud.
- 1.5. During the half year to 30 September 2022, CAFS investigated 339 cases, including 43 new referrals, and concluded 97 investigations. A conclusion ranges from a successful prosecution, through prevention activity, to action that deters fraud or no further action where there is no case to answer.
- 1.6. The table below shows this activity and details the fraud types.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/21	296	Tenancy & Housing cases	66	195
New referrals received	53	Internal Staff	4	4
Closed investigations (Positive outcome 62)	107	High/Medium risk fraud	18	12
		Low-risk fraud	16	9
Live cases as at 01/04/22	242	POCA	3	22

- 1.7. For the period 1 April 2022 to 30 September 2022, CAFS identified 62 positive outcomes. The fraud identified has a notional value of over £440,000, detailed in the following table.

Activity	Half-year 2020/21		Half-year 2021/22		Half-year 2022/23	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud (<i>incl. tenancy correction</i>)	-	-	9	18,120	8	21,300
Right to Buy	1	3,500	2	4,700	1	116,200
Advisory Reports (pro-active)	1	5,000	1	3,000	6	18,100
Prevention subtotal	2	8,500	12	25,820	15	155,600
Tenancy Fraud (Council and Registered Providers)	2	32,500	8	103,500	15	234,284
Internal Staff	8	28,000	-	-	2	10,000
Business Grants and Business Interruption Fund (COVID support)	24	240,000	32	174,367	-	-
High/Medium risk fraud (e.g. NNDR, Blue Badge/Resident Permits)	2	63,500	7	5,936	4	28,215
Low-risk fraud (e.g. Freedom passes, Council Tax, SPD)	6	4,186	4	22,288	24	11,571
Detection subtotal	42	368,186	51	306,091	45	284,070
Proceeds of Crime (POCA)	1	25,000	-	-	1	2,060
Press releases and publicity	-	-	-	-	1	2,000
Deterrence subtotal	1	25,000	-	-	2	4,060
Total	45	401,686	63	331,911	62	443,730

1.8. Details of noteworthy cases are reported in Appendix 2.

2. WHISTLEBLOWING

2.1 The Council's whistleblowing policy continues to be the primary support route for staff wishing to report a concern.

2.2 Since April 2022, CAFS has received no new referrals via the Council's whistleblowing policy.

3. ANTI-FRAUD AND CORRUPTION STRATEGY

3.1 The Council's Anti-Fraud & Corruption Strategy covering 2020/23 is based on five key themes: GOVERN, ACKNOWLEDGE, PREVENT, PURSUE and PROTECT.

3.2 The Strategy is designed to heighten the Council's fraud resilience and demonstrate its protection and stewardship of public funds. It contains an action plan to provide management with a tool to ensure progress and transparency concerning counter-fraud activities.

i) GOVERN

A robust framework of procedures and policies

- 3.3 Minimising any losses to fraud and corruption is essential to ensuring that all of the Council's resources are used for their intended purposes and ensuring we remain ruthlessly financially efficient.
- 3.4 Staff are often the first to spot possible cases of wrongdoing early and are therefore encouraged and expected to raise any concern they may have without fear of recrimination. Any concerns raised will be treated in the strictest confidence and appropriately investigated.
- 3.5 A well-publicised anti-fraud and corruption strategy and framework of policies help build and develop a robust anti-fraud culture. This culture encourages staff and service users to participate in fraud prevention and report suspicions.
- 3.6 Therefore, CAFS must update anti-fraud policies to support and guide Council staff, ensure compliance with laws and regulations, guide decision-making, and streamline internal processes. The key anti-fraud policies are regularly reviewed, revised and presented to the Audit Committee for review and approval.

ii) ACKNOWLEDGE

Committing support and resource to tackle fraud

- 3.7 A vital element of a counter-fraud strategy is the ability of an organisation to call upon competent, professionally trained officers to investigate suspected fraud.
- 3.8 All CAFS investigators are members of the Government Counter Fraud Profession (GCFP), which provides a professional structure with common standards and competencies for those in counter-fraud roles.

Demonstrating that it has a robust anti-fraud response

- 3.9 Counter-fraud activity is reported to the Audit Committee twice per year, detailing performance and action in line with the Anti-Fraud and Corruption Strategy. The annual performance report also describes the activity, achievements and outcomes against the strategic objectives. See Appendix 1.
- 3.10 CAFS report on investigation outcomes, including successful prosecutions, prevention activity, actions that deter fraud, or no further action where assurance is obtained that there is no case to answer.

iii) PREVENT

- 3.11 Prevention includes corporate investigations which cover a wide range of different counter-fraud activities, including, but not limited to, financial

investigations, complex third-party fraud investigations, contractor or employee fraud, or actions and activities that contribute towards a practical assurance framework.

