



City of Westminster

# Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	Wednesday 27 <sup>th</sup> November 2019
<b>Classification:</b>	For General Release
<b>Title:</b>	Counter Fraud 2019/20 – Half Year Progress Report
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	There are no direct financial implications arising from this report. However, the application of approved anti-fraud policies is intended to protect the Council against loss through fraud and corruption.
<b>Report of:</b>	Gerald Almeroth, Executive Director of Finance and Resources
<b>Report author:</b>	Andy Hyatt, Tri-borough Head of Fraud email: <a href="mailto:Andrew.hyatt@rbkc.gov.uk">Andrew.hyatt@rbkc.gov.uk</a> 020 7361 2777

## **1. Executive Summary**

- 1.1 The Audit and Performance Committee's Terms of Reference require that the Committee receive reports on internal and external fraud investigated by the Council. This report is intended to brief members of the Committee in respect of work undertaken by the fraud service during the period 1 April 2019 to 30 September 2019.

## **2. Recommendations**

- 2.1 The Committee notes the content of the report.
- 2.2 The Committee indicate any areas of the report that require further investigation.

## **3. Reasons for Decision**

3.1 To inform Members of how the City Council is delivering its anti-fraud and corruption strategy.

#### 4. Background

4.1 This report provides an account of counter-fraud related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2019 to 30 September 2019.

4.2 CAFS remains a shared service covering three Councils and continues to reap many benefits, including the sharing of skills and expertise, best practice and the streamlining of anti-fraud related policies and procedures.

4.3 CAFS continues to provide Westminster City Council with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.

4.4 For the period 1 April 2019 to 30 September 2019, CAFS identified 127 positive outcomes, including 26 successful prosecutions and 22 recovered tenancies. Fraud identified has a notational value of over £555,171 and is detailed in the following table.

Activity	Half-year 2018/19		Half-year 2019/20	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud	3	27,700	6	7,600
Right to Buy	21	40,780	10	12,300
Advisory Reports (pro-active)	-	-	6	15,000
<b>Prevention subtotal</b>	<b>24</b>	<b>68,480</b>	<b>22</b>	<b>34,900</b>
Tenancy Fraud (Council and Registered Providers)	10	98,950	22	223,900
Insider fraud	-	-	1	2,000
High/Medium risk fraud (e.g. NNDR, Procurement)	-	-	3	45,000
Low-risk fraud (e.g. Freedom passes, Council Tax SPD)	7	14,266	4	5,299
Disabled Parking	53	119,250	33	64,600
Resident's Parking	11	18,000	7	5,300
<b>Detection subtotal</b>	<b>81</b>	<b>250,466</b>	<b>70</b>	<b>346,099</b>
Proceeds of Crime (POCA)	-	-	4	93,371 <i>(repaid to date £52,668)</i>
NFI recovery	-	-	30	78,801
Press releases and publicity	1	2,000	1	2,000

<b>Deterrence subtotal</b>	<b>1</b>	<b>2,000</b>	<b>35</b>	<b>174,172</b>
<b>Total</b>	<b>106</b>	<b>320,946</b>	<b>127</b>	<b>555,171</b>

4.5 Between 1 April 2019 to 30 September 2019, CAFS investigated 395 cases, including 225 new referrals, and concluded 208 investigations. A conclusion could mean support of a successful prosecution, successful prevention that stops fraud, a detection that identifies fraud and stops it continuing, an action that deters fraud, or no further action where there is no case to answer.

4.6 The table below shows this activity and details the fraud types that make up the closed cases, and the active caseload at the start of the current financial year.

<b>Activity</b>	<b>Cases</b>	<b>Fraud types</b>	<b>Closed</b>	<b>Live</b>
Live cases as at 01/04/19	157	Tenancy & Housing cases	116	110
New referrals received	225	Insider fraud	4	2
Closed investigations	208	Other Corporate	9	7
Positive outcomes	127	Parking and Blue Badges	75	54
Live cases as at 01/10/19	174	POCA	4	1

4.7 Details of noteworthy activity and cases are reported in Appendix 1.

## **5. Whistleblowing**

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

5.2 Since April 2019 CAFS have received no new referrals via the whistleblowing process.

5.3 The whistleblowing policy is currently under review by People Services and CAFS, and the revised version will be supported by a bespoke reporting line and an internal communications strategy.

## **6. Anti-Fraud and Corruption Strategy**

6.1 The Council's Anti-Fraud & Corruption Strategy is based on three key themes: Acknowledge, Prevent and Pursue, and is aligned with the National Strategy: *Fighting Fraud and Corruption Locally*.

6.2 The Strategy places emphasis on the following anti-fraud activities:

- i. **Acknowledge:** recognising and understanding fraud risks and committing support and resource to tackling fraud to maintain a robust anti-fraud response.

