



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	Wednesday 14 th July 2021
Classification:	For General Release
Title:	Counter Fraud 2020/21 – End of year report
Wards Affected:	All
Financial Summary:	There are no direct financial implications arising from this report.
Report of:	Gerald Almeroth, Executive Director of Finance and Resources
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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 regarding work undertaken by the fraud service during the period 1 April 2020 to 31 March 2021.

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 fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2020 to 31 March 2021 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 4.1 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.
- 4.2 All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities as 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 effectively prevent and detect fraud and corruption.
- 4.3 Between 1 April 2020 to 31 March 2021, CAFS investigated 481 cases, including 318 new referrals, and concluded 266 investigations. A conclusion could mean a successful prosecution, successful prevention that stops fraud, a detection that identifies fraud and stops it from continuing, an action that deters fraud, or no further action where there is no case to answer.
- 4.4 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.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/20	163	Tenancy & Housing cases	168	135
New referrals received	318	Insider fraud	2	1
Closed investigations (Positive outcome 110)	266	Other Corporate	6	6
		Parking and Blue Badges	89	70
Live cases as at 01/04/20	215	POCA	1	3

- 4.5 For the period 1 April 2020 to 31 March 2021, CAFS identified 110 positive outcomes. Fraud identified has a notational value of over £280,000 and is detailed in the following table. The table also compares the achievements against those of 2019/20.

Activity	2019/20		2020/21	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud	13	18,200	9	26,860
Right to Buy	21	23,300	24	31,100
Advisory Reports (pro-active)	12	25,500	-	-
Prevention subtotal	46	67,000	33	57,960
Tenancy Fraud (Council and Registered Providers)	43	434,500	12	97,000
Insider fraud	1	2,000	1	2,000
High/Medium risk fraud (e.g. NNDR, Procurement)	5	75,000	2	6,700
Low-risk fraud (e.g. Freedom passes, Council Tax SPD)	5	5,541	1	2,077
Disabled Parking	63	128,750	27	44,706
Resident's Parking	21	15,200	31	23,840
Detection subtotal	138	660,991	74	176,323
Proceeds of Crime (POCA)	4	96,710 <i>(repaid to date £70,925)</i>	3	47,762 <i>(repaid to date £11,500)</i>
NFI recovery	32	88,705	n/a	-
Press releases and publicity	1	2,000	-	-
Deterrence subtotal	37	187,415	3	47,762
Total	221	915,406	110	282,045

4.6 Proactive operations and detailed 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 2020, one new fraud referral was made via the whistleblowing process, but this was not deemed a qualifying disclosure because the complaint focused on a stakeholder organisation. However, the Council have ensured the matter is investigated independently by an external body.

6. Anti-Fraud and Corruption Strategy

6.1 The Council's Anti-Fraud & Corruption Strategy 2020-2023 is based on five key themes: GOVERN, ACKNOWLEDGE, PREVENT, PURSUE and PROTECT.

- 6.2 The Strategy is designed to heighten the Council's fraud resilience and demonstrate its protection and stewardship of public funds. It contains an action plan to provide management with a tool to ensure progress and transparency regarding counter-fraud activities.
- 6.3 The table in **Appendix 1** details CAFS counter-fraud activities against the strategic objectives of the Council's Anti-Fraud and Corruption Strategy. It demonstrates how the work of CAFS aligns with the Strategy and contributes to the Council's fraud resilience.

i) GOVERN

Having robust arrangements and a framework of procedures and policies

- 7.1 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.
- 7.2 Therefore, anti-fraud policies must be kept up to date to support and guide Council staff, ensuring compliance with laws and regulations, guiding decision-making, and streamlining internal processes.
- 7.3 CAFS ensure anti-fraud policies are regularly reviewed, revised and presented to the Audit and Performance Committee for annual review and approval. In addition, CAFS ensures they remain "fit for purpose" and incorporate any legislative or regulatory changes.

ii) ACKNOWLEDGE

Assessing and understanding fraud risks and committing support and resource to tackle fraud

- 8.1 A vital element of a counter-fraud strategy is the ability of an organisation to call upon competent, professionally trained officers to investigate suspected fraud. Through the resourcing and support for CAFS, the Council demonstrates it is committed to tackling fraud.
- 8.2 During the year CAFS successfully applied for membership to the Government Counter Fraud Profession (GCFP). As a result, the City of Westminster became one of only 24 councils (12 from London) to attain membership to the profession successfully.
- 8.3 Although this is a Central Government initiative led by the Cabinet Office, the City Council was involved in introducing local authority investigators into the profession. Through engagement and consultation, we helped shape the local authority fraud standards and contributed to the design of the investigator competencies, ensuring they were suitable for local authority investigators.
- 8.4 The collective membership process included evidencing counter-fraud policy and procedures, staff competencies, suitable methods to review and assess

staff training, and a commitment to personal development. The final stage of the process was a peer review by colleagues from the London Borough of Brent, who gave CAFS a top score across all aspects.