- Malicious emails: The Council received a serious allegation regarding Council staff. The information was from an anonymous email claiming to be the victim and demanding the Council pay them compensation. CAFS immediately referred the matter to the appropriate law enforcement agency. They confirmed that their enquiry had been closed following analysis and advised the Council to treat the allegation as a hoax. Historically they had received two identical copies of the same allegation, the email address was fake, and the alleged victim had failed to reply to their request for more detailed information.

3.12 In addition to the specialist investigative role, CAFS continue to provide advice and support across the organisation, including the Council's partners and contractors.

3.13 Advice varies between fraud risk, fraud prevention and detection, money laundering and other criminal activity, and misconduct and misuse of public funds. Some of the matters may progress to a criminal investigation, but appropriate action, including disciplinary or loss recovery, is taken in all cases.

- Fraud Awareness: CAFS attended the Multi-Agency Safeguarding Hub to provide bespoke fraud awareness training to twenty-five managers and social workers in Social Care. The course focused on fraud risks associated with care provisions and direct payments, especially financial abuse. Topics included:

- Misspent funds – payments not being used as per the care agreement
- False documents – timesheets, payslips, etc.
- Financials - third-party fraud
- Multiple claims – multiple care packages for the same assessed need
- Falsifying worksheets - Provider claiming for work not carried out

The session concluded with a questions and answers session where CAFS discussed case studies with colleagues to help illustrate how fraud can occur in practice.

- RIPA Training: Working in partnership with the Community Safety Unit, CAFS organised eLearning for colleagues across ASB and LET on the Regulation of Investigatory Powers Act 2000 (RIPA). The eLearning course, designed and produced by CAFS, covers all aspects of RIPA to ensure delegates understand the lawful use of directed surveillance. Topics covered include Human Rights Act, how to apply RIPA, the authorisation process and a section on social media.

3.14 This element, along with the 'preventative – deterrent' nature of CAFS work, is hard to quantify, but where appropriate, CAFS will highlight this activity within their reports to this Committee.

Housing/Tenancy Fraud

- 3.15 CAFS provides an investigative service to all aspects of housing, including requests for the succession or assignment of tenancies, allegations of subletting or other forms of tenancy breaches, and right-to-buy applications.
- 3.16 Between 1 April 2022 to 30 September 2022, CAFS successfully recovered 15 properties which were being misused. These have now been allocated or made available to those in genuine need of housing support within the community.
- 3.17 Units recovered included three- and four-bedroom properties, which are in high demand by families needing support and assistance. Furthermore, of the 15 recoveries, 12 involved the return of keys and vacant possession without the need for lengthy and costly legal action and ensuring properties could be promptly reallocated.
- 3.18 Full details of the successful investigation activity regarding social housing are detailed below:

Landlord	Location	Postcode	Size (bedrooms)	Reason for recovery	Outcome
SBHG	Northcroft Court	W12	2	Subletting	Court possession
Council	Jim Griffiths House	SW6	2	Abandonment	Keys returned
SBHG	Vespan Road	W12	1	False succession	Keys returned
Council	Chaplain House	W12	2	Abandonment	Keys returned
Council	Linacre Court	W6	1	Subletting	Keys returned
Council	Ashcroft Square	W6	1	False succession	Keys returned
Council	Terrick Street	W12	3	False succession	Court possession
Council	Barton Road	W14	1	Subletting	Keys returned
Council	New Kings Road	SW6	4	Abandonment	Keys returned
Council	Laurel Bank Gardens	SW6	1	Abandonment	Keys returned
Council	Comeragh Road	W14	1	Subletting	Keys returned
Council	Burlington Road	SW6	1	Abandonment	Keys returned
Council	Ashcroft Square	W6	2	Abandonment	Keys returned
Council	Ancill Close	W6	1	False statement	Keys returned
NHG	Nasmyth Street	W6	2	Subletting	Court possession

iv) PURSUE

- 3.19 Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, essential that a robust enforcement response is available to pursue fraudsters and deter others.
- 3.20 CAFS have an Accredited Financial Investigator within the service to ensure that fraud recoveries are a crucial objective of all investigations.
- 3.21 The Accredited Financial Investigator was asked to assist colleagues from Kensington and Chelsea trading standards. His actions led to a cash seizure of over £10,000 from an illegal “car clocking” operation. These seized funds

covered the costs of the Financial Investigator's work and the cost of bringing the scammers to justice.

V) PROTECT

- 3.22 This aspect of the Strategy covers counter-fraud activity to protect public funds, residents and the community from fraud and the Council from future scams.
- 3.23 CAFS work closely with registered social landlords across the borough to help them tackle tenancy fraud in their stock.
- 3.24 Tenancy fraud in affordable housing reduces the number of units available for those in genuine need of assistance. By supporting local housing associations, CAFS try to protect all affordable housing in the borough.
- 3.25 CAFS also remain an active member of the National Anti-Fraud Network (NAFN). NAFN disseminate national fraud alerts, which are circulated by CAFS, to the appropriate departments. The early warning about possible future scams helps to ensure that CAFS can protect the Council against new and emerging fraud risks.