- ii. **Prevent:** preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
- iii. **Pursue:** punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

## 7. Acknowledge

### Maintain a robust anti-fraud response.

- 7.1 There are three critical elements of the operational plan that underpins and drives the Anti-Fraud and Corruption Strategy, and CAFS refer to this as the *Fraud Resilience Triangle*. The triangle is formed of:
  - 1) Fraud Risk Register (*Acknowledge*)
  - 2) Pro-Active Work Programme (*Prevent*)
  - 3) Reactive Referrals (*Pursue*)
- 7.2 Responding solely with reactive referrals often fails to provide the levels of coverage required to provide a robust anti-fraud response.
- 7.3 CAFS continue to dedicate resources to pro-active operations which either review the fraud risk of a Council service, and informs the fraud risk register, or counter-fraud drives that detect, deter and disrupt fraud. For example, a series of tenancy checks on a large residential block or estate.
- 7.4 Combining pro-active work plans with reactive capability increase the chances of fraud detection but also acts as a robust preventative measure, especially if overt activities disrupt potential fraudsters.
- 7.5 Details of concluded risk reviews and pro-active counter fraud activity are reported in Appendix 1.

## 8. Prevent

- 8.1 In addition to the specialist investigative role, CAFS continue to provide advice and support to every aspect of the organisation including its partners and contractors.
- 8.2 Advice varies between fraud risk, fraud prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters may progress to criminal investigation, but in all cases appropriate action, including disciplinary or recovery action, is taken.

- 8.3 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.

### **Corporate investigations**

- 8.4 Corporate investigations 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 an effective assurance framework.

- 8.5 Since 1 April 2019 corporate investigation work has included:

- A supplier provided conflicting information on New Vendor Forms and was suspected of overcharging. Investigative work included a review of invoices and verification that work had been completed. No fraud against WCC was found, but it raised concerns regarding other criminality, i.e. revenue offences. Referral made to appropriate law enforcement agency.
- National Anti-Fraud Network (NAFN) alert informed councils that fraudsters were targeting NNDR and Council Tax accounts with stolen credit/debit cards. The alert identified two suspects in Westminster and action was taken to prevent a possible £8,000 fraud.
- Dissemination of a Fraud Alert to Westminster schools highlighting the risks of potential spam emails that pretend to be from the Headteacher or Chair of Governors. The messages targeted schools during the summer holidays to request immediate payments from school funds.
- For the second year running the Schools, Admission officers were provided access to the fraud tool, AppCheck to assist with the validation of school placement applications as well as offering advice and guidance where anomalies on forms were found.
- Dissemination of a ward councillor fraud briefings commenced in July 2019 with each ward receiving a bespoke report and update. The next set of bespoke reports will be issued shortly, detailing an account of counter-fraud related activity from 1 April 2019 to 30 September 2019.

### **Housing/Tenancy Fraud**

- 8.6 CAFS provides an investigative service to all aspects of housing, including the verification of applications for housing support, as well as requests for the succession or assignment of tenancies. CAFS also investigate allegations of subletting or other forms of tenancy breaches as well as the checking of all right to buys.

- 8.7 For the period 1 April 2019 to 30 September 2019, CAFS has successfully recovered 22 properties, including four successions, that can now be allocated to a family in genuine need of assistance. CAFS also prevented six false housing applications.
- 8.8 Additionally, twelve recoveries involved the return of keys and vacant possession without the need for lengthy and costly legal action and ensuring properties can be promptly reallocated.
- 8.9 In a milestone case, a tenant was ordered to pay over £100,000 for illegally subletting his Council property in Victoria as a holiday home through Airbnb.
- 8.10 The property in Vauxhall Bridge Road had been advertised on Airbnb with over 300 reviews dating back to 2013. CAFS found some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations. Bank statements also proved he had been receiving payments from Airbnb several years.
- 8.11 At the hearing in July, the judge made an Unlawful Profits Order (UPO) of £100,974.94 – one of the highest that has ever been awarded to the council. The tenant has now been evicted from the property.
- 8.12 This case has generated a lot of positive publicity, ranging from media coverage to the investigating officer being asked to speak at national and local fraud conferences and forums.
- 8.13 Full details of all successful investigation activity regarding social housing is detailed in the table below, and noteworthy cases are reported in Appendix 1.

<b>Landlord</b>	<b>Location</b>	<b>Postcode</b>	<b>Size</b> (bedrooms)	<b>Reason for recovery</b>	<b>Outcome</b>
Council	Birch House	W10	1	Eligibility	Succession stopped
Council	19 Ellwood Court	W9	1	Non-residence	Surrendered keys
Council	Chaucer House	SW1V	3	Non-residence	Court possession
Council	Simpson House	NW8	1	False Application	Court possession
Council	Sixth Avenue	W10	3	False succession	Downsize property
Council	Darent House	NW8	studio	Subletting	Court possession
Council	Portnall Road	W9	1	Non-residence	Court possession
Council	Henry Wise House	SW1V	studio	Subletting	Court possession
Council	Crawford Buildings	W1H	1	Non-residence	Court possession
Council	Drakeland House	W9	1	Non-residence	Court possession
Peabody	Hanover Flats	W1K	1	Non-residence	Court possession
NHG	Star Street	W2	2	Non-residence	Surrendered keys
Soho	Wardour House	W1F	1	Non-residence	Surrendered keys
Council	Westbourne House	SW1W	5	Non-residence	Surrendered keys
Council	Grove Road	RM17	3	Non-residence	Surrendered keys
Council	Blackstone House	SW1V	2	Non-residence	Surrendered keys
Council	Probyn House	SW1P	1	False succession	Succession stopped
Peabody	Peabody Avenue	SW1V	3	Non-residence	Court possession
Council	Kennet House	NW8	2	False succession	Succession stopped
Council	Westbourne Terrace	W2	studio	Subletting	Court possession
Council	Wardour House	W1W	1	Non-residence	Surrendered keys
Network	Willow Place	SW1P	2	Subletting	Court possession