- 8.5 CAFS undertook a procurement and installation process for a case management system. The process identified a suitable system through the Government Digital Marketplace. CAFS found it to have improved functionality while making a small financial saving of £4,000 per annum.
- 8.6 The system has been installed, legacy data transferred and integrated. All members of the service have positively received it.

iii) PREVENT

Detecting fraud; Enhancing fraud controls and processes; Making the best use of information and technology

- 9.1 In addition to the specialist investigative role, CAFS provides advice and support across the organisation regarding fraud prevention and detection, including the Council's partners and contractors.
- 9.2 This type of advice and support is essential during emergencies such as a pandemic when the fraud threat is higher in some service areas than at other times.

Corporate investigations

- 9.3 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.
- 9.4 Since 1 April 2020, corporate investigation work has included:
- Cheque fraud - Forged and amended NNDR cheques. Two suspicious cheques were intercepted by the Council's bankers totalling over £100,000. In both instances, The fraudster had altered the payee and cheque numbers. There was no loss to the Council, and the matter remains under investigation by the Police.
 - Business Grants - Supported the Council's response to the pandemic by assisting the Director of Revenues and Benefits to check and verify some of the Covid Business Grants using fraud tools devised by the Cabinet Office. Further information regarding Covid Business Grants are reported at Appendix 3.
 - Money Laundering - Attempted money laundering using the Council's business rates (NNDR) systems. The fraud involved stolen credit/debit cards being used to make large payments regarding NNDR. Refunds would then be requested into different bank accounts.

- Employee - Referral received from WCC Libraries via Human Resources that suggested an employee had registered businesses at the library address following post being received at the library in the business's name.
- Employee – CAFS received a referral from Human Resources that an employee had been using his council email address for personal business use, making offers to agree on a commercial lease with the Council's property agents.

Housing/Tenancy Fraud

- 9.5 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, as well as right to buys.
- 9.6 Achievements in this service area have been disrupted by the pandemic, where changes to legislation, per the Coronavirus Act 2020, and social distancing restrictions have affected the number of fraud recoveries CAFS have been able to achieve.
- 9.7 From 1 April 2020 to 31 March 2021, CAFS successfully recovered twelve social housing units and stopped nine false housing applications.
- 9.8 Full details of all successful investigation activity regarding social housing are detailed in the table below, and case details are reported in Appendix 1.

Landlord	Location	Postcode	Size (bedrooms)	Reason for recovery	Outcome
Council	Simpson House	NW8	1	False succession	Succession stopped
Council	Derrycombe House	W2	2	Non-residence	Surrendered keys
Peabody	Eccleston Square	SW1	3	Subletting	Surrendered keys
Council	Scott Ellis Gardens	NW8	1	Subletting	Surrendered keys
Council	Holcroft Court	W1	2	False succession	Succession stopped
Council	Porchester Square	W2	1	Non-residence	Surrendered keys
Council	Kilburn Lane	W10	1	Subletting	Surrendered keys
Catalyst	Lawrence Terrace	W10	1	Non-residence	Surrendered keys
Council	Fitzrovia Court	W1	1	Non-residence	Surrendered keys
Council	Langdale House	SW1	1	False succession	Succession stopped
Council	Fifth Avenue	W10	1	Non-residence	Surrendered keys
Peabody	Kemble Street	WC2	2	Subletting	Surrendered keys

Right to Buy (RTB)

- 9.9 CAFS applies an enhanced fraud prevention process to all new RTB applications, including anti-money laundering questionnaires and financial and residential verification.
- 9.10 From 1 April 2020 to 31 March 2021, CAFS has successfully prevented twenty-four Right to Buys from completion, where suspicion was raised regarding the

tenant's eligibility or financial status. In many instances, these have been due to the tenant voluntarily withdrawing their application once checking commenced.

- 9.11 The prevention work undertaken by CAFS in respect of RTB continues to protect valuable Council stock.