CONSULTATION

- 5.1 The report has been subject to consultation with the Strategic Leadership Team.

EQUALITY IMPLICATIONS

- 6.1 There are no equality implications arising from this report.

LEGAL IMPLICATIONS

- 7.1 A range of legislation governs the work of CAFS, including the Police and Criminal Evidence Act, the Criminal Procedures Investigation Act, the Regulation of Investigatory Powers Act, the Fraud Act, the Prevention of Social Housing Fraud Act, the Proceeds of Crime Act, and Data Protect Act.
- 7.2 There are no particular legal implications arising from this report.

Implications verified by Grant Deg, Assistant Director, Legal Services on 31/10/2022.

FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1 Resources required to deliver on the Council's counter-fraud Strategy come from the budget allocated to the Corporate Anti-fraud Service. There are no additional resource implications arising from this report. Successful investigations and prosecutions can lead to the recovery of Council assets and money, which are required to protect front-line services.

Implications verified by Sukvinder Kalsi, Director of Finance, on 31/10/2022.

RISK MANAGEMENT

- 9.1 The delivery of the counter-fraud strategy and associated policies contributes to the management of fraud risks faced by the Council, with proactive exercises supporting managers to put effective counter-fraud and corruption controls in place in their systems and processes.

Implications verified by Moira Mackie, Head of Internal Audit, on 28 October 2022.

List of Appendices:

Appendix 1 – Strategic objectives and counter-fraud activity, including notable cases.

STRATEGIC OBJECTIVES	ACTIVITY AND ACHIEVEMENTS
GOVERN	
<p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>CAFS has established and communicated the framework of anti-fraud procedures and policies that demonstrate a commitment to integrity and ethical values and act as an effective fraud deterrent.</p> <p>The policies and procedures are regularly reviewed to ensure they remain “fit for purpose” and incorporate any legislative or regulatory changes. These policies are presented annually to the Audit Committee for review and approval.</p> <p>Details of counter-fraud activity continue to be reported to the Audit Committee twice yearly, detailing performance and action in line with the Anti-Fraud and Corruption Strategy. Reports contained details of assurance work, significant cases, and fraud loss. CAFS also try to value fraud losses and calculate savings where fraud is identified, or preventive actions stop any financial loss.</p>
ACKNOWLEDGE	
<p>Accessing and understanding fraud risks: identify and assess the Council’s fraud risk exposure, the changing patterns in fraud and corruption threats and the potential harmful consequences to the authority.</p>	<p>All counter-fraud activity undertaken annually is used to inform fraud risk levels. While this includes individual cases and outcomes, the data obtained from proactive operations, service reviews and risk assessments are invaluable.</p> <p>CAFS have demonstrated significant flexibility and innovation to respond to changing fraud risks and provided considerable support to the Council's response during the Covid pandemic.</p> <p>CAFS have well-established measurement criteria to calculate the value of preventative measures and the benefits of action and activities designed to deter potential fraud. In addition, CAFS has a detailed set of notional fraud values underpinned by a comprehensive handbook showing how CAFS has calculated the economic loss due to fraud in many different and diverse areas of the Council.</p>
<p>Committing the right support and tackling fraud and corruption.</p>	<p>The Council maintains a dedicated resource, the Corporate Anti-Fraud Service (CAFS), responsible for tackling fraud across the organisation and ensuring these counter-fraud specialists have the right skills commensurate with the full range of counter-fraud and corruption activity.</p> <p>CAFS has ensured that LBHF is one of the first local authorities to become a full member of the Government's Counter Fraud Profession (GCFP), bringing together individual and organisational counter-fraud learning from across the public sector. As a result, all CAFS investigators are members of the GCFP,</p>