Peabody	Charing Cross Road	WC2	2	Subletting	Court possession
Peabody	Harvey House	SW1V	3	Non-residency	Court possession

### Right to Buy (RTB)

- 8.14 CAFS apply an enhanced fraud prevention process to all new RTB applications, including anti-money laundering questionnaires as well as financial and residential verification.
- 8.15 For the period 1 April 2019 to 30 September 2019, CAFS has successfully prevented ten Right to Buys from completion, where suspicion was raised as to the tenant's eligibility or financial status. In many instances, these have been as a result of the tenant voluntarily withdrawing their application once checking commenced.
- 8.16 The prevention work undertaken by CAFS in respect of RTB continues to protect valuable Council stock. While RTB applications have remained static since 2017, there has been a decline in the number of completions.
- 8.17 The table below shows the number of applications received and the number completed since 2016.

Financial year	RTB applications	Sales complete
2016/17	160	24
2017/18	112	18
2018/19	114	11
2019/20 (to date)	53	7

### Parking investigations

- 8.18 CAFS continue to investigate the misuse of disabled parking badges, and for the period 1 April 2019 to 30 September 2019 have successfully prosecuted 23 offenders. A further thirteen cases are currently lodged with the Council's solicitors awaiting court dates, while fourteen live cases remain under investigation.
- 8.19 From the successful prosecutions secured to date, fines totalling £6,529 were imposed, and defendants ordered to pay the Council a total of £9,432 in costs and victim surcharges. The table below identifies the wards where offenders were unlawfully parking when apprehended.

Ward	Prosecutions
West End	16
Marylebone High Street	3
Bryanston & Dorset	2
Hyde Park	2

- 8.20 In addition to stopping misuse by drivers, CAFS also cancelled nine blue badges where the badge holder was not eligible to have received the badge.
- 8.21 CAFS also investigate the misuse of residents parking permits and any suspicious applications. For the period 1 April 2019 to 30 September 2019 the team have successfully detected and taken appropriate action against seven offenders.

### National Fraud Initiative (NFI)

- 8.22 A vital component of the anti-fraud and corruption strategy is making better use of information and technology.
- 8.23 The Council participates in the National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and error.
- 8.24 The tables below highlight the number of referrals received from the NFI exercise, and the progress made to date.

Report Type	Westminster City Council	
	Number of Reports	Number of Matches
Blue Badges	3	218
Creditors History	7	4100
Creditors Standing	4	715
Council Tax Reduction Scheme	33	1088
Deferred Pensions	1	32
Housing Tenants	20	468
Personal Budgets	5	29
Procurement	2	21
Personal Alcohol Licence	1	10
Pensions	3	186
Payroll	9	242
Right to Buy	3	25
Private Residential Care Homes	3	40
Parking Permits	2	50
Waiting List	13	199
<b>TOTALS</b>	<b>109</b>	<b>7423</b>
<b>Under Examination</b>	<b>21</b>	<b>394</b>
<b>Examination Complete</b>	<b>49</b>	<b>5546</b>
<b>Active Incase Investigations</b>	<b>N/A</b>	<b>12</b>
<b>Positive Results</b>	<b>N/A</b>	<b>46</b>

- 8.25 The table below highlights successes generated from the NFI exercises to date.

All Positive Results for Westminster City Council			
Report No	Data match	Match ID	Comments
400.1	Personal Budgets to Benefits Agency deceased persons	4	The report highlighted that a deceased resident was still in receipt of Direct Payments. As a result of the data match, payments have now been stopped and an overpayment of £3,661.26 identified which is being recovered from the estate.

172.3	Residents parking permits to Benefits Agency deceased persons	25	The report highlighted an error in Parking records where a permit had not been cancelled despite notification of the permit holder's death.
710	Duplicate records by creditor name, supplier invoice number and invoice amount but different creditor reference	3	Reported identified a duplicate payment of £1,259.88 to a Westminster supplier. Action has been taken to recover the overpayment.
711	Duplicate records by a supplier invoice number and invoice amount but different creditor reference	Multiple (30)	Reported identified 30 duplicate payments, with a total value of £83,789.03 which had been made to Westminster suppliers. Action has been taken to recover the amount.
170	Blue badge to blue badge between local authorities	1	The report revealed a blue badge issued in error to a person who was only entitled to a white workers badge. CAFS investigators cancelled the badge.
482	CTRS to DWP deceased persons	2	CTRS claimant died, but the benefit was not cancelled. This issue was not identified until NFI 2018 CTRS reports. As a result, £3,707.33 of CTRS was given. This has now been withdrawn and a correct Council Tax bill reissued.
240	Waiting List to Housing Benefit Claimants	48	The report revealed that a person on the housing waiting list had found accommodation but not been removed from the list.
172.3	Residents Parking to DWP deceased	Multiple	The report revealed six residents parking permits where the permit holder had died. CAFS investigators cancelled the permits to ensure no future misuse.
240	Waiting List to Housing Benefits	8	The investigation did not find housing fraud but identified a person was not entitled to Westminster issued blue and white disabled badges which were cancelled.
712	Duplicate records by postcode, invoice date and invoice amount but different creditor reference and supplier invoice.	5	The report identified a payment of £2,917.20 which had been made to a Westminster supplier. Action taken to recover payment.
261	The housing waiting list to DWP deceased	4	Deceased person remained on the common housing register, but they have now been removed from the list.

