

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 26/07/2023

Subject: Corporate Anti-Fraud Service End of Year Report – 1 April 2022 to 31 March 2023

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 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.

From 1 April 2022 to 31 March 2023, CAFS identified 96 positive outcomes, including 36 recovered Council properties. The fraud identified has a notional value of over £850,000.

Recommendation

1. For the Committee to note and comment on the report.
-

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	CAFS undertakes a number of proactive (preventative) and reactive (investigations) work across a wide range of Council services. Preventing and detecting fraud, and recovering money and assets obtained through fraud, protects vital frontline services and assets which are available to local residents.
Creating a compassionate council	CAFS undertakes a number of proactive (preventative) and reactive (investigations) work across a wide range of Council services. Preventing and detecting fraud, and

	recovering money and assets obtained through fraud, protects vital frontline services which support vulnerable local residents.
Doing things with local residents, not to them	CAFS engages with local residents and provides multiple reporting channels so that concerns about fraud against the council can be reported and investigated.
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 preventing and detecting fraud and corruption.
Taking pride in H&F	CAFS works closely with a wide range of services to build fraud prevention into its processes. The service promotes its work, particularly successful outcomes achieved, to demonstrate the borough's commitment to tackling fraud.
Rising to the challenge of the climate and ecological emergency	CAFS seeks to ensure that the service supports the Council's aims and objectives around climate change and carbon reduction.

Contact Officer(s):

Name: Andy Hyatt
Position: Head of Fraud
Telephone: 020 7361 2777
Email: andy.hyatt@lbhf.gov.uk

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 2022 to 31 March 2023 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. Between 1 April 2022 and 31 March 2023, CAFS investigated 433 cases, including 191 new referrals, and concluded 200 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 01/04/22	242	Tenancy & Housing cases	106	178
New referrals received	191	Internal Staff	10	12
Closed investigations (Positive outcome 154)	200	High/Medium risk fraud	64	16
		Low-risk fraud	18	8
Live cases as at 01/04/23	233	POCA	2	19

- 1.7. Between 1 April 2022 and 31 March 2023, CAFS identified 154 positive outcomes. The fraud identified has a notional value of over £857,000, detailed in the following table. In comparison, notional values for the previous two years were £750,000 and £670,000 respectively.

Activity	Fraud proved.	Notional Values (£'s)
Housing application fraud (<i>incl. tenancy correction</i>)	12	34,260
Right to Buy	5	133,200
Advisory Reports (pro-active)	6	18,100
Prevention subtotal	23	185,560
Tenancy Fraud (Council and Registered Providers)	36	569,514
Internal Staff	2	10,000
Business Grants and Interruption Fund (COVID support)	-	-
National Fraud Initiative & FraudHub	58	45,958
High/Medium risk fraud (e.g. NNDR, Parking, Social Care)	4	28,215
Low-risk fraud (e.g. Freedom passes, Council Tax, SPD)	30	15,973
Detection subtotal	130	669,660
Proceeds of Crime (POCA)	1	2,060
Deterrence subtotal	1	2,060
Total	154	857,280

- 1.8. Notional values estimate the financial savings from counter-fraud work and reinforce the importance of tackling fraud head-on, particularly when every penny should be invested in delivering high-quality services to local people.
- 1.9. These values provide a good indicator of the financial benefits of counter-fraud work, and in some instances, this will include savings attributed to preventative measures. However, not all the cause-and-effect of fraud can be financially valued, for example:

- Disruption to service delivery,
- Reputation damage and loss of public trust,
- Negative impact on the organisational culture, especially significant effect on staff morale, recruitment, and retention, or
- Damage to relationships with partners and stakeholders

1.10 Details of noteworthy cases are reported in Appendix 1.

2. EMERGING RISKS AND TRENDS

2.1 This section informs members about new fraud types, emerging trends, or risks.

2.2 Monitoring trends to mitigate fraud risks becomes even more important during economic downturns. This includes current issues impacting the cost of living when people struggle to make ends meet and may become desperate to find ways to make money. Financial stress can lead to more impulsive decision-making and poor judgement and could result in some individuals turning to fraudulent activities to generate income. This highlights another reason why helping residents through the cost-of-living crisis is an urgent priority at LBHF.