	<p>providing a professional structure with common professional standards and competencies for those in counter-fraud roles.</p> <p>CAFS officers continue to enhance personal development by utilising the Council's Learning Zone to improve and maintain core skillsets and competencies, blended with specialist training to ensure investigators maintain Continuing Professional Development (CPD) per their membership of GCFFP.</p>
Demonstrating that it has a robust anti-fraud response	CAFS investigate allegations of fraud thoroughly and to the highest professional standards, where appropriate, seek the full range of civil, criminal and disciplinary sanctions and seek redress where possible.
Communicating the risks to those charged with Governance	<p>CAFS reports on counter-fraud activity to the Audit Committee twice a year, detailing performance against the Anti-Fraud and Corruption Strategy and its effectiveness. The report should include details of assurance work, significant cases and the level of fraud loss.</p> <p>During the half year to 30 September 2022, CAFS investigated 339 cases, including 43 new referrals, and concluded 97 investigations. A conclusion ranges from a successful prosecution, through prevention activity, to action that deters fraud or no further action where there is no case to answer.</p>
PREVENT	
Making the best use of information and technology	<p>CAFS continue to use and participate in existing technological fraud prevention/detection methods.</p> <p>CAFS participates in the biennial National Fraud Initiative (NFI), an electronic data-matching exercise coordinated by the Cabinet Office. The exercise aims to identify possible fraud, error, and overpayments within public bodies. The most recent activity, 2021/22, identified 318 instances of fraud or error, amounting to a value of over £190,000</p>
Enhancing fraud controls and processes	<p>CAFS review existing controls and process connected with individual fraud investigations. Where weak control processes are identified, take action to improve them and reduce the risk of further fraud.</p> <p>CAFS regularly assesses new and emerging fraud risks, ensuring the controls cover many possible fraud schemes and risk exposure.</p>
Developing a more effective anti-fraud	Through requests for advice and assistance, CAFS constantly ensures that staff and management know

<p>culture</p>	<p>their responsibilities to prevent fraud and corruption.</p> <p>CAFS will continually refresh and promote the Council's anti-fraud-related policies and procedures, using internal publicity and training to enhance understanding and communicate them across the organisation.</p> <p>CAFS will maintain and refine a corporate anti-fraud training cycle, including regular refresher courses and e-learning modules, which should be mandatory for relevant groups of staff</p> <p>Design and deliver classroom-based training courses on fraud and fraud recognition that complement existing eLearning courses. Activity raises awareness of fraud and highlights the risks and consequences of fraud against the Council and its impact on the broader community.</p>
<p>Communicating its' activity and successes</p>	<p>CAFS continue to build its intranet presence with a new Sharepoint site providing details about the service and showcasing anti-fraud policies.</p> <p>Where fraud reviews identify areas for improvement, CAFS produces outcome reports and service reviews for management that highlight the action taken to enhance or improve fraud controls.</p>
<p>PURSUE</p>	
<p>Prioritising fraud recovery and use of civil sanctions</p>	<p>CAFS continues to ensure that the counter-fraud specialists have the right skills commensurate with the full range of counter-fraud and corruption activity and apply a full range of sanctions. This has now been evidenced through the GCFP, where the membership process included evidencing competencies, suitable methods to review and assess staff training, and a commitment to personal development.</p> <p>Within the Service, CAFS have an accredited financial investigator who can use the powers of the Proceeds of Crime Act to seize and confiscate cash and assets obtained through fraudulent and unlawful means.</p>
<p>Developing capability and capacity to punish offenders</p>	
<p>Collaborating across departmental, geographical and sectoral boundaries</p>	<p>CAFS has a memorandum of understanding (MoU) and protocols to facilitate joint working and liaise proactively with organisations and agencies to assist in countering fraud, sharing resources, skills and learning, good practice and innovation, and information. In addition to the Council's data-sharing agreements with agencies such as the Police or DWP, CAFS also have MoUs with UK Border Agency, HMRC and local Housing Associations.</p> <p>CAFS continue to actively maintain the authorities' membership in the National Anti-Fraud Network (NAFN) and the London Borough of Fraud Investigators Group (LBFIG).</p>

	<p>The Head of Service is an Executive Board Member of both NAFN and LBFIG and an Executive Board member of the Fighting Fraud and Corruption Locally Board, the responsible body for designing and implementing the national counter-fraud strategy for local authorities.</p>
<p>PROTECT</p>	
<p>Recognising the harm that fraud can cause in the community.</p>	<p>CAFS continues to work closely with housing associations across LBHF and similar stakeholders to help prevent and detect fraud at the earliest opportunity. Working with housing associations has helped prevent and detect social housing fraud, protecting the community's affordable housing units.</p> <p>CAFS also provides support and guidance as requested across the community to help residents and stakeholders protect themselves against fraud and advice on referring their concerns to appropriate bodies when fraud occurs.</p>