Parking investigations

- 9.12 CAFS continue to investigate the misuse of disabled parking badges and fraudulently claimed residents parking permits. For example, between 1 April 2020 to 31 March 2021, CAFS successfully prosecuted 15 offenders for misusing disabled parking permits.
- 9.13 The pandemic has significantly disrupted achievements in this area. CAFS briefly suspended on-street investigative activities during lockdown due to temporary changes to traffic management controls and social distancing restrictions.
- 9.14 From the successful prosecutions secured to date, courts imposed fines totalling £4,100, and defendants ordered to pay the Council a total of £5,115 in costs and victim surcharges.
- 9.15 In addition to stopping misuse by drivers, CAFS also cancelled twelve blue badges where the badge holder was not eligible to have received the badge.
- 9.16 CAFS also investigate the misuse of residents parking permits and any suspicious applications. For the period 1 April 2020 to 31 March 2021, the team have successfully detected and taken appropriate action against 31 offenders.

iv) PURSUE

Deterrence

- 10.1 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

- 10.2 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. Between 1 April 2020 to 31 March 2021, CAFS has successfully prosecuted 15 offenders.

Prioritising fraud recovery

- 10.3 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.

- 10.4 Since April 2020, CAFS has successfully secured repayment agreements for £47,762 of identified fraud loss and, to date, received payment of £11,500. Additionally, CAFS has secured court costs and victim surcharge payments of £5,115 for prosecutions activity.

v) PROTECT

Protecting the Authority and its' residents from fraud

- 11.1 This strategy covers counter-fraud activity to protect public funds, saving the Council from fraud and protecting itself from future scams. It also includes reducing the harm that fraud can cause in the community.
- 11.2 In support of this, CAFS continue to provide investigative capability for key stakeholders across the City of Westminster. This is no more important than working with local housing associations to protect their stock from fraudulent misuse and ensure affordable housing is made available to those in the community who need it. During the year, CAFS recovered three properties on behalf of Catalyst and Peabody housing groups.
- 8.1 CAFS also remains an active member of the National Anti-Fraud Network (NAFN). NAFN disseminate national fraud alerts, which are circulated by CAFS, to the appropriate departments. CAFS also offers support and advice to ensure proper action is taken in response to the warnings and protect the Council from fraud.
- 8.2 There has been a significant increase in alerts detailing fraudsters targeting NNDR accounts details using COVID as a ruse to harvest data and make a false grant application. The warnings included an ever-increasing list of fake email domains used and this valuable intelligence-enabled IT to block several fraudulent email addresses before they could attempt to scam the Council.

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

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STRATEGIC OBJECTIVE	2020/21 ACTIVITY
GOVERN	
<p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>The Audit and Performance Committee has had details of counter-fraud activity reported twice this year, detailing performance and action in line with the Anti-Fraud and Corruption Strategy. Reports contained details of assurance work, significant cases and the level of fraud loss.</p> <p>CAFS has continued to review and promote the Council’s suite of anti-fraud related policies and procedures. This ensures they remain “fit for purpose” and incorporate any legislative or regulatory changes.</p> <ul style="list-style-type: none"> • Anti-Fraud and Corruption Strategy 2020/23 <i>[September 2020]</i> • Anti-Bribery Policy <i>[December 2020]</i> • Fraud Response Plan <i>[December 2020]</i> • Money Laundering Policy <i>[December 2020]</i> • Whistleblowing Policy <i>[January 2020]</i> <p>These policies are presented to the Audit and Performance Committee for review and approval.</p>
ACKNOWLEDGE	
<p>Accessing and understanding fraud risks: identify and assess the Council’s fraud risk exposure, the changing patterns in fraud and corruption threats and the potential harmful consequences to the authority.</p>	<p>CAFS has continued to review new and emerging fraud risks, including those related to the COVID-19 pandemic.</p> <p>All counter-fraud activity undertaken during the year is used to inform the fraud risk register and scores. While this includes individual cases and outcomes, the data obtained from proactive operations, service reviews and risk assessments are invaluable.</p> <p>CAFS have demonstrated significant flexibility and innovation to ensure that they have provided significant support to the Council's response to the pandemic. Most notably, in providing robust pre-assurance checks for the various streams of government grant funding provided for distribution to local business and the various discretionary schemes where companies had to apply and submit evidence of hardship to obtain a grant.</p>