2.3 During downturns, it is not uncommon to discover new fraud types that emerge from the shadows or to witness increases in existing risks. To this effect, CAFS remains alert to changes, and this year they have focused on two significant fraud types.

- a) Tenancy fraud
- b) "Moonlighting"

a) Tenancy fraud is an area that has remained a constant fraud threat since 2014 when the Audit Commission cited it as a significant risk in their Protecting the Public Purse report. Unfortunately, it continues to increase due to the many drivers that persist.

- A need for more affordable housing in the private sector.
- Shrinking or stagnant incomes are linked to the cost of living.
- Easier short-term or holiday-letting using online platforms, feeding a shortage of longer-term tenancies.
- Continuous pressure on the affordable housing providers' budgets, staffing and skills.

The Council has responded by funding an additional investigator post from 1 April 2023 and joining the London FraudHub to share data across the capital to prevent and detect fraud more effectively, including housing and tenancy fraud.

CAFS has also ensured that resources have been focused in this area, collaborating with Housing Officers to prevent and detect fraud. Working

together has helped the Council to successfully recover 36 properties that can now be allocated to those in genuine need of assistance.

- b) "Moonlighting" is a term used to describe working at a second job besides your regular employment. The phrase originated from an extra job being taken secretly and at night, hence "moonlighting".

Taking secondary employment is not a complete breach of the Code of Conduct. However, all employees SO1 or above must devote their whole-time service to the work of the Council and may not engage in any other business or take up any additional employment/ appointment/private work without the express consent of their Director or Strategic Director, who must ensure that it does not impact their contractual obligations or create conflicts of interest.

Employees on a salary scale of 1-6 can engage in private work or take up an outside appointment (paid or unpaid) but must advise their manager so they can ensure there are no conflicts of interest or detrimental effects to the Council.

It is not unusual for an employee who works office hours to have a part-time evening or weekend job, so long as it doesn't affect their contractual working hours. However, it becomes theft of time and fraud when an employee knowingly collects two full-time salaries but splits their hours so they only work 50% of the time for each one.

The pandemic created additional risks when it normalised working from home and hybrid working. While this increases flexibility, it also creates new types of risks when during a cost-of-living crisis, a second income becomes very alluring.

Working across CAFS's counter-fraud networks, several instances have been identified where a Council employee has been fraudulently working simultaneously (full-time) for other organisations. In one example, an LBHF employee was identified working for another London Borough simultaneously, but they resigned before further action could be taken. Additionally, another employee was identified as undertaking privately paid work during their LBHF working hours. The disciplinary case remains ongoing.

There have been many more examples of this new and emerging fraud type across other London Boroughs and public sector organisations. However, through CAFS's vital networks, including the London FraudHub membership, a London-wide data-matching exercise is planned in collaboration with several employment agencies to prevent and detect fraudulent moonlighting.

3. WHISTLEBLOWING

- 3.1 The Council's whistleblowing policy continues to be the primary support route for staff reporting concerns.

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

4. ANTI-FRAUD AND CORRUPTION STRATEGY

4.1 The Council's Anti-Fraud & Corruption Strategy covering 2020/23 is based on five key themes: i) GOVERN, ii) ACKNOWLEDGE, iii) PREVENT, iv) PURSUE and v) PROTECT.

4.2 The Strategy, due for renewal during this financial year, continues to drive the Council's fraud resilience and demonstrate its protection and stewardship of public funds.

i) GOVERN

4.3 This strategy element focuses on those charged with Governance and ensuring they support the counter-fraud activities by ensuring anti-fraud, bribery and corruption measures are embedded throughout the organisation.

4.4 To this effect, the Council has a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.

4.5 CAFS update the anti-fraud policies to support and guide Council staff, ensure compliance with laws and regulations, guide decision-making, and streamline internal processes. They are regularly presented to the Audit Committee for approval and a twice-yearly report detailing counter-fraud activities.