Source	Fraud Review	Details
<p>Fraud Risk Review</p>	<p>The Executive Head Teacher of an H&F primary school raised a concern regarding the school's petty cash, which was the responsibility of the Schools Business Manager (SBM).</p> <p>The Head discovered several envelopes in the petty cash tin containing receipts and change but no corresponding expense claim forms.</p> <p>A decision was taken for Internal Audit and CAFS to conduct a visit to the school so that a review of processes could be undertaken, with CAFS focusing on petty cash processes and transactions.</p>	<p>A physical inspection found that the school's petty cash was securely stored in a lockable tin in the school office/reception area. Additionally, the school have a petty cash policy which outlines all the procedures and protocols for the appropriate management of petty cash. The policy specified the amount of money that should be held and the authorisation process that staff must follow.</p> <p>Findings</p> <p>CAFS reviewed 62 petty cash transactions and found claims were not being uploaded onto the school's financial management system, and 17 claims had not been appropriately authorised. In addition, seven transactions had no supporting documentation or receipts.</p> <p>One transaction was recorded as 'Christmas Crackers and tablecloths for Christmas dinner for children', but investigations revealed that the same transaction included a Gin Gift Pack and an Irish Cream Gift Set.</p> <p>When investigators tried to reconcile the petty cash, they found transactions for November 2021 exceeded £1,300, although the policy clearly states that petty cash holding must not exceed £250 in a month.</p> <p>Overall, CAFS found numerous discrepancies and missing information which showed that SBM had failed to maintain accurate record keeping of petty cash transactions. As a result, expense claims were processed that failed to follow the school's petty cash policy, and the SBM replenished the cash with amounts far above the prescribed limits.</p> <p>Conclusion</p> <p>CAFS presented a report to the Executive Head Teacher and a recommendation for Human Resources to review the failings of the SBM, including a failure to follow procedures. However, ahead of disciplinary action, the SBM tendered their resignation.</p>
<p>Fraud Risk Review</p>	<p>Discretionary Housing Payment (DHP) is a scheme designed to help people who need more</p>	<p>The subsequent CAFS investigation found all three applications to be false. However, because the fraudsters had used false identities, CAFS could not trace the</p>

	<p>financial support with their housing costs.</p> <p>The Benefits Service raised concerns with CAFS concerning three DHP applications, which appeared fraudulent. Vigilant DHP officers spotted three applications that had used identical details, such as a landlord, tenancy address and contact number, which suggested an organised fraud attempt.</p>	<p>perpetrators to take further action.</p> <p>CAFS review of the claims found that the applicants had tried to circumvent existing controls by providing genuine names and addresses for landlords, but they had used fake documents to complete their DHP application.</p> <p>CAFS provided advice and guidance to strengthen the existing anti-fraud measures further. For example, CAFS suggested using the DWP's searchlight checking system and introducing a DHP database so that commonality between applications, which may indicate fraud, can be quickly identified.</p>
Fraud Risk Review	<p>The Head Teacher of an H&F primary school alerted CAFS that they had been victim to fraud. The school had sent a cheque for swimming lessons to Greenwich Leisure Centre, which they claimed never to have received. Upon checking with the bank, the school discovered an unknown third party had altered the payee details on the cheque.</p> <p>CAFS visited the school to review controls and to ensure the school had implemented suitable fraud-preventative measures.</p>	<p>CAFS did not detect any other occurrence of fraud with cheques issued by the school. Therefore this appears to be an isolated incident. However, there is an inherent risk of continuing to use cheques, and CAFS advised that they need to consider using BACS payments.</p> <p>CAFS advised the school that cheques over £1,000 should be diarised, and the school should contact the recipient after three working days to confirm receipt of the cheque. CAFS also advised the school to update their current financial procedure to include the end-to-end process for completing cheque payments.</p> <p>CAFS also put the school in touch with the Council's finance department and advised the school to submit a claim form to the bank to recover the loss. They are now in the process of setting up BACS payments for future transactions.</p> <p>Fraud awareness training for schools in LBHF is now scheduled for October 2022.</p>
Fraud Risk Review	<p>Referral from the Local Support Payments (LSP) Team following a complaint from a service user</p>	<p>The eGift to the value of £1,210 has been spent, and a balance of only £51 remains. The system showed that someone other than the correct recipient had used it to</p>

	<p>who had received payments via an eGift card, but when she tried to use the card, it had already been used.</p> <p>LSP is provided to help those in need following an emergency or a crisis. Payments are not given as cash but as goods or store vouchers for specific goods in response to a particular need.</p> <p>The qualifying criteria include individuals claiming a qualifying benefit such as universal credit, ESA, JSA, Incapacity benefit, DLA, etc.</p>	<p>purchase electrical items from two stores located in Liverpool.</p> <p>Although the team passed the matter to the Police, they said they would not be taking further action regarding the missing funds.</p> <p>CAFS tried to locate the possible offender, but an alias appears to have been used, which was untraceable. Attempts were made to obtain communication data from the contact details provided by Argos. However, following receipt of the information, it was determined that there was insufficient evidence to identify a suspect CAFS could pursue. Accordingly, all reasonable lines of enquiry were exhausted, and the investigation was closed.</p> <p>CAFS undertook a risk review of the fraud controls, including changes made because of this fraud. CAFS used this information to update the risk register, including lowering residual risk.</p>
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	Case Description