	<p>CAFS have well-established measurement criteria to calculate the value of preventative measures and the benefits of action and activities designed to deter potential fraud. In addition, CAFS has a detailed set of notional fraud values underpinned by a comprehensive handbook showing how CAFS has been calculated the economic loss due to fraud in many different and diverse areas of the Council. The handbook is currently being used as the starting point for the work being undertaken by a national working group trying to agree on a countrywide set of fraud values.</p>
<p>Committing the right support and tackling fraud and corruption.</p>	<p>CAFS has ensured that Westminster City Council is one of the first local authorities to become a full member of the Government's Counter Fraud Profession, bringing together individual and organisational counter-fraud learning from across the public sector. All investigators and support staff are now members, with managers to follow in 2021/22. The collective membership process included evidencing competencies, suitable processes to review and assess staff training, and a commitment to personal development. A peer review from colleagues at the London Borough of Brent gave CAFS a top score across all aspects.</p>
<p>Demonstrating that it has a robust anti-fraud response</p>	<p>Details of counter-fraud activity was reported to the Audit and Performance Committee twice this year, detailing performance and activity in line with the Anti-Fraud and Corruption Strategy. The report includes details of assurance work, significant cases and the level of fraud loss.</p>
<p>Communicating the risks to those charged with Governance</p>	<p>During the financial year 2020/2021, CAFS investigated 481 cases, including 318 new referrals, and concluded 266 investigations.</p> <p>For the period 1 April 2020 to 31 March 2021, CAFS identified 110 positive outcomes. Fraud identified has a notational value of over £282,000.</p>
<p>PREVENT</p>	
<p>Making the best use of information and technology</p>	<p>CAFS used two new web-based analytic tools to assist in their verification of Covid business Grants. Using the NFI anti-fraud tool provided by the Government's Counter Fraud Function, CAFS could efficiently check grant applications and verify bank accounts for companies in receipt of grants and review Company House details. The latter provided an insight into whether the company was trading at the relevant date for these grants.</p>

	<p>During the year, CAFS undertook a procurement and installation process for a case management system. The process identified a suitable system through the Government Digital Marketplace. CAFS found the new system had improved functionality and generated a small financial saving of £4,000 per annum.</p> <p>CAFS utilised NFI data matching facilities to analyse residents parking permit data between the City Council and the Royal Borough of Kensington and Chelsea (RBKC). The purpose of the exercise was to identify individuals or vehicles which currently have a resident's parking permit in both authorities and hence possibly committing fraud. CAFS matched 26,410 31,562 records of permits issued by Westminster Council against 31,562 records of permits issued by RBKC. Over 25 permits have been cancelled to date with investigations ongoing.</p> <p>CAFS continue to participate in the National Fraud Initiative (NFI) data matching exercise</p>
<p>Enhancing fraud controls and processes</p>	<p>CAFS continue to review existing controls and process connected with individual fraud investigations. Where weak controls processes are identified, CAFS make recommendations for action to improve them and reduce the risk of further fraud.</p>
<p>Developing a more effective anti-fraud culture</p>	<p>CAFS continually refresh and promote the Council's suite of anti-fraud related policies and procedures, using training to enhance understanding.</p> <p>CAFS also design and deliver fraud awareness training, including bespoke courses. For example, bespoke courses help employees better connect the messages of the training to their daily responsibilities. This type of anti-fraud training also helps staff identify suspicious activity and feel empowered to act against potential fraud.</p>
<p>Communicating its' activity and successes</p>	<p>CAFS continue to build its intranet presence with a new Sharepoint site providing details about the service and showcasing anti-fraud policies.</p>

PURSUE	
<p>Prioritising fraud recovery and use of civil sanctions</p> <p>Developing capability and capacity to punish offenders</p>	<p>CAFS continue to ensure that the counter-fraud specialists have the right skills commensurate with the full range of counter fraud and corruption activity and can apply a full range of sanctions. This has now been evidence through the Government's Counter Fraud Profession where membership process included evidencing competencies, suitable processes to review and assess staff training, and a commitment to personal development.</p> <p>Since April 2020, CAFS has embraced personal development utilising the Council's Learning Zone to enhance their skills and their competencies and specialist counter-fraud courses, including data protection, anti-bribery, whistleblowing and employment investigations.</p>
<p>Collaborating across departmental, geographical and sectoral boundaries</p>	<p>CAFS has a memorandum of understanding (MoU) and protocols to facilitate joint working and to liaise proactively with organisations and agencies to assist in countering fraud, sharing resources, skills and learning, good practice and innovation, and information. In addition to the Council's data-sharing agreements with agencies such as the Police or DWP; CAFS also have MoUs with UK Border Agency, HMRC and local Housing Associations.</p> <p>CAFS continue to actively maintain the authorities' membership of the National Anti-Fraud Network (NAFN) and the London Borough of Fraud Investigators Group (LBFIG).</p> <p>The Head of Service is an Executive Board Member of both NAFN and LBFIG, as well as the Vice-Chair of the Fighting Fraud and Corruption Locally Board, who author the national counter-fraud strategy for local authorities.</p>
PROTECT	
<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting the Authority and its' residents from fraud.</p>	<p>CAFS continue to work closely with housing associations operating across WCC and similar stakeholders, to help them prevent and detect fraud at the earliest opportunity. Working with housing associations has helped prevent and detect fraud in social housing, protecting affordable housing units for the community. For example, during the financial year 2020/21, CAFS recovered three properties on behalf of Catalyst and Peabody housing groups.</p> <p>During the financial year 2020/2021, CAFS investigated 481 cases, including 318 new referrals, and concluded 266 investigations. CAFS identified 110 positive outcomes. Fraud identified has a notational value of over £282,000.</p>