4.6 Members can note the outcomes secured by the Corporate Anti-fraud Service, along with the emerging risks and trends identified, and consider whether there are any areas the Committee would like to explore further.

ii) ACKNOWLEDGE

4.7 The Strategy denotes that the Council needs to understand fraud risks and then demonstrate this by committing the right support and appropriate resource for tackling fraud.

Committing support and resource to tackle fraud

4.6 The Council can call upon competent, professionally trained officers to investigate suspected fraud. 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.

4.7 By identifying risks, CAFS ensure that resources have also been focused in key areas, as demonstrated by the work on tackling tenancy fraud. It has

ensured that the Council has successfully recovered 36 properties that can now be allocated to those in genuine need of assistance.

- 4.8 Additionally, the Council has also responded by funding an additional investigator post from April 2023 as well as joining the London FraudHub to share data across the capital to prevent and detect fraud more effectively, including housing and tenancy fraud.

Demonstrating that it has a robust anti-fraud response

- 4.9 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.
- 4.10 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

- 4.11 Fraud can be prevented and detected by enhancing fraud controls and processes, making better use of information and technology and developing a more effective anti-fraud culture.
- 4.12 CAFS also provide advice and support across the organisation, including the Council's partners and contractors. The advice varies between fraud risk reviews, fraud prevention and detection, money laundering and other criminal activity, and misconduct and misuse of public funds. Some matters may progress to a criminal investigation, but appropriate action, including disciplinary or loss recovery, is taken in all cases.
- 4.13 Details of a selection of risk review activities are reported in Appendix 1.

Corporate Investigations

- 4.14 Corporate investigations cover a wide range of different counter-fraud activities. The work in this area is varied and extends beyond counter-fraud investigations to incorporate activities contributing to the organisation's assurance framework.
- 4.15 Since 1 April 2022, corporate investigation work has included:

Internal fraud	<p>Several suspicious procurement card payments were identified as part of the reconciliation process, a critical control measure ensuring underlying data reconciling with the accounting records has been processed correctly and the transaction adheres to Council policy.</p> <p>A subsequent investigation by CAFS revealed the transactions were not sanctioned business expenditures. An investigation report was presented to senior management, and Human Resources took appropriate action.</p>
----------------	--

Moonlighting	<p>Two instances of "moonlighting" were identified. In both cases, the individuals had been employed via a recruitment agency and were temporary staff.</p> <p>In the first, the individual undertook part-time work for his local Council while contracted with H&F. There were discrepancies between working hours. However, the individual resigned before further enquiries were required.</p> <p>A similar situation arose with a second agency employee; however, due to swift action, the pay was held back to recover overpayments due to overlapping contractual hours.</p>
Direct payments Adult Social Care	<p>Direct payments are council funds given to people in need of care. The scheme allows care users to manage their money and provides independence in choosing what kind of care they want. For instance, people use direct payments to employ their carers.</p> <p>Family members can manage direct payments on behalf of the care user, which sometimes leaves the scheme open to abuse. Where funds are spent on things other than what's included in a care plan, this may constitute fraud.</p> <p>Direct payment fraud can also be committed by carers, who may falsify timesheets or expense claims to earn more wages than they should.</p> <p>Additionally, cases could involve false or exaggerated care needs. If someone purports to have needs they do not, receives money to pay a carer, then keeps the money for themselves, this is social care fraud.</p> <p>Since April 2022, CAFS has detected four instances where direct payments were misused and identified wrongfully claimed funding of over £28,000. Recovery action has commenced in all cases; some cases are reported in more detail in Appendix 1.</p>
Malicious emails	<p>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 compensate them.</p> <p>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.</p> <p>However, the emails continued, and CAFS were able to undertake some forensic examination of the data. They traced it to a public library and potentially identified the culprit via the library CCTV. Investigations remain ongoing.</p>