<p>1.</p>	<p>RIGHT TO BUY (RTB) - CAFS received a referral from the Right to Buy (RTB) Team when the valuer went to the one-bedroom property in Barton Road, W14, and found residents at the address who referred to the tenant as "landlord".</p> <p>Initial enquiries by CAFS investigators revealed little financial data to link the tenant to the address. Additionally, when officers enquired with the Council's gas safety team, the signatures on file did not match the tenant's.</p> <p>CAFS conducted several unannounced visits, and eventually, a female answered the door saying that she was the tenant and her landlord was based in Dubai. She was unaware that this was a Council property. Investigators obtained a witness statement from the subtenant, and she also showed officers receipts for rent and bank transfers.</p> <p>CAFS recommended that Housing serve a "notice seeking possession" on the property. This prompted the tenant to contact the investigators, although the tenant was reluctant to cooperate. Eventually, he submitted written authority to relinquish the tenancy, fearing any further action by the Council might affect his residency in UAE.</p> <p>CAFS intervention has ensured that the Council did not lose the property under the RTB scheme. It has now been allocated to someone in genuine need of assistance.</p>
<p>2.</p>	<p>DIRECT PAYMENTS: CAFS received a referral from Social Care concerning the potential misuse and mismanagement of direct payments.</p> <p>Direct payments are provided to individuals to organise their care and support package providing more flexibility over how it is arranged. Funds are paid directly to the client responsible for purchasing their care and support.</p> <p>The subsequent CAFS investigation soon found that funds were not being used appropriately. Social Care had assessed the client as requiring 56 hours of care per month at the cost of £900, but his financial records revealed he was not fully utilising these funds. However, there was no evidence that the care he purchased was insufficient or failed to support his needs, so the care package appeared excessive for his actual needs.</p> <p>The client was only not spending all the money on care, he was using £700 per month, but the excess was being spent on personal items, including travel, food and online purchases. Therefore, CAFS findings showed financial mismanagement and the misuse of personal budgets. CAFS recommended that Social Care reassess the care package to ensure it is commensurate with the client's needs.</p> <p>The reassessment identified a reduction of the care plan from 56 hours to 46 hours per month, reducing the spending accordingly and creating an annual saving for the Council of £1,934.</p> <p>Additionally, the client has since been invoiced for £2,771. The amount CAFS identified as wrongfully spent on personal transactions.</p>
<p>3.</p>	<p>DISCRETIONARY HOUSING PAYMENT (DHP): As part of the work that identified a need to review risks associated with the DHP process, CAFS was alerted to a suspicious claim for additional financial support regarding housing costs.</p>

	<p>The application was for a rental deposit of £1,200 and advanced rent. However, vigilant officers became suspicious of supporting evidence.</p> <p>CAFS investigation soon discovered that the application had provided a real name and address for a landlord. However, when approached, they knew nothing of the application or any proposed rental or tenancy in their name. Additionally, investigators found the evidence that supports the claim to be false.</p> <p>The bank account provided on the application form was a “mule” account. Fraudsters set up a mule account, usually using a stolen identity. Once open, it can be used to transfer illicit funds or receive stolen monies without authorities being able to trace any transactions back to the fraudster.</p> <p>With no traceable owner, the case was closed with no further action possible, although a false claim had been stopped and prevented.</p>
<p>4.</p>	<p>POCA CASH SEIZURE: CAFS provided Financial Investigator support for Trading Standards at Kensington & Chelsea, who were investigating a case of suspected "car clocking". Car clocking is a term used to describe the process of illegally reducing a car's recorded mileage, helping it appear fresher and more attractive to prospective buyers.</p> <p>Intelligence suggested this was a cash-based business, and officers obtained entry warrants under the Consumer Rights Act 2015 for two addresses. While searching a property in Shepherd's Bush, officers found a large bundle of cash in a safe. The money was secured in an evidence bag, labelled and seized. There were reasonable grounds to suspect that the money was from the proceeds of crime, which once counted totalled £10,300. Furthermore, evidence linked the address and subjects to the unlawful selling of vehicles.</p> <p>To effectively freeze the money, CAFS Accredited Financial Investigator (FI) applied to the court to grant detention of the cash pending further investigation regarding the source of the funds. In addition, the FI continued to work closely with RBKC Trading Standards gathering further evidence to link the money to the crime.</p> <p>Eventually, the two defendants were summonsed to court under the Fraud Act offences, but before the hearing, they forewent their claim to the monies and signed a disclaimer requesting that the funds be put towards costs.</p> <p>Following guilty pleas, both defendants received suspended sentences and electronically monitored curfews and unpaid work rehabilitation activities. In addition, the judge ordered £10,300 to be paid towards costs, including payments to LBHF for the FI work.</p> <p>In passing sentence, the judge commended the Trading Standards investigator and all officers who assisted her, including LBHF's FI.</p>
<p>5.</p>	<p>DWP SECURITY BREACH – The Department for Works and Pension (DWP) alerted the Council to a possible security incident regarding unauthorised access to DWP data on the Searchlight system. Searchlight is the Local Authority portal which allows designated Council officers to</p>