Special operations and detailed cases

APPENDIX 2

Source	Fraud Review	Details	Risk
<p>Pro-active Operation Q3-4</p>	<p>Common Housing Register</p> <p>There are currently around 4,200 people on the Councils Common Housing Register (CHR) waiting for suitable permanent accommodation within the Borough.</p> <p>While on the register, those awaiting housing must declare any changes in their circumstances to the housing team, e.g. moving to a new address.</p> <p>A previous data-matching exercise using National Fraud Initiative (NFI) data led to 42 people being removed from the CHR, following evidence that these individuals were now living elsewhere in the country.</p> <p>CAFS decided to upscale the exercise using refreshed datasets and the NFI comparative analytic capabilities.</p>	<p>Methodology</p> <p>Data was extracted from the CHR register, and using NFI tools, it was matched against national datasets to find anomalies. Using comparative analytics, any anomalies were flagged that may suggest a change in circumstance that has not been declared to the Council and may affect the applicant's eligibility to housing.</p> <p>The matching generated 67 cases that required further investigation.</p> <p>Findings</p> <p>Out of the 67 cases, 19 cases were referred back to the housing because the individuals had left Westminster and should not be kept on the list.</p> <p>However, only two names were subsequently removed from the list, as the others had already cancelled their places. These two removals created a notional saving of £6,560. This figure is in line with Cabinet Office guidance, which places the value of each CHR removal as £3,280.</p> <p>Outcome</p> <p>In summary, the pro-active operation identified notional savings totalling £6,560, and with so few removals, it provides further assurances that the CHR records have been robustly maintained.</p>	<p>N/A</p>

Case Description

- TENANCY FRAUD** – A financial data match linked the tenant of a flat on the Queens Park Estate, W10, was linked to an address in Bromley. The match showed several active financial links to a house in Quernmore Close, including bank accounts and vehicle finance. The most recent activity revealed searches for insurance quotes by our tenant at this address.

Our housing records showed him to be a sole occupier at the flat in Queens Park Estate, and council tax records confirmed he received a single person discount.

The financial checks linked the tenant to two vehicles, a works van and a Toyota car, so the investigator checked the parking system. Unfortunately, no permits were found for the property, even though Queens Park Estate is in a parking controlled area. However, a search of Google Maps, and street view of the Bromley address, showed the van parked outside the Bromley house, providing further proof that our tenant appeared to be living elsewhere.

Visits to the Queens Park Estate at the beginning of 2020 were unsuccessful, but then the Covid lockdown restrictions prohibited any additional visits.

The investigator concentrated further on desk-based enquiries and subsequently obtained the tenant's bank statements. Both active Lloyds and Santander accounts showed his financial transactions were all in the Bromley area. One account showed him paying the rent at the Westminster property and the council tax. However, it also revealed regular credits from an unknown person. This person's name was also on the electoral registration, and open-source inquiries confirmed this person was the tenant's daughter.

The information amassed suggested that our tenant had moved out of Queens Park Estate and had allowed his daughter to take over the tenancy unbeknown to the Council.

As restrictions changed, the investigator visited the Bromley address. The works van was parked outside. A male answered the door in his dressing gown and confirmed his name; he was our tenant. He said that he lived at both addresses, but after further probing, he said his daughter mostly lived in the flat on Queens Park Estate, but that he went there when he was working in central London.

He agreed to relinquish the property and signed the investigating officer's notebook to empty the flat immediately, which he did. This property has since been allocated to a family in genuine need of support.

