

City of London Corporation Committee Report

Committee(s): Audit & Risk Management Committee – For Information	Dated: 04/11/2024
Subject: Counter Fraud & Investigations – 2024/25 Mid-Year Update Report	Public report: N/A
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of:	Head of Internal Audit
Report author:	Chris Keesing, Counter Fraud & Investigations Manager

Summary

In total 42 investigations, across all disciplines, have been completed during the first six months of this reporting year with an associated value of £376,761. The bulk of this relates to the recovery of six social housing tenancies with an associated loss to the public purse of £357,756.

Development of the London NFI Fraud Hub continues with a programme of work to innovate and collaborate with London Borough Fraud Teams to tackle high risk areas including small business rates relief fraud, social housing tenancy fraud and a business-as-usual approach to the multiple employment fraud risks.

The Counter Fraud & Investigations Manager is undertaking a series of fraud risk workshops and fraud risk assessments in high-risk areas, designed to allow departments to better understand their fraud risks and consider controls to further mitigate the risk of fraud.

Recommendation(s)

Members are asked to:

- Note the report and Member Briefing

Main Report

Background

1. This report provides Members with a mid-year update on the activity of the Counter Fraud and Investigation team during the first half of 2024/25. It also provides Members with an update against key anti-fraud initiatives and proactive measures to assist in the prevention detection and reporting of fraud and any emerging risks.

Investigation Activity Summary

2. An analysis of the number of cases investigated during the 2024/25 reporting year to date, compared to the same period during 2023/24 can be found at Appendix 1 to this report, showing all fraud types along with the value of frauds detected.
3. The associated value of all completed investigations concluded so far this reporting year is £376,761, with the majority of this associated to notional savings of £368,051.
4. There are currently 10 live cases across all disciplines, with all but one case open in the current reporting year. Two cases are subject to civil (1) short-term letting abuse, and criminal (1) action, with a trial in a subletting fraud commencing on 04th November 2024.

Investigation Activity

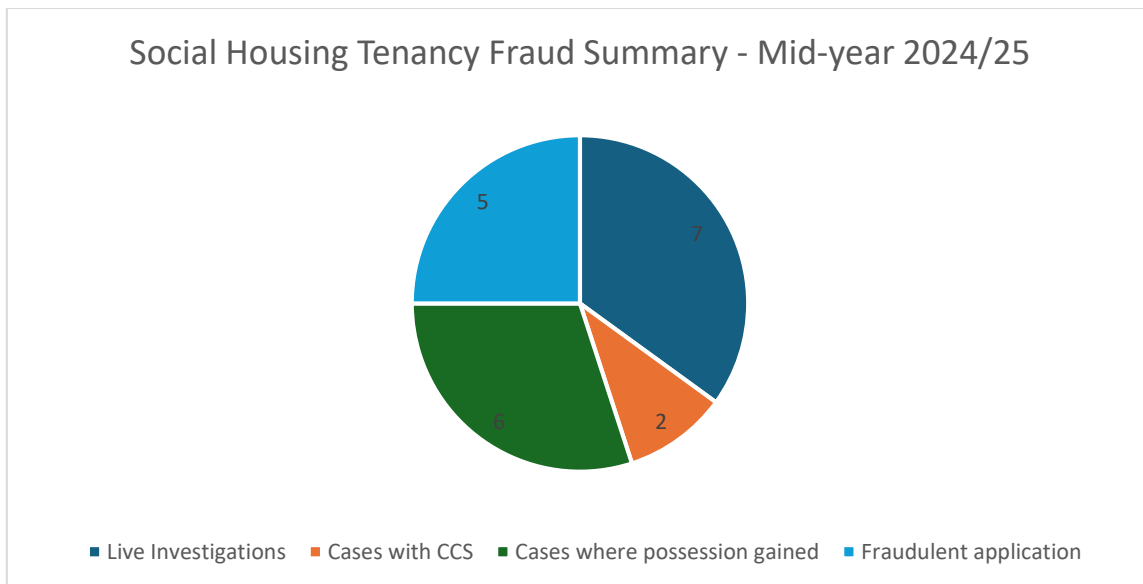
Corporate Investigations

5. Four corporate investigations have been completed during the reporting year with an associated investigation value of £9,720. Corporate investigations relate to fraud, theft, error, and misconduct allegations investigated by, or investigations supported by, the Counter Fraud Team.

Social Housing