	<p>access DWP records and check customer information. DWP have very strict rules governing the use of Searchlight.</p> <p>The alert informed the Council that an officer had breached protocol. The information provided by the DWP included the audit trail and screenshots of the individual's activity in the Searchlight system. This showed that they had accessed the DWP records of a family member.</p> <p>Under the Memorandum of Understanding between the Council and DWP, where a person deliberately accesses, attempts to access or browses DWP data without a legitimate business reason or appropriate authorisation, the security breach is considered extremely serious. As a result, DWP removed their access to Searchlight pending investigation.</p> <p>The subsequent investigation found the officer had checked the welfare status of a family member, which is strictly against the system usage. However, there was no evidence of fraudulent activity or any attempts to commit fraud. The system is "read-only", and records cannot be changed or amended. Additionally, the individual provided substantial mitigation for their actions.</p> <p>Following an investigative interview in March 2022, CAFS presented the findings to Human Resources to progress the matter per the Council's Disciplinary Procedure. A Disciplinary Hearing was held in April 2022. The officer admitted the allegations to the Chair of the Hearing and detailed mitigating factors. A Final Written Warning was issued on the grounds of misconduct, and the warning would remain on the personnel file for 36 months. Any further incidents of misconduct could lead to termination of employment.</p>
<p>6.</p>	<p>TENANCY FRAUD (Shepherds Bush Housing Group): An anonymous call to the fraud hotline alleged that an SBHG property located on Becklow Road, W12, was being sublet.</p> <p>Visits made to the property with SBHG housing officers were unsuccessful, but an unknown female kept answering the intercom. She would not allow officers access but stated that the tenant was in Portsmouth with her son.</p> <p>Investigators then conducted a second out-of-hours visit to the address where the tenant's son answered the door. He confirmed his mother was not in Portsmouth but in Jamaica. A female was also present and then admitted to being the person on the intercom and providing the wrong information. She said that she did not know what to say.</p> <p>Neither would admit subletting, saying they were looking after the property for the tenant while she was away. However, further enquiries revealed the tenant had been overseas for significantly long periods. This information and the evidence gathered during visits were used in the subsequent repossession hearing, where SBHG were granted outright possession.</p> <p>The two-bedroom property has now been relet to someone in the community who genuinely needs housing assistance.</p>
<p>7.</p>	<p>TENANCY FRAUD (Notting Hill Genesis): CAFS received a referral from Notting Hill Genesis (NHG) asking for assistance to investigate one of their properties suspected of being unlawfully sublet. The tenant had succeeded his late mother's two-bedroom flat in Nasmyth Street, W6. However,</p>

	<p>neighbours told the Housing Officer that he never lived at the address or moved in. The flat was renovated and let out straight away.</p> <p>CAFS investigation revealed that the tenant owned two other properties, both being let, but could not find an alternative address for him other than Nasmyth Street. Therefore, CAFS Investigators made an unannounced visit to the address to verify his residency. When officers conducted the early morning visit, they found a young couple living at the address, but they refused to cooperate with CAFS officers or allow them access.</p> <p>CAFS obtained finance records for the tenant, which showed a few transactions with the subtenant's name as a reference. Further checks then exposed payments from estate agents Marsh & Parson. They were approached and confirmed they were the letting agents for the Nasmyth Street address. The tenant had instructed Marsh & Parson to collect rent and entered a rental collection agreement with them regarding the NHG tenancy address.</p> <p>CAFS presented the evidence to NHG, who began possession action with immediate effect, which swiftly concluded with the tenant's eviction.</p>
<p>8.</p>	<p>DIRECT PAYMENTS: CAFS received a referral from Adult Social Care concerning the potential misuse and mismanagement of direct payments, payments made to support an individual's care needs.</p> <p>If a person is eligible for council-funded support, they can choose how their money is managed. Some people have their support funding managed by a social worker, but others prefer to have more control over what happens to the money they are entitled to. These are direct payments.</p> <p>In this instance, the individual received payments directly into their bank account so they could choose the care provider and make arrangements themselves. Payments were being made to support approximately 60hours per month of care. In addition, the care package provided payments to fund a live-in carer.</p> <p>The CAFS study found the payments to the carer were infrequent, suggesting possible mismanagement of the direct payments and a concern that the correct level of care was not being provided. When challenged, the client explained that they transfer payments to a separate account and pay the carer from there. However, when the investigator examined this account, it showed further discrepancies, although there were no apparent signs the individual's actions were fraudulent.</p> <p>CAFS recommended that Adult Social Care undertake a review of the care plan, and this led to the following actions;</p> <ul style="list-style-type: none"> • The client had been overpaid £7,480. They were invoiced, and recovery has commenced. • The care plan was reduced to 44 hours per month, reducing the direct payments by £10,570 per annum. • Finally, to avoid future mismanagement, Adult Social Care will also change the care plan from direct payments to managed commissioned care to ensure the client receives the right level of support.
<p>9.</p>	<p>TENANCY FRAUD: At the start of the pandemic, CAFS received a referral from an informant that the tenant of a property in Linacre Court was not a resident. They reported that several people had been seen moving in and out of the property over a long period.</p>