<p>2.</p>	<p>TENANCY FRAUD (Catalyst) - Due to a complaint from residents regarding the occupiers at a flat in St Lawrence Terrace, CAFS received a referral from Catalyst Housing Association asking for assistance to investigate possible sub-letting. It transpired that Catalyst had not seen the tenant for some time.</p> <p>In an agreement with Catalyst, CAFS provide investigative support on the basis that any units we recover as a result of fraud are offered to the Council for allocation. This is in addition to any agreed nominations the Council already receives from Catalyst.</p> <p>The investigation soon established that the tenant had been living elsewhere. Travel enquiries showed the female tenant had been in the USA for at least five years, and further investigation revealed she was living and working in New York.</p> <p>Credit checks revealed an unknown male with registered accounts linked to her tenancy address, and Catalyst served a notice to quit on the address.</p> <p>This action prompted the tenant to make contact, and she called the investigator to say she was in the US visiting her family and could not return due to the COVID-19 outbreak. The investigator advised her that we have sufficient evidence to prove she had been out of the UK for several years and not just during the Covid-19 pandemic. Additionally, we discussed with Catalyst whether to commence legal action for Tenancy Fraud as the information obtained suggests an unknown male residing at the tenancy address.</p> <p>The tenant initially tried to say the male was her partner but then changed her responses and agreed to hand back the keys. She stated she would be unable to come back to the UK but would appoint a friend to clear out the property and give vacant possession as soon as possible. The keys were returned as agreed on 4 January 2021.</p>
<p>3.</p>	<p>FALSE SUCCESSION - The relative of a deceased tenant submitted a succession application for a flat in Holcroft Court, W1. Her claim to succeed in the tenancy was based upon her claim that she lived at the property 12 months before the tenant's death.</p> <p>Initial checks showed the former tenant had received a discounted council tax bill because she was a single person and the only occupant. Furthermore, the former tenant also had a benefit claim which confirmed that no one else was resident at the address.</p> <p>A check of the applicant's financial records revealed that they were never listed on the electoral roll at Holcroft Court and had minor links to the Westminster address.</p> <p>When investigators challenged the applicant regarding her residency before the tenant's death, she decided that she wanted to cancel her application and she was going to move in with her daughter. She returned the keys to this two-bedroom property shortly after.</p> <p>The property has since been allocated to a family in genuine need of support, and they have commenced occupancy.</p>

<p>4.</p>	<p>COMMON HOUSING REGISTER – A data matching exercise revealed that a housing applicant on the Council’s waiting list was linked to an alternative address in north London. Further enquiries by the investigating officer revealed the applicant owned the property in Islington between 2008 and 2019. During this period, she had applied to Westminster for support.</p> <p>An interrogation of the Common Housing Register showed the individual had unsuccessfully tried to obtain housing, bidding on available properties, but that she had not done so for over two years.</p> <p>Her failure to declare homeownership at the time of applying for the support rendered her application ineligible. Housing Support Service immediately removed the individual from the register, and they withdrew access to bid on available properties forthwith.</p> <p>Criminal prosecution was considered, but due to the length of time that had elapsed since she made her initial application, the date of the property sale, and the last time she bid on a property, the case was closed.</p>
<p>5.</p>	<p>UNLAWFUL RESIDENCY - A National Fraud Initiative data match suggested that a Council tenant in Porchester Square, also owned a property in Ealing. Council Tax checks with Ealing showed our tenant had been registered with them since 2017.</p> <p>Checks of the WCC housing management system showed that the Porchester Square address was a joint tenancy, husband and wife. However, it revealed that the husband had moved out in 2017 and that the wife's brother moved in. The Council never added the brother to the tenancy, so the Porchester Square address remained in the wife's sole name.</p> <p>Further enquiries revealed that the brother had been paying the rent by direct debit, but there was no record the wife had vacated.</p> <p>Due to the discrepancies, the wife was called to attend an interview but called the investigator to cancel the appointment. During the call, she admitted that she wasn't living at the tenancy address and hadn't done for some time. She confirmed she lived with her husband in Ealing. She said she had handed her tenancy to her brother. She explained that she had contacted Housing Management, asking them to pass her tenancy to her brother. She said she never got a reply but assumed they did it.</p> <p>Further interrogation of WCC records showed that the wife had signed an agreement adding her brother to the tenancy in 2018, but this agreement named him an occupier. There was no mention of him being assigned the property.</p> <p>As the telephone call continued, she confirmed that she would give the flat back and subsequently signed a relinquishment form. Shortly afterwards, she handed back the keys, and vacant possession obtained forthwith.</p>