## 9. Pursue

### Deterrence

- 9.1 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.

### Sanctions

- 9.2 Criminal prosecutions are one of the strongest fraud deterrents due to the powers and sanctions of the criminal court, including confiscation, the threat of a custodial sentence and a criminal record.
- 9.3 For the period 1 April 2019 to 30 September 2019, CAFS has successfully prosecuted 26 offenders, including;
- Falsely claimed business rates refund by a member of the public who had intercepted post intended for a company to request a refund. CAFS traced the suspect and the money who admitted the offence when questioned. The fraud loss of £45,000 was repaid in full.
  - CAFS investigated a personal budget case and found an individual who had misused his mother's direct payments, intended to pay for her care, to feed his addictions. He was sentenced to an 18 months Community Order including 200 hours of unpaid work, a 20 days Rehabilitation Activity Requirement and an eight Curfew Requirement between the hours of midnight and 4 am. The judge ordered compensation, payable to the Council, for £9,580. This is to be repaid at £200 per month.
  - Individual tried to use false work history and employment references when applying to join Westminster City Council. The prosecution resulted in a sentence of 16 weeks imprisonment suspended for two years and ordered to undertake 100 hours of unpaid work.
- 9.4 Details of the above cases are reported in Appendix 1.
- 9.5 To deter fraud, the Council must continue to publicise the successful outcomes of their investigations. CAFS record a positive result each time a story is published by the national or local media because positive publicity about the successful detection, prosecution or prevention of fraud may help to deter others.

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**Local Government Access to Information Act – background papers used:**  
Case Management Information

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### PRO-ACTIVE OPERATIONS

Source	Fraud Review	Details	Risk
<p>Risk Review</p>	<p><b>Market Traders: Permanent and casual street trading licences</b></p> <p>A review of the controls in place to mitigate the risks of fraud affecting the service.</p> <p>Perceived fraud risks included:</p> <ul style="list-style-type: none"> <li>• Bribery and favouritism regarding casual street traders</li> <li>• Cash handling risks</li> <li>• Loss of revenue</li> </ul>	<p>The review of the service revealed it has a strong website presence and an easy to follow guide detailing 'how to become a market trader'. This guide confirms that pitch licences can only be paid for by debit card or direct debit (with a 10% discount offered for permanent pitch-holders paying by that method).</p> <p>Following interviews with key personnel and a review of operation processes, the risk review found that the new applications for pitches are processed by a back-office administrative team. The market inspectors no longer allocate pitches or handle any payments enabling them to focus on enforcement and licensing,</p> <p>This segregation of duties negated the primary fraud risks associated with bribery and cash handling.</p> <p>No other fraud risks were identified, and a final fraud risk assessment saw the risk score significantly reduce from 9 to 2.</p>	<p><b>Fraud risk register</b></p> <p>Risk score reduced ↓ <b>LOW = 2</b></p> <p>Impact = Low 2 [Low financial loss, low political risk with low media coverage; low reputational risk]</p> <p>Likelihood = Rare 1 [No fraud reported last three years; No known occurrences outside organisation]</p> <p><i>Previously: Medium impact (3) and Possible likelihood (3)</i></p>