4.16 Details of noteworthy cases are reported in Appendix 1.

Housing/Tenancy Fraud

- 4.17 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.
- 4.18 Between 1 April 2022 to 31 March 2023, CAFS successfully recovered 36 properties which were being misused. These have now been allocated or made available to those in genuine need of housing support within the community.
- 4.19 Units recovered included the recovery of seven residential properties comprising three or four bedrooms in high demand by families needing support and assistance. Furthermore, of the 36 recoveries, 24 involved the return of keys and vacant possession without the need for lengthy and costly legal action and ensuring properties could be promptly reallocated.
- 4.20 Full details of the successful investigation activity regarding social housing are detailed below:

Landlord	Location	Postcode	Size (bedrooms)	Reason for recovery	Outcome
Council	New Kings Road	SW6	4	Abandonment	Keys returned
Council	Westway	W12	4	Abandonment	Court Possession
Council	Sharnbrook House	W14	3	Abandonment	Court Possession
Council	Havelock Close	W12	3	Subletting	Keys returned
Council	Aisgill Avenue	W14	3	Subletting	Keys returned
Council	Terrick Street	W12	3	False succession	Keys returned
Council	Harold Wilson House	SW6	3	Abandonment	Keys returned
Council	Barton House	SW6	2	Subletting	Court Possession
SBHG	Northcroft Court	W12	2	Subletting	Court Possession
Council	Tom Williams House	SW6	2	False statement	Court Possession
Council	Ashcroft Square	W6	2	Abandonment	Keys returned
Council	Jim Griffiths House	SW6	2	Abandonment	Keys returned
Council	Canning House	W12	2	Subletting	Keys returned
Council	Chaplain House	W12	2	Non-residency	Keys returned
Council	Nasmyth Street	W6	2	Subletting	Court Possession
Council	Ashcroft Square	W6	1	Subletting	Keys returned
Council	Linacre Court	W6	1	Subletting	Keys returned
Council	Cornwallis House	W12	1	Subletting	Keys returned
Council	Greyhound Road	W6	1	Abandonment	Keys returned
Council	Sullivan Court	SW6	1	Abandonment	Court Possession
Council	West Kensington	W14	1	Abandonment	Keys returned
SBHG	Vespan Road	W12	1	False succession	Court Possession
Council	Comeragh Road	W14	1	Subletting	Court Possession
Council	Malabar Court	W12	1	False statement	Court Possession
Council	Sullivan Court	SW6	1	False statement	Keys returned
Council	Barton Road	W14	1	Subletting	Keys returned
Council	Laurel Bank Gardens	SW6	1	Abandonment	Keys returned
Council	Vernon Street	W14	1	False statement	Keys returned
Council	Charcroft Court	W14	1	Abandonment	Keys returned
Council	Browning Court	W14	1	False succession	Keys returned
Council	Ancill Close	W6	1	False statement	Keys returned
Council	Broxholme House	SW6	1	False statement	Court Possession
Council	Ashcroft Square	W6	1	False succession	Court Possession
Council	Philpot Square	SW6	1	Abandonment	Keys returned
Council	Browning Court	W14	1	Subletting	Keys returned

Council	Burlington Road	SW6	1	Abandonment	Keys returned
---------	-----------------	-----	---	-------------	---------------

iv) PURSUE

- 4.21 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.
- 4.22 Within CAFS, the Senior Investigator, Richard Murphy, is also an Accredited Financial Investigator and his hard work in this field were recently recognised by the Federation Against Copyright Theft (FACT), which bestowed an Excellence Award on him and his colleague Doug Love from Trading Standards, for their outstanding contributions towards combating intellectual property crime.
- 4.23 FACT's Excellence Awards recognise the exceptional efforts of Police and other law enforcement individuals across the UK for their support in the fight against piracy.
- 4.24 Richard and Doug received their award after a joint investigation into illegal internet streaming of sports and other subscription channels with FACT and the Premier League.
- 4.25 The case resulted in five guilty pleas and one conviction after a trial, and at Derby Crown Court, one of the gang's members was sentenced to 11 years in prison. Four other members were sentenced to between three and more than five years.
- 4.26 The financial investigation remains ongoing, with significant sums of money and assets frozen.