<p>6.</p>	<p>FALSE SUCCESSION – Housing forwarded a succession application to CAFS for review. The tenant of a flat in Simpson House, NW8, had passed, and his daughter had applied to succeed the tenancy.</p> <p>Succession is a legal term used when a person takes over a tenancy when the tenant dies and relates to the statutory right of certain people to succeed in the tenancy. In some instances, a qualifying family member can succeed if residing with the late tenant for 12 months before death.</p> <p>Initial checks conducted by CAFS showed the tenant had received single person discount since 2005, and there was no evidence to show anyone else was living with him before his death. The daughter was denied the succession, and Housing served a notice to quit on the address.</p> <p>The daughter contacted the CAFS investigator, having received the notice to challenge the decision. The investigator advised her that submitting a false succession application is a criminal offence. Our investigation explained that they had discovered where she was living and never lived in Simpson House.</p> <p>The daughter withdrew her succession application and agreed to move out of the flat and give vacant possession. The property was made empty, and keys returned on the agreed date.</p>
<p>7.</p>	<p>BLUE BADGE – In July 2020, a Toyota Prius was parked in a designated disabled bay on Mount Street SW1. The vehicle displayed a disabled badge, and enquiries showed that it was counterfeit. Additionally, the car has been seen on two previous occasions when the driver had fled without stopping despite requests from the investigator to present the badge to him.</p> <p>On this occasion, the investigator saw a man walk past the vehicle pausing to look at the windscreen. A little while later, he returned and got into the car, at which point the investigator questioned him. The gentleman identified himself and confirmed that he did not know the badge holder and stated that he had found the badge the day before in the street near his home. The badge was confiscated, and a PCN issued.</p> <p>CAFS took prosecution action regarding an offence under Road Traffic Regulations Act 1984, Section 117 (misuse), resulting in a hearing at Westminster Magistrates Court in February 2021. The defendant had previously attended Croydon Magistrates on 01/02/2021 regarding several similar matters concerning Lambeth Council. At the time, he alerted the Court to the outstanding Westminster issues, and therefore the Croydon Court adjourned the case to 17/02/2021 at Westminster so that everything could be dealt with at the same time.</p> <p>The defendant pleaded guilty to the offences and was sentenced to a 15-month community order with 120-hour unpaid work. He was also ordered to pay costs of £150 and a victim surcharge of £90</p>

<p>8.</p>	<p>BLUE BADGE - On 5 November 2019 a black Skoda Octavia was found parked in a designated disabled bay on North Row W1. Displayed in the vehicle's windscreen was a blue disabled badge issued by the London Borough of Southwark. The driver was seen to return to the car and identified himself to the investigating officer. When asked about the badge, he stated that it belonged to his mother "around the corner". The investigator then asked to accompany him to his mother to verify that she is present. At this point, he admitted that his mother was still at home. As a result he was cautioned, and the badge seized.</p> <p>The Council took prosecution action in respect of an offence under Road Traffic Regulations Act 1984, Section 117 (misuse), resulting in a hearing at City of London Magistrates Court on 17/03/2021.</p> <p>The driver pleaded guilty, although the Magistrates felt that the mitigation provided meant they could deal with it by way of a 6-month Conditional Discharge. He was ordered to pay the Council £400 costs and an surcharge of £21.</p>
<p>9.</p>	<p>BLUE BADGE – On 3 January 2020, a white Range Rover Evoque was parked in a designated disabled bay on Portman Mews South W1. The female driver was spoken to and identified. Also in the vehicle was a female passenger and a young child. She explained that she is meeting the badge holder who is in Selfridges. The driver and passengers then left the vehicle and went into Selfridges. The investigator then called the contact number for the badge holder and spoke to a relative of the badge holder, who confirmed that the badge holder is in London.</p> <p>About an hour later, the driver and passengers returned to the vehicle without the badge holder. The investigator again spoke to them, and they began shouting at him and accusing him of harassment. He explained that he considered the badge was being misused. He asked her to hand over the badge, which she did. She continued to accuse the investigator of harassment and claimed he was racist. She also threatened to call the Police.</p> <p>The investigator advised that if he could verify that the badge holder is nearby, the matter would be resolved. Instead, the lady angrily told the investigator that he could keep the badge, and she drove off.</p> <p>The Council took prosecution action regarding an offence under the Road Traffic Regulations Act 1984, Section 117 (misuse), resulting in a hearing at the City of London Magistrates Court on 22 March 2021.</p> <p>The lady attended Court unrepresented and initially pleaded “not guilty”. The case was outlined by the Barrister representing the Council. The Magistrate and legal advisor spoke to the lady about the meaning of strict liability and her prospects at trial. After careful consideration, she changed her plea to “guilty”.</p> <p>She was fined £250 and ordered to pay the Council £432 costs and surcharge.</p>

10. BLUE BADGE - On 3 January 2020, a black Toyota Rav 4 was parked in a disabled bay on Herbert Crescent SW1. The vehicle displayed a blue disabled badge issued by the City of Westminster. Initial enquiries showed that the badge on display had been cancelled due to it being reported as stolen. As a result, the vehicle was issued with a PCN and removed to the Lots Road Car Pound. The car was subsequently collected by the driver, at which point officers retrieved the disabled badge.

The driver was interviewed under caution on 12 March 2020. Initially, he advised that the badge belonged to a passenger in the vehicle who had put it on display. However, CCTV film was obtained, and the investigator played it to him. It showed him parking the car and putting the badge on display and that he was the only person in the vehicle. After consultation with his solicitor, he gave no further comment in the interview.