<p>Risk Review</p>	<p><b>Local Support Payment Scheme</b></p> <p>The local support scheme is designed to ensure that, in a crisis or an emergency, residents who are most at risk can receive access to the support they need.</p> <p>The local support scheme replaced community care grants and crisis loans for general living expenses. It is administered on our behalf by Kensington and Chelsea Council.</p> <p>Perceived fraud risks included:</p> <ul style="list-style-type: none"> <li>• False applications</li> <li>• Collusion and insider fraud</li> </ul>	<p>Applications for local support payments can only be made for living expenses or for essential items following an emergency or to help people to settle in the community.</p> <p>Payments are made in three different ways;</p> <ol style="list-style-type: none"> <li>1. Vouchers to be exchanged for household equipment or furniture (usually refurbished items or in some cases new goods, removal expenses or utility connections.</li> <li>2. Gift cards to be used in major supermarkets for food and essential products.</li> <li>3. In exceptional circumstances, post officer vouchers can be awarded, which can be exchanged for cash.</li> </ol> <p>Payments covering 2017 to date were reviewed and analysed to identify any potential discrepancies. This included the amounts paid, method of payment, method of stock control (gift cards) and the clients in receipt of the award. Closer scrutiny was applied to the post officer vouchers, which involved a much higher level of testing, more analytics and data matching.</p> <p>No discrepancies were identified, and controls were found to be reasonable and proportionate to the risk of fraud.</p>	<p><b>Fraud risk register</b></p> <p>Risk score reduced ↓ <b>LOW = 4</b></p> <p>Impact = Low 2 [Low financial loss, low political risk with low media coverage; low reputational risk]</p> <p>Likelihood = Unlikely 2 [Controls adequate and review found no discrepancies]</p> <p><i>Previously: Medium impact (3) and Possible likelihood (3)</i></p>
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<p>Pro-active operation</p>	<p><b>Odhams Walk, Covent Garden, London WC2H</b></p>	<p>Odhams Walk is a desirable residential building organised around common courtyards, consisting of 104 properties and located in Covent Garden.</p> <p>CAFS have previously investigated several referrals alleging subletting and the use of Airbnb, but have not managed to gather sufficient evidence to prove any fraud.</p> <p>The address was therefore chosen as an ideal location to verify residency, interact with the community and raise awareness.</p> <p>The pro-active operation saw investigators visit all Council stock (62 flats) to verify residency, interact with tenants and to demonstrate that the City Council are committed to tackling tenancy fraud.</p> <p><b>Outcomes</b></p> <p>Residency in Council stock was verified throughout the building, although the tenant of one address failed to respond and this property currently remains under investigation.</p> <p>The operation has provided assurances that Odhams Walk does not have high levels of subletting. Although conversations with residents suggested that the leasehold properties within the building were subject to Airbnb short term letting. This intelligence has been shared with colleagues in Planning.</p> <p>The interaction has raised awareness amongst residents that the Council is committed to tackling tenancy fraud, and contact details were shared so that residents can raise any concerns directly with CAFS investigators.</p>	<p>N/A</p>
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Pro-active operation	<b>Fitzrovia Court, Carburton Street, W1</b>	<p>Fitzrovia Court is a sheltered accommodation block consisting of 30 homes and would normally be deemed a low fraud risk. However, the Corporate Anti-Fraud Service have previously investigated and successfully recovered three tenancies. Therefore, an exercise was undertaken to check and verify the residencies of <b>all</b> tenants in the block.</p> <p>The exercise involved unnotified visits to all properties in Fitzrovia Court, to verify residency. The officers also used the activity to raise awareness amongst onsite staff and to remind them of their duty to report fraud. The exercise showed them how to look for signs of non-residency and to recognise how unusual activity might suggest tenancy fraud.</p> <p><b>Outcomes</b></p> <p>The exercise verified the residency of all tenants, with one exception, and that was the subject of further investigations. As a result of these enquiries, officers found that the tenant was not using the flat as their main home and the tenancy terminated forthwith.</p>	One-bedroom property recovered
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## NOTEWORTHY INVESTIGATIONS AND ACTIVITY

	Case Description
1.	<p><b>TENANCY FRAUD</b> – An anonymous tip off suggested that the tenant of a Council property in Henry Wise House, Vauxhall Bridge Road, was not using the address as per their tenancy. The referral indicated that the tenant was subletting his property using Airbnb.</p> <p>Searches of Airbnb website found the property, which is a studio flat, advertised as a whole let along with over 300 reviews. CAFS found some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.</p> <p>Having obtained the tenant’s bank statements via POSHFA, the investigator found credits totalling over £125,000 covering four years. All payments were credited from either Airbnb, Paypal and WorldPay.</p> <p>When investigators visited the property, they found a man who denied being the tenant even though his appearance matched the tenant’s description. The next day the advert had been removed from Airbnb.</p> <p>The tenant failed to attend several interviews under caution, but when possession action commenced, he made representation to the Council via his solicitors. They asked for a further opportunity to be interviewed under caution for their client to provide an account of events. This was agreed, but again, the tenant failed to attend the interview. However, having applied the Codes for Crown Prosecutors to the facts of the case and the defendant’s circumstances, criminal action was not taken.</p> <p>At the possession hearing, the District Judge commented that the AirBNB evidence was strong and that there was no distinction between ‘short term let’ and subletting the home. The judge found in favour of the Council.</p> <p>At an unsuccessful appeal hearing the judge then agreed to the Council’s Unlawful Profits Order (UPO) of £100,974.94 – one of the highest that has ever been awarded to the Council. The tenant has now been evicted from the property.</p> <p>Cllr Andrew Smith, Westminster City Council Cabinet Member for Housing Services, said:  “Social housing is there to provide much-needed homes for our residents, not to generate illicit profits for dishonest tenants. It’s illegal for council tenants to sublet their homes and we carry out tenancy checks, as well as monitoring short-term letting websites for any potential illegal sublets. Along with a six-figure unlawful profit order by getting a possession order, we can now reallocate the property to someone in genuine need of a home. We’re also pressing Government to introduce a national registration scheme to make it far easier for us to take action against anyone who breaks the rules on short term letting.”</p>

