

## Audit Governance & Standards Committee

27 March 2025

### 2024/25 Fraud Update and 2025/26 Indicative Fraud Plan

Report by Head of the South West London Fraud Partnership

Last Committee Reference: Minute 27 of the Audit, Governance & Standards Committee, dated 7 November 2024

#### Purpose of Report

To provide the Audit, Governance and Standards Committee with an update on the fraud work undertaken in 2024/25 by the South West London Fraud Partnership (SWLFP).

#### Recommendation(s)

The committee is asked to **NOTE**

1. the indicative fraud plan for 2025/26,
2. the fraud work undertaken, and
3. performance results for 2024/25 (to 28th February 2025).

#### Benefits to the Community:

1. Kingston Council is committed to the highest possible standards of openness, probity and accountability in order to ensure the proper use of public funds. Fraud, irregularity and misuse of public resources has an adverse impact upon the delivery of services to Kingston service users and residents.
2. The Council seeks to minimise fraud and corruption and support its corporate objectives of delivering high quality, value for money services in line with the Council's key objectives, its Strategy is designed to:
  - a. help maximise the application of approved resources to meet genuine service needs by rejecting bogus claims and by deterring fraud and minimising irrecoverable losses;
  - b. raise awareness of the risk of fraud and corruption, promoting detection and enhance public confidence through engaging with stakeholders and staff to report crime, and to minimise the reputational risk to the Council from adverse publicity;
  - c. pursue a zero-tolerance policy and take action against persons who commit acts of fraud or corruption against the Council;
  - d. protect residents and businesses from fraud committed by non-corporate traders, and bring to justice those who commit acts of fraud, using relevant legislation as appropriate; and
  - e. support the Council in defending itself against prosecution under The Bribery Act 2010.

## Purpose of Report and Executive Summary

1. One of the responsibilities of the Audit, Governance and Standards Committee is to “Maintain an overview of the effectiveness of the Council’s arrangements for corporate governance, particularly those concerned with risk management, internal control, financial governance, treasury management, and counter fraud and corruption; obtaining assurance that appropriate action is being taken on any issues raised;”.
2. Members recognise that the funds the Council administers and services it provides are targeted by fraudsters, and support the fight against Fraud and Corruption through an anti-fraud strategy and culture that seeks to:
  - Have robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.
  - Acknowledges and understands fraud risks and commits to support and resource tackling fraud through maintaining a robust anti-fraud response.
  - Prevent and detect more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
  - Prioritises fraud recovery and the use of civil sanctions. Developing capability and capacity to punish fraudsters. Supports collaborative work across geographical sector boundaries. Learning lessons and reducing fraud risks where possible.
  - Protect ourselves, residents and service users from becoming disadvantaged by those seeking to commit fraud through recognising the harm that fraud can cause in the community and seeking to minimise this.
3. This report is intended to provide the Committee with assurance over the arrangements for protecting the Council against fraud and corruption. Kingston Council’s investigative resource is provided through a shared service, known as the South West London Fraud Partnership (SWLFP), with Merton, Richmond, Sutton & Wandsworth Councils.
4. The pooling of resource under a single team helps strengthen resilience for individual authorities, enhances collaborative approach to fraud investigations and introduces the ability to undertake regional proactive counter fraud exercises, and have call upon a larger fraud resource when needed, enhancing both capacity and capability.
5. For 2024/25 the SWLFP investigation team comprises 14.5 posts, with a mixture of expertise from both within and outside local government. All Investigation Officers are members of the Government Counter Fraud Profession (GCFP). The professionalisation of the team will help ensure investigative techniques are both current and legally compliant, helping to sustain capability.
6. Priority areas of coverage for individual partner Councils are agreed through consultation with the Heads of Audit and Directors via the Shared Services Board. SWLFP continues to work with social landlords via the Social Housing Investigation Partnership (SHIP), a forum that is accessible to social housing providers who have property within at least one of the fraud partnership authorities. Partnership working provides a sound framework to help identify and respond to tenancy fraud and abuse.

## FRAUD RISK THREAT AND 2024/25 INDICATIVE FRAUD PLAN

7. The Fraud Risk Threat remains significant at a level where fraud is the largest reported crime type. The current financial climate also has an impact on those who are willing to commit fraud with an increase in those who commit fraud because of a need rather than pure greed, wrongly believing that their actions cause little physical harm to others
8. It is now acknowledged that the public sector cannot just investigate its way out of fraud with a need to provide a comprehensive approach to minimise the occurrence and impact of fraud. This includes the need for fraud prevention functions in addition to a reactive investigative resource. This renewed focus on minimising the potential of fraud within new systems or projects has been reflected within the indicative fraud plan with an increased level of resource set aside for fraud prevention work.
9. Fraud functions continue to work closely with Internal Audit who provide assurance over the effectiveness of the Council's control environment. The combination of these arrangements should ensure that the Council is well placed to meet the challenge of protecting the public purse and the new corporate offence on 'Failure to Prevent Fraud' that is included within the new Economic Crime and Transparency Act.
10. Priority areas of coverage for individual partner Councils are agreed through consultation with the Shared Services Board and the Heads of Audit. For 2025/26 there is an increased awareness and focus upon the rising demand and cost of temporary accommodation. The level of funds involved in addressing this are of concern and will unfortunately attract opportunists and organised fraudsters, and in response to this threat, this is a new area of focus within the indicative allocation of fraud resources.
11. Tables 1 & 2 below provide an indicative breakdown of how the fraud resource for 2025/26 will be applied in terms of reactive and proactive work, with a split by fraud type, and the key performance targets.

**Table 1: 2025/26 Indicative Fraud Response Plan**

	Estimated Days	%	Resource Allocation by fraud type	%
Reactive Resource			Internal (e.g. employee)	21.9
- Referral Triage & Review	29	5.8	CTR/SPD/Support Grant	3.3
- Fraud Investigations	330	66.5	Parking Permit	8.4

Fraud Prevention			Corporate – Other	13.9
- Proactive Fraud Drives	92	18.6	Tenancy	37.0
- Fraud Awareness/ prevention	22	4.5	Housing applications & Right to Buy	2.0
Contingency	23	4.6	Temporary Accommodation	13.5
<b>TOTAL</b>	<b>496</b>	<b>100.0</b>		100.00

12. The SWLFP continues to work closely with the Social Housing Providers in relation to concerns over tenancy fraud and abuse and facilitate the Social Housing Investigation Partnership (SHIP), a forum that is accessible to Social Housing Providers who have property within at least one of the fraud partnership authorities. Every property recovered frees up a place for a family on the Council's waiting list therefore reducing the impact of the temporary housing costs on the General Fund.

13. Partnership working provides a sound framework to help identify and respond to tenancy fraud and abuse resulting in the recovery of misused tenancies which can be assigned to those in genuine eligible need thus reducing the call upon temporary housing provided by local authorities.

**Table 2: Key Performance Targets 2025/26**

Activity	Performance Indicator	Target
Work with Housing Associations and Housing teams to establish and deliver a programme of proactive fraud checks including illegal subletting	Properties brought back into Housing Associations/ Council control following identification of fraud	11 properties
Develop joint working with Housing teams to proactively identify housing application fraud	Housing applications withdrawn as a result of fraud work	5 applications withdrawn 15 applications removed through data cleansing

Work with Housing services to verify correct usage of Temporary Accommodation	Number of verification visits completed  Number of false or unnecessary placements cancelled	40 verification visits  5 placements cancelled
Delivery of the Fraud Plan	% of the Fraud Plan delivered	95% of the Fraud Plan by 31 March

## SUMMARY OF FRAUD INVESTIGATION AND PERFORMANCE RESULTS

14. The Tables below summarise the fraud work undertaken for Kingston Council during 2024/25. Table 3 below provides a breakdown of the 184 fraud/abuse (130 new cases, with 54 cases c/f from 2023/24) referrals that have been worked on since April 2024. This equates to 76 cases per reactive investigative FTE resource, which is only manageable by utilising a pooled investigative resource and accessing fraud type expertise.

**Table 3: Investigation Caseloads**

2023/24 (to 29 February)	Open Cases b/fwd	New Cases in Year	Total Cases (23/24 in bracket)	Closed No Sanction	Closed With Sanction	Open Cases c/fwd
Tenancy Fraud	28	42	70 (81)	32	7	31
Housing Applications	4	4	8 (40)	6	0	2
Right to Buy	3	37	40 (34)	18	9	13
Permit Fraud	8	29	37 (28)	15	10	12
Internal/Employee	3	4	7 ( 6)	0	1	6
External – CTR/SPD	4	10	14 ( 12)	3	5	6
External - Other	4	4	8 (17)	3	2	3
<b>Totals</b>	54	130	184 (218)	77	34	73

15. **Objectives and Key Performance Indicators 2024/25:** Details of performance against key objectives and performance targets in relation to fraud are shown in the tables 4 to 7 below.

**Table 4: Performance against Service Plan targets for 2023/24**

<b>Activity</b>	<b>Performance Indicator</b>	<b>Target</b>	<b>Actual for 23/24 to 29 February</b>
Work with Housing Associations and Housing teams to establish and deliver a programme of proactive fraud checks including illegal subletting	Properties brought back into Housing Associations/ Council control following identification of fraud	11 properties	7 (+ 6 properties where recovery is ongoing, and cases are with legal)
Develop joint working with Housing teams to proactively identify housing application fraud	Housing applications withdrawn as a result of fraud work	20 applications	0 applications cancelled
Delivery of the Fraud Plan	% delivery	95% delivery by 28th February 2025	91.3%

**Table 5: Summary of savings (comparison with 2022/23 & 2023/24)**

<b>* notional savings figures as per Audit Commission estimates</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £ to 29 February</b>
Social Housing (notional @ £93k, from 2020, per property recovered)	1,209,000 (13 props)	744,000 (8 props)	651,000 (7 props)
Housing applications cancelled (notional £3,240, from 2020, per application cancelled)	333,720 (103 apps)	103,680 (32 apps)	0 (0 apps)
Right to buy (notional @ £100k discount*) Outstanding debts recovered	100,000 (1 apps)	1,200,000 (12 apps)	900,000 (9 apps)
Permit Fraud e.g. Blue Badges (incl. notional @ £575 per case, from 2020, previously £500*) School Admissions (£6,000 per placement), Business Grants	6,900  12,000	5,750  6,000	5,750  0
Internal (incl notional £10k per case*)	20,000	10,000	10,000
Corporate – CTRs & NFI Revenues SPD Review	21,371 250,000	326,000	600 TBC
<b>Total Savings</b>	<b>1,952,991</b>	<b>2,069,430</b>	<b>1,567,350</b>

**Table 6: Summary of Sanctions (comparison with 2022/23 & 2023/24)**

	2022/23	2023/24	2024/25 to 28 February
Total number of social housing properties recovered	13	8	7
Housing Applications cancelled	103	32	0
RTB Applications withdrawn	1	12	9
Corporate Sanctions			
- Council Tax	5	1	5
- Parking Permit Fraud	12	10	10
- Employee/Disciplinary	2	1	1
- Other	0	8	2
Total Sanctions	136	72	34

16. **Tenancy Fraud:** In addition to the 7 properties that have been recovered so far in 2024/25, Notices have been issued on a further 2 cases and 6 cases are being progressed by the SLLP for recovery. For the past few years progression on fraud cases has been affected by Covid and changed working practices where access to Courts was reduced and there were periods during which the use of eviction notices was suspended. This is now changing but will still take time to resolve the backlog.

17. **Closed Cases:** Annex A provides a brief summary of the completed investigations into fraud and financial irregularity that have resulted in a sanctioned outcome. The variety of referrals received is a reflection of the effectiveness of the Council's Anti-Fraud and Anti-Corruption arrangements and indicates a reasonable level of general fraud awareness by officers across all the Council's departments.

## **REGULATION OF INVESTIGATORY POWERS ACT (RIPA)**

18. The Regulation of Investigatory Powers Act 2000 (RIPA) sets out the circumstances in which councils may instigate covert surveillance activity. The ability to use surveillance is an essential investigation tool and can be the only pragmatic method for securing sufficient evidence of suspected offences to enable sanctions or prosecution, where necessary.

19. Within the specific purpose of preventing or detecting crime or preventing disorder, the Council can use RIPA for the following types of investigations:

- Parking permit fraud;
- Crimes under Environmental Health and Trading Standards legislation;
- Fly tipping;
- Unauthorised occupancy of Council property; and
- Fraud and corruption.

20. These uses have been developed by officers in response to local circumstances using powers available to them under the legislation.
21. When offences do not attract the potential sentence of 6 months or more of imprisonment, surveillance can still be undertaken but it is no longer possible to obtain the full RIPA shield. This includes the investigation of offences such as the misuse of a disabled person's Blue Badge (an offence under Section 117 of the Road Traffic Regulations Act 1984). In such instances the full RIPA process is followed to demonstrate full consideration of the necessity and proportionality for the need to deploy surveillance but without the final approval stage from a justice of the peace. These are classified as Non RIPA applications.
22. Oversight and authorisation of full RIPA applications is undertaken by Ms McCann the designated Senior Responsible Officer (SRO) from Kingston and oversight and authorisation of a Non RIPA application is undertaken by the Head of the SWLFP. A summary of RIPA and Non RIPA applications made since 1<sup>st</sup> April 2022 is shown in Table 7 below.

**Table 7: Summary RIPA and Non RIPA applications**

	2022/23	2023/24	2024/25
Full RIPA Applications	2	2	1
Non RIPA Applications	1	3	2

\* All Non RIPA applications were in relation to suspected Blue Badge misuse under Section 117 of the Road Traffic Regulations Act 1984

23. A remote review of the arrangements for the use of RIPA was completed in Spring 2024, concluding that the management arrangements "provide suitable assurance for ensuring ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016".

## **FRAUD PREVENTION AND DETECTION**

24. The fundamental challenge that public bodies face with fraud is that it is often a hidden crime with those committing it actively trying to conceal it so we must be proactive in our efforts to seek it out.
25. In addition, some of the traditional referral sources, such as referrals from partner officers or members of the public noticing issues out of the ordinary whilst out and about have fallen as a result of changes in lifestyles and working approaches both during and after Covid. The ongoing development of data analytics is seen as a potential replacement for the reduction in traditional referrals.
26. **Public Sector Fraud Authority (PSFA):** The establishment of the PSFA marked a step change in the Government's counter fraud strategy. With increased commitment to enhance counter fraud capability and advanced analytics.



27. **Data Analytics & Data Cleansing:** The continued development towards smarter working, increased collaboration principles and achieving maximum benefit from our data has an essential role with fraud prevention and detection. To deliver further improvements in data analytics and data matching it is essential that, in all service areas, there are continued efforts to ensure the data we hold is as accurate and up to date as it can be.

28. London Councils working with NFI have established a London centric fraud hub. This is intended to enhance localised data-matching, supplementing the statutory national fraud prevention and detection initiative with an opportunity for closer to real-time data-matching or areas of local concern. It can also provide an on-line repository that can be used to validate applications for certain Council provided services.

29. **National Fraud Initiative (NFI):** The NFI, which started in 1996, continues to prove an effective tool for detecting and preventing fraud and error across the UK. Cumulatively the NFI has now enabled participants to prevent and detect fraud and overpayments totalling £1.69 billion.

30. The Mandatory National 2024/25 NFI exercise has just begun where data was requested in accordance with Part 6 of the Local Audit and Accountability Act 2014 and for Kingston Council this meant the provision of the following datasets

- |                                |                          |
|--------------------------------|--------------------------|
| - Blue Badge Parking Permits   | Deferred Pensions        |
| - Creditors History            | Pensions Gratuities      |
| - Creditors Standing           | Pensions                 |
| - Concessionary Travel Passes  | Payroll                  |
| - Council Tax Reduction Scheme | Resident Parking Permits |
| - Housing Tenants              | Right to Buy             |
| - Waiting Lists                |                          |

31. **On-line Fraud Awareness Training:** An on-line fraud awareness training package, aligned to Kingston's policies and procedures, has been made available to all officers to increase awareness and understanding of fraud and to who suspicions of fraud or irregularity should be reported. With continual changes in staffing and staff roles regular reminders on fraud awareness helps support and robustly maintain the Council's Anti-Fraud and Anti-Corruption Strategy and Culture.

## LOCAL GOVERNMENT TRANSPARENCY CODE

32. Under the code the Council is required to publish the following data regarding its Fraud Investigation activity. Listed below are 2024/25 figures (with 2023/24 comparative figures shown within brackets)

<ul style="list-style-type: none"> <li>Accredited number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers</li> </ul>		
	24/25 to 28 Feb	(23/24) full year
Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014	7	( 9)
The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013	0	( 5)
<ul style="list-style-type: none"> <li>Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud</li> </ul>		
	Absolute	FTE
Fraud Investigation - SWLFP #	15 (15)	15(15)
<ul style="list-style-type: none"> <li>Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists</li> </ul>		
Government Counter Fraud Profession (GCFP)	15 (n/a)	11.0 (n/a)
GCFP Counter Fraud Investigator Apprentices	0 (n/a)	3.0 (n/a)
PINS trained Fraud Specialist	n/a ( 6)	n/a ( 6.0)
CIPFA Certificate in Investigative Practices	n/a ( 2)	n/a ( 2.0)
CIPFA Accredited Counter Fraud Specialist	n/a ( 4)	n/a ( 4.0)
<ul style="list-style-type: none"> <li>Total amount spent by the authority on investigation and fraud prevention</li> </ul>		
	24/25	(23/24)
Fraud Partnership	£170.2k	£161.6k
<ul style="list-style-type: none"> <li>Total number of fraud cases investigated.</li> </ul>		
Housing/Tenancy related Investigations	78	121
Right to Buy	40	34
Permit Fraud Investigation	37	28
Other Investigations	<u>29</u>	<u>35</u>
TOTAL	184	218

33. To ensure that sufficient knowledge and capability for fraud investigation was maintained Kingston entered into a partnership with four neighbouring boroughs, the SWLFP. For 2024/25, the number of Fraud Investigation Officers and Officers with specialist fraud qualifications relates to the pool of officers within the SWLFP # that can be called upon although Kingston's funding contribution equates to 2.42 FTE investigators.

## **Legal Implications**

34. None

## **Conclusion**

35. The use of technology and ongoing improvements to accessing key systems, intelligence sources and records for fraud detection and prevention means that the fraud response capability has been able to manage and address the volume of fraud referrals received and to deliver and promote fraud awareness training.

36. Members can be reasonably assured that there are suitable systems in place for the identification and investigation of allegations of fraud. Most referrals are received from in-house teams which is a good indication that a reasonable level of fraud awareness exists across all Council staff supported by the Council's Anti-Fraud and Anti-Corruption Strategy and culture.

37. The Council has made suitable provision for the investigation and prevention of fraud and corruption.

## **Equalities Implications**

38. An Equalities Relevance Test has been undertaken and indicated there was no impact and therefore no Equalities Impact Assessment has been undertaken.

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