National Fraud Initiative

- 4.27 Another element of the Strategy is making better use of information and technology. CAFS ensures the Council participates in the biennial National Fraud Initiative (NFI), a data-matching exercise that helps public sector organisations identify and prevent fraudulent activity.
- 4.28 The NFI uses analytic techniques to compare data held by different public bodies. The data can include payroll records, council tax data and electoral registers. By comparing this information, the NFI can identify discrepancies or anomalies that might suggest fraud, passing the information on to the relevant organisations for further investigation.
- 4.29 The 2022/2023 NFI exercise began with a data extraction in September 2022, and initial referrals were disseminated to participants in March 2023. Since then, LBHF has scrutinised and closed over 343 matches, although 32 cases remain under investigation. Early outcomes are detailed below.

Matches	Fraud/Error	Amounts
Student Loans	21	£39,313
Housing Benefits to deceased records	28	£2,241
CTRS	9	£4,430
	58	£45,984

V) PROTECT

Protecting the Authority and its' residents from fraud

- 4.30 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.
- 4.31 In support of this, CAFS continue to provide an investigative capability for key stakeholders across the Borough. This is no more important than working with local housing associations to protect their stock from fraudulent misuse, ensuring affordable housing is available to those in the community who need it. During the year, CAFS recovered two properties for Shepherds Bush Housing Group that were being fraudulently misused.
- 4.32 CAFS also remain an active National Anti-Fraud Network (NAFN) member. 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 29 June 2023.

FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1 Resources required to deliver on the Council's Counter-Fraud Strategy are funded 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 26 June 2023.

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 26 June 2023.

List of Appendices:

Appendix 1 – Fraud risk reviews and notable cases.

Risk Reviews and notable cases

APPENDIX 1

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 to 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 lacked the appropriate authorisation. 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>An anonymous letter was delivered to the Shared Service Director of Audit, Fraud, Risk and Insurance, raising concerns regarding the disposal process for abandoned bicycles across the Borough.</p> <p>The letter covered two main points.</p> <ul style="list-style-type: none"> i) A lack of controls attached to recording the seized abandoned bicycles and the physical security of items seized. ii) A concern regarding whether the Council was obtaining value for money from the disposal of the bicycles. 	<p>The Law Enforcement Team (LET) night team removes damaged and abandoned bicycles from the highway. These are often in a state of disrepair.</p> <p>LET have a documented process for managing removal, which was reviewed. It denotes that they are stored for at least 28 days before disposal.</p> <p>Originally a charity collected the bikes for repair and redistribution, but this project was not sustainable. Instead, LET has engaged with a waste carrier registered with the Environment Agency, which disposes of the items at zero cost to the Council.</p> <p>Findings</p> <p>The review found that LET has robust record keeping, including a record of each bike, the location where it was abandoned, its make and colour and a corresponding photograph. These records enable LET to locate and return a bicycle if the owner makes contact to claim it.</p> <p>There has been a recent build-up in the number of bikes stored, but there are no concerns regarding security and documentation.</p> <p>The review noted that the bikes removed from the highways are in poor disrepair and have little intrinsic value. Therefore, negotiating a zero-cost disposal process at the current time seemed the most viable solution; however, alternatives, including partnering with charitable organisations, continue to be explored.</p>
<p>Fraud Awareness</p>	<p>As CAFS build fraud resilience, it is essential that we continually refresh and fraud awareness training to enhance understanding and ensure staff are alert to the risks of fraud.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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