<p><b>2.</b></p>	<p><b>ADULT SOCIAL CARE</b> - A resident living in Lanark Road required care and assistance from Adult Social Care. Unfortunately, she was not able to deal with her own finances, so a prepaid card was issued to her son so that he could pay for the support and care she required.</p> <p>Carers and family members must only use the money on the Card to help you meet the needs and goals that individuals agreed with their support worker. However, during a half year review it transpired that the son was using this money, not for his mother's care, but instead spending it on gambling websites. He had had misused over £9,000 with most spends being made with an online gambling site.</p> <p>The son was interviewed under caution and admitted spending the money. He said he was a drug, alcohol and gambling addict. He was trying to sort his life out and insisted his mother had still received the care during this period and that he owed a care company. No evidence of this was ever provided.</p> <p>At Westminster Magistrates he pleaded guilty to theft and was sentenced to a 18-month Community Order with requirements to undertake 200 hours of unpaid work, a 20 day rehabilitation activity, a nine month drug rehabilitation course and an eight week curfew requirement between the hours of midnight and 4am</p> <p>The judge also ordered compensation, payable to the Council in the sum of £9,580 but no order for costs. £200 per month, the first payment to be made within 7 days.</p>
<p><b>3.</b></p>	<p><b>APPLICATION FRAUD</b> - The Council received an online job application for employment within Adult Social Care. During the subsequent recruitment process, it became apparent the application contained a substantial amount of false information. The case was referred to the Corporate Anti-Fraud Service for further enquiries to be made.</p> <p>Evidence was obtained from other councils which confirmed that the applicant had made five false statements on her application form. This included dates of engagement and reasons for leaving past employers; fictitious employers; failing to declare she was dismissed from a prior employer, and false employment referees.</p> <p>Prosecution action commenced taking in to account various public interest factors, including the premeditation displayed in creating and providing the false references and the level of the dishonesty displayed in the application.</p> <p>In May 2019 the individual pleaded guilty to all offences at the first hearing and was sentenced to 16-weeks imprisonment suspended 12 months. She was ordered to undertake 100 hours of unpaid work, and pay court costs of £300 and a victim surcharge £115.</p>

<p>4.</p>	<p><b>OVER INVOICING</b> - An IT supplier completed work, as specified, for the Council and their contract was cancelled in October 2018. Despite written cancellation, further invoices were tendered by the company. These requests for payment were rejected, and no payments were made. However, the matter was referred to CAFS due to the repeated requests for payment.</p> <p>The case was unsuitable for a criminal investigation but was deemed appropriate to share intelligence with other local authorities. The dissemination of such information ensures that a proper level of scrutiny is applied to any payment requests from these IT suppliers, thereby protecting public funds.</p> <p>An intelligence report was disseminated to the National Anti-Fraud Network (NAFN), an organisation which handles evidence and intelligence enquiries on behalf of local authorities, and the case closed.</p>
<p>5.</p>	<p><b>SUCCESSION FRAUD</b> - An investigation was instigated following a referral from Westminster's Housing department. The elderly tenant of a flat in Church Street, NW8 had passed away and a succession claim for the property had been submitted by her grandson.</p> <p>He was told that a succession could only be considered if he could prove that he had been living with his grandmother in the five years prior to her death. He duly continued with the application declaring that he had been living there since 2008 and in support of his claim he provided documentation including his bank statements.</p> <p>When the file was passed to CAFS an initial examination of the bank statements revealed what appeared to be rent payments since 2015 referenced as "HETLEY ROAD". The last payment made was in June 2018 which coincided with the tenant's death. Investigators then found a link to an address in Hetley Road, W12 and contact with the local council confirmed that the grandson was on the electoral register at this address between 2015 and 2018. Investigators located details for the landlord of the Hetley Road property and they confirmed that the grandson was their tenant from 2015 until July 2018.</p> <p>The grandson was invited to attend an interview under caution to explain his false application. He failed to attend but he sent an email stating that he would not be attending any meetings and that he was moving to Africa and would be returning the keys forthwith. He said that he had "made this honest mistake of writing 2008 rather than 2018".</p> <p>The keys were returned to this property on 2<sup>nd</sup> September 2019. Having recovered this two-bedroom property that can now be allocated to a family in need of support, the case was closed.</p>