	<p>Unfortunately, the pandemic disrupted the CAFS investigation, where changes to legislation, per the Coronavirus Act 2020, and social distancing restrictions affected some of the proposed activities.</p> <p>The investigator commenced desk-based enquiries, including financial checks and the interrogation of Council data, but these proved negative, and open-source searches did not provide any breakthroughs. Additionally, reviews on utility data were inconclusive.</p> <p>Eventually, the investigator found a link via a previously unknown mobile phone number and traced its activity. This linked her to an alternative address, so she was invited for questioning. During the meeting, she confessed that she did not always stay at the property and that her family stayed there when they came to the UK. However, she refused to admit that it was not her main and principal home but agreed to give up her tenancy and signed a vacation notice on the basis that the matter was closed.</p> <p>The tenant returned the keys in April 2022, enabling the Council to secure vacant possession without needing a costly and lengthy possession hearing.</p>
<p>10.</p>	<p>SUCCESSION (Shepherds Bush Housing Group): SBHG asked CAFS for assistance in 2021 when they discovered the tenant of a flat in Vespan Road, W12, had passed away while in Grenada. She died in 2019, but her grandson had just applied for succession for himself and his daughter.</p> <p>Succession is a legal term used when a person takes over a tenancy when the tenant dies and relates to the statutory right of certain people to succeed in the tenancy. In some instances, a qualifying family member can succeed if residing with the late tenant for 12 months before death.</p> <p>The grandson claimed to have lived at the address for the past three years, although initial checks by the investigator found no record of him linked to the property. Instead, they discovered that he held a social tenancy with Leeds City Council since 2017, where he claimed welfare benefits. He terminated this tenancy in March 2020, but this was six months after his grandmother's death.</p> <p>Given the information obtained, SBHG served a notice to quit on the Vespan Road address, but the grandson challenged this defending his entitlement to succeed. However, he was invited to attend an interview where CAFS investigators reminded him of his Leeds tenancy. At that point, he decided not to pursue the claim for succession, returning the keys.</p>
<p>11.</p>	<p>NON-RESIDENCY - CAFS received an anonymous tip-off via the Fraud Hotline suggesting that a four-bedroom Council property in New Kings Road had been taken over by the tenant's daughter, having been permanently moved to a care home.</p>

	<p>A review of the file showed that the daughter had failed to notify the Council of the change. It suggested that she had taken on the property and circumvented the succession process.</p> <p>CAFS contacted Social Care to trace the tenant's whereabouts, revealing that the tenant was now in a care home in Kew. It also showed that this was a permanent move due to the tenant care requirements and long-term illness.</p> <p>Working with the Housing officer, contact was made with the daughter, who was quick to relinquish the property to avoid any further action, and keys were surrendered immediately to avoid any lengthy and costly court time.</p>
<p>12.</p>	<p>ABANDONMENT - A case was referred to CAFS following a failed gas safety inspection at a one-bedroom property in Laurel Bank Gardens, SW6. The Voids Officer advised CAFS that they attended a forced entry in response to a severe leak affecting the flat below the tenancy address. The Officer suspected the tenancy address was unoccupied as there were no made-up beds, boxes all packed up like someone was moving out and failed contact for at least two weeks before we forced entry.</p> <p>CAFS's initial attempts to trace and locate the tenant were unsuccessful, but a check with UK Border suggested that the tenant had departed the UK for Iraq at the end of 2019 and hadn't returned since. This intelligence was corroborated by electricity usage data, indicating minimal usage throughout the subject's absence from the UK.</p> <p>Given the above and the failed contact, CAFS advised Housing to serve a Notice to Quit on the property, after which keys were returned to Housing Management and the property recovered with vacant possession.</p>
<p>13.</p>	<p>ABANDONMENT - A case was referred to CAFS following a failed gas safety inspection at a one-bedroom property on Burlington Road, SW6. In cases of failed entry, CAFS work with the Voids Officers to locate tenants living elsewhere and amass evidence that will expedite the recovery of Council properties no longer being lawfully used by the tenants.</p> <p>In this instance, the CAFS investigation traced the tenant to employment in Bournemouth before establishing an alternative address for them in Poole Road, Bournemouth. This showed that the tenant was not using Burlington Road as their main and principal home.</p> <p>CAFS presented the evidence to the Housing Officers who served Notices to Quit on the Burlington Road property. However, the tenant returned the keys and signed a vacation notice, avoiding the need for potentially lengthy and costly court action to regain possession. The one-bedroom accommodation has now been relet to someone genuinely needing support and assistance.</p>