<p>Fraud Risk Review</p>	<p>Discretionary Housing Payment (DHP) is a scheme designed to help people who need more 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>The subsequent CAFS investigation found all three applications to be false. However, because the fraudsters had used false identities, CAFS could not trace the 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>
<p>Fraud Risk Review</p>	<p>CAFS was asked to investigate allegations from a business that felt they were no longer receiving sufficient work from the Council because an employee favoured alternative contractors. They also raised a concern about the employee's character and employment history.</p>	<p>The subsequent investigation found no evidence suggesting that the procurement process was not followed or that the business was being mistreated. Furthermore, the analysis found no evidence of employee wrongdoing.</p> <p>However, the enquiries, which included a review of the employee's recruitment records, did reveal a control weakness regarding employment references. It found the roles and responsibilities of who should check new starter references were unclear.</p> <p>CAFS provided recommendations for improvement, and additional work has been identified to support recruiting managers on the reference checking and verification process.</p>
<p>Fraud Risk Review</p>	<p>Referral from the Local Support Payments (LSP) Team following a complaint from a service user 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</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 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. CAFS tried to locate the possible offender, but an alias appears to have been used, which was untraceable.</p> <p>CAFS undertook a risk review of the fraud controls, including changes made</p>

	goods in response to a particular need.	because of this fraud. CAFS used this information to update the risk register, including lowering residual risk.
--	---	--

Case Description	
1.	<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>
2.	<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</p>

	<p>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.</p>

	<p>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 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 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>POCA CASE: A former tenant who was convicted of fraud for illegally subletting his council flat in Elgar Court was ordered to pay costs of over £61,000. However, he refused and chose to go to prison.</p> <p>The defendant was initially convicted in 2018 and sentenced to 18 months prison sentence suspended for 18 months but was also subject to action under the Proceeds of Crime Act 2002. In that matter, he was required to pay a Confiscation Order for £89,704 in 2020. He paid this amount in full. However, he did not pay the costs awarded by the court of £54,584.00.</p> <p>He appealed his conviction but lost the subsequent hearing incurring further costs of £4,200.</p> <p>The Council took him to court in an enforcement hearing at the City of London Magistrates Court in May 2022, and he was ordered to pay the original costs plus the appeal costs and a further £2,887.50 in respect of the enforcement hearing costs. He was ordered to pay the sum to the Council by 25 July 2022; a period of imprisonment in default was set at 12 months' imprisonment. He chose not to make the payment by the time the deadline expired, and he returned to court.</p> <p>In passing sentence, District Judge Cieciora said that the Crown Court and the Court of Appeal had assessed the defendant. In both courts, the defendant's claims of having no means to make payment were rejected because of the inconsistencies in their account, the lack of documentary evidence, and a lack of credibility.</p> <p>It was also remarked that the Court of Appeal concluded that the defendant had at least £26,000 of funds available but made no effort to pay the costs ordered by that court. The Judge was satisfied that there was no other method of dealing with the case which would be appropriate and therefore issued an immediate warrant of commitment, committing him to prison for the full 12 months.</p>
<p>8.</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, 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 visited the address unannounced 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</p>

	<p>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>9.</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 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 60 hours 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 needed to be 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.
<p>10.</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>11.</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. Sometimes, 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, 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 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>12.</p>	<p>NON-RESIDENCY - CAFS received an anonymous tip-off via the Fraud Hotline suggesting that the tenant's daughter had taken over a four-bedroom Council property in New Kings Road, having been permanently moved to a care home. A file review 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>13.</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>14.</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 to 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>
<p>15.</p>	<p>ABANDONMENT – A housing case was referred to CAFS by the Housing Applications Team. The team had accepted duty and housed a large family in a four-bedroom property on the Westway, W12. However, they had received information that the family were not living there.</p> <p>Several visits by CAFS investigators to confirm residency were unsuccessful, and signs of non-residency were observed. Further enquiries, including travel movements and educational searches, revealed that the family, including five children, had left the UK for Kenya, and there was no information to suggest they had returned to England. Additionally, the educational checks found no trace of the children in local schools or any reference to homeschooling.</p> <p>The tenant's only contact method was email, and when a message was sent, they confirmed an intention to return to the UK. However, arranged appointments were not met, and the tenant always failed to attend any pre-arranged meeting.</p> <p>The evidence amassed was presented to Willesden County Court, where the Judge granted possession within 14 days. The property was repossessed, and the Council's duty to support the family was discharged.</p>