<p><b>6.</b></p>	<p><b>BUSINESS RATES</b> – An application for a refund of overpaid Business Rates was received from a company who had vacated their Baker Street business premises. The application was processed, and the credit balance of £45,668.76 refunded.</p> <p>A few months after the initial refund, a representative from the company contacted the Council to request the same refund, and it became clear that something was amiss, an investigation commenced.</p> <p>Enquiries were undertaken to establish the holder of the account that received the refund. This identified a personal account holder. Further interrogation of Council records showed this person had corresponded with Westminster City Council dealing with other matters and this included a handwritten form. Basic analysis of the handwriting matched it to the original application for a refund of overpaid Business Rates.</p> <p>The individual was asked to attend an interview under caution where she admitted that she had completed the refund application. She claimed that she had not done it for personal gain and never expected to receive the payment from the Council. In mitigation, she said that she was in a challenging situation in her own life.</p> <p>She also stated that she had not spent the money as she had savings and would be able to repay the money which had been taken. Full re-payment of the funds (£45,668.76) was received.</p> <p>The subject attended court for the first appearance on 1 May 2019 and entered a guilty plea to one charge of fraud by false representation. Sentencing was adjourned to 15 May 2019 where she received a six-month custodial sentence, suspended for 18-months. She was ordered to undertake 200 hours of unpaid work and ten-day rehabilitation requirements.</p> <p>The Council were awarded costs of £750 and a victim surcharge £115.</p>
<p><b>7.</b></p>	<p><b>VENDOR FORM DISCREPANCIES</b> - A case was referred to CAFS when a supplier provided conflicting information on New Vendor Forms, which caused doubt about the ownership and operation of the business and raised concerns regarding possible overcharging.</p> <p>The investigation showed false and conflicting information had been provided. However, no evidence suggested works by the supplier had not been completed, nor any signs of loss to the Council.</p> <p>A review of processes did not identify any duplication in invoicing, and a substantive sample of the invoiced work confirmed it had been completed. No fraud against WCC was found, but it raised concerns regarding other criminality, i.e. revenue offences. Referral made to appropriate law enforcement agency.</p>

<p><b>8.</b></p>	<p><b>TENANCY FRAUD</b> - Allegation received from Peabody Housing Association who asked CAFS to investigate a potential tenancy fraud on their behalf, with the promise of nomination rights if we recovered the property. The referral stated that their Hanover Flats, Binney Street, tenant may be living in Ethiopia and another unauthorised occupant has been living in the property who claimed to be the tenant's brother.</p> <p>Enquiries showed that although the tenant had some financial links to the address the majority of links were for the suspected subtenant. UK Border enquiries, with confirmation from the airlines, showed that the tenant had not been in the UK since October 2017 and that this had been a return flight originating from Ethiopia.</p> <p>Prevention of Social Housing Fraud Act powers were used to obtain bank statements for all accounts held by the tenant which confirmed that there had also been no UK activity on his bank accounts since October 2017 confirming that he had been out of the UK throughout.</p> <p>In June 2019 the occupant of the property attended court and confirmed that the tenant was in Ethiopia, no defence was filed and an outright possession order was granted.</p>
<p><b>9.</b></p>	<p><b>TENANCY FRAUD</b> - CAFS received a referral from the Housing Department who suspected that the tenant, of a flat on the Churchill Gardens Estate, was not residing in the UK. The tenant's husband was believed to be a Minister in the Nigerian government, and Housing believed that the couple's principal place of residence was Nigeria.</p> <p>During an (unsuccessful) unnotified visit to the address in Blackstone House, investigators phoned the tenant to ask her whereabouts. Still, she would not give specific details but did confirm she was "not in London" and also stated that no-one was at the property.</p> <p>At a later visit, she was found in the property. She stated that although she lives at in Blackstone House, she does spend considerable time at other addresses both in the UK and abroad. She sometimes stays in a friend's student accommodation at Hatfield University, and sometimes at a flat in Fulham owned by her husband.</p> <p>Our enquiries into the Fulham property later confirmed that she had been renting the property from the landlord (Marsh &amp; Parsons) since 2015. Marsh &amp; Parsons confirmed that she had been resident at the address since signing the tenancy agreement. Further enquiries all placed her at the Fulham address.</p> <p>The tenant was invited to attend an interview under caution but replied: "no comment" to the interview questions. Instead, she provided a prepared statement advising that due to overcrowding at Blackstone House, her husband and two sons moved into the Fulham property.</p> <p>Because of the evidence amassed a notice seeking possession was served and the case listed to appear at the Royal Courts of Justice. However, the tenant's defence made representations to settle, and the tenant returned her keys and surrendered her tenancy in August 2019.</p>

**10. BLUE BADGE FRAUD** - During a routine inspection of parked vehicles displaying a disabled parking blue badge, the investigating officer came across a gentleman who was seen to alight a car without anyone else in the car before picking up different passengers and seeking to drive off.

The investigator intervened and asked to see the badge, which showed it belonged to the driver's mother, who was not present. The driver claimed his mother was staying at a hotel, around the corner, and then claimed she was just in the guests' room. The guests being the three unnamed individuals carrying suitcases with him to the car. He then gave three different accounts as to why the inspecting officer couldn't see his mother (religion, baby crying, being late).

A signed account of the driver's explanation was taken. However, displaying a blue badge to obtain parking concessions, without the badge holder's presence is an offence, and the matter, therefore, progressed to court where the driver pleaded not guilty.

The driver gave evidence and claimed he was receiving unnamed guests from abroad and that he had driven to pick them up to take them back to his mothers' house about a three to four-minute drive away for a welcome dinner. He claimed he initially parked the car with his mother in Herbert Street as this was the set down/drop off point for the Hilton Hotel. He claimed he left his car on double yellow lines and took his mother in a wheelchair up to the guests' room before moving the vehicle to park it on Chapel Street where the investigator confronted him. He claimed he returned to the car with his family friends and intended to drop them back at his mothers' home before returning to retrieve his mother and the elderly visitor.

He was also cross-examined on the inconsistencies when challenged by the investigator. The fact he initially claimed his mother was staying at the hotel and then claimed she was just in the guests' room; why he gave three different accounts as to why the investigator couldn't see his mother. The driver was not a credible witness under cross-examination.