The Council took prosecution action regarding an offence under Road Traffic Regulations Act 1984, Section 117 (misuse), resulting in a hearing at the City of London Magistrates Court on 17 March 2021.

The driver pleaded guilty and was fined £261 and ordered to pay the Council £332 in costs and surcharge.

GRANT VERIFICATION TO PREVENT FRAUDULENT CLAIMS

1.0 Introduction

- 1.1 This note provides an update concerning the actions taken by the Council to prevent fraudulent claims for the business support grant schemes administered on behalf of the central Government.
- 1.2 There have been two rounds of Business Support Grants that local authorities have been asked to administer by Central Government:

Round 1 – From March 2020 – 30 September 2020

- Small Business Grant (£10K)
- Retail Hospitality and Leisure Grant (£10K) and (£25k)
- Discretionary Fund Grant (£10K)

The Council awarded grants of £100M before the schemes closed on 30 September.

Round 2 – From November 2020 – to date

- LRSG (Sector) Grant
- LRSG (Open)
- LRSG (Closed)
- LRSG (Closed Addendum) (November National Lockdown)
- LRSG (Closed Addendum Tier 4)
- Pub Christmas Support Payment
- Additional Restrictions Grant (ARG)
- LRSG (Closed) addendum: 5 January onwards grant
- Closed Businesses Lockdown Payment
- Restart Grant

The grant amounts for the above vary depending on the scheme, the nature of the business and the relevant rateable value range. The Council has awarded around £116M under Round 2

- 1.3 For the Round 1 grants, the Government asked local authorities to make the grant payments as soon as possible due to the urgent needs of the nation's businesses. Central Government accepted that this request would mean that some of the usual pre-payment checks would need to be foregone and replaced with enhanced post-payment checks.
- 1.4 For the current Round 2 grants, Central Government, asked local authorities to reverse the previous instruction and undertake more counter-fraud checks at the pre-payment stage in the process.

2.0 Due diligence

- 2.1 For both rounds, the Council has followed pre-payment and post-payment checks, as outlined in Government's guidance document. Indeed, the Council played a crucial role in designing and formulating the guidance through its participation in the National Advisory Group, working closely with the Department for Business, Energy and Industrial Strategy.
- 2.2 The eligibility checks have included (dependant on the type of grant):
- Eligibility checks back to the NNDR data already held by the Council.
 - A review of Small Business Rate Relief (a requirement for one of the grants) eligibility via self-declaration and checking of a national database.
 - A requirement for self-declaration of eligibility, including State Aid limitations.
 - Company House checks to confirm the company is live and not insolvent.
 - Bank account verification via a Government online fraud tool supported by CAFS and through documentary evidence.
 - Limiting potential contact from fraudsters by only contacting businesses via known contact sources and details held within the Business Rates service.
 - Documentary evidence requirements for the discretionary scheme, where data was not already in the NNDR system
- 2.3 All local authorities also have to report on our post-payment assurance work to Central Government. Central Government has recently concluded their review of our post assurance for Round 1 schemes, with no further work being required. The Government will shortly start work on the initial Round 2 schemes (additional Round 2 schemes, including the Restart grant scheme, will follow once the final scheme closes on 31 July).
- 2.4 HMRC have also recently requested local authority grants data for review. It is envisaged that HMRC will use this data to undertake further fraud checks.

3.0 Outcomes

- 3.1 The Council's processes are considered to have been largely successful in eliminating fraud with no evidence of systematic fraud attacks (i.e. organised criminal gangs) identified by the Council or via fraud alerts/notifications from the National Anti-Fraud Network.
- 3.2 There have been several potential frauds that have been identified. However, the majority are unlikely to be fraudulent as they relate to

grants paid before the Council was notified of a vacation/insolvency but will require recovery action.

3.3 The Council initially requests that the business repays the overpaid grant. If the business does not pay, they will receive a reminder. If they still refuse to pay, cases are forwarded to CAFS to investigate and potentially consider prosecution.

3.4 To date, the table below lists the possible fraud cases.

Round 1	
Repayment requests and repayment received	23
Request for repayment / reminder stage	11
Referred to CAFS	22
Round 2	
Repayment requests and repayment received	33
Request for repayment / reminder stage	29
Referred to CAFS	1

3.5 In addition to the above, seven cheques were fraudulently created or amended. All of these cases have been referred to the Police.

3.6 Five were identified before payment, but two will eventually need to be recovered after the Police have completed their investigations. *NB: Cheque payments were not made available for the Round 2 grant payments.*