The Magistrates retired to consider their decision. Upon their return, they commented that they were satisfied that the badge holder was not present and was confident that the offence was committed. They said that even if they believed the defendant's story, which they do not believe, because of the inconsistent evidence, that would not have amounted to a defence to this offence.

They said that for the avoidance of doubt, they found the driver's evidence to be evasive and non-committal throughout and rejected his account of what happened.

In finding the driver guilty, they sentenced him to a fine of £660 and ordered him to contribute to costs £1,145 plus £65 victim surcharge. Ordered to repay at a rate of £150 per month.

<p><b>11.</b></p>	<p><b>TEMPORARY ACCOMMODATION</b> - An anonymous tip off suggested that the resident of temporary accommodation in Grays, Essex had moved back to her mother's home and was now subletting the temporary address. She was no longer homeless or in urgent need of assistance.</p> <p>Enquiries found her linked to her mother's home in Basildon, but no links to the address she was meant to be living in. Through, liaison with counterparts in Basildon and Thurrock councils, the investigating officer organised simultaneous visits to both the temporary accommodation property and her mother's address in Basildon.</p> <p>Officers found her at the address in Basildon where she denied any subletting and said she'd be returning to the Grays address later with her boyfriend. Officers noted she was in her nightclothes.</p> <p>The managing agents of the temporary accommodation conducted an inspection to the property and found it had been trashed. There was no evidence of the tenant.</p> <p>In view of the evidence amassed the temporary accommodation was ended and Housing Solution Services discharged their duty to assist this individual.</p>
<p><b>12.</b></p>	<p><b>SPAM EMAIL FRAUD</b> - CAFS were alerted to a revised version of "CEO Fraud" which tried to exploit schools during the summer holidays. Using fake emails purporting to be from Headteachers and the Chair of Governors, fake requests for immediate payment transfers were made.</p> <p>This type of fraud was originally named "CEO Fraud" because fraudsters used false emails purport to be from the CEO of small companies, instructing their staff to make immediate payments. Staff, often a junior employee, will do as their boss has instructed, only to find that they have sent money to a fraudster's bank account. Once the money is transferred the fraudster will normally redistribute this money into other mule accounts and then close down the bank account to make it untraceable.</p> <p>This revised version follows the same modus operandi but pretends to be from the Headteacher or Chair of Governors.</p> <p>This scam was attempted locally when the finance officer of a nearby primary school received a fake email from the headteacher to make a payment of £9,500. The vigilant finance officer quickly spotted the fake email and alerted CAFS to the attempted fraud.</p> <p>CAFS produced a fraud alert, warning all schools of the danger of scam emails and providing advice on how to protect themselves. This was immediately circulated to all schools across the City Council.</p>

<p><b>13.</b></p>	<p><b>SUCCESSION</b> - A succession application for a one-bedroom property in Drakeland House had been refused, but this was challenged. While the case was with Legal, they asked CAFS to undertake further investigations to prove the succession was false.</p> <p>Initial enquiries linked the applicant to an address in Waltham Forest, and liaison with the local council confirmed that this was a council property which had been investigated by their fraud team. That investigation found our succession applicant to be living in Waltham Forest. She had even provided Waltham Forest investigators with a witness statement to confirm her dates of residency. This showed she had never lived in Drakeland House and proved her succession application was false.</p> <p>The witness statement was later obtained from the Waltham Forest fraud team and shown to the applicant, but she denied ever signing it. However, when the case reached court, she failed to attend the possession hearing, and the Council was awarded the property. Court bailiffs subsequently evicted her.</p>
<p><b>14.</b></p>	<p><b>BUSINESS RATES &amp; COUNCIL TAX</b> - In April 2019 a fraud alert was disseminated to the revenues and benefits department warning them of an increased threat affecting business rate and council tax refunds.</p> <p>The National Anti-Fraud Network notified us that fraudsters were targeting local authorities by setting up new NNDR and CT accounts and making substantial payments with stolen credit/debit cards. They subsequently contact the Council advising they are vacating the premises and request a refund of the initial payment. To complete the scam, they request the refund be paid direct to a bank account rather than the initial card used to make payment. The alert identified two suspects, by name and a potential linked address in SW9.</p> <p>The alert prompted NNDR staff to check accounts and found that one of the named suspects set up a Westminster NNDR account for premises on Great Portland Street W1 and had, in a single day, made three payments totalling £8,000 towards the account. He was subsequently requesting the full £8,000 to be refunded.</p> <p>Enquiries established that along with the successful payments, there were ten unsuccessful attempts to make payments to the account, each with a different credit/debit card. Contact was also made with the occupants of the Great Portland Street business premises who confirmed that the person named was not liable for NNDR and there had been no recent change of occupant.</p> <p>In view of the above CAFS sent a Suspicious Activity Report to the National Crime Agency (NCA) and the matter was reported to Action Fraud. The Council has since received no subsequent contact from the named subject.</p> <p>The action taken reflects the importance of CAFS role in sharing intelligence and disseminating fraud alerts across Council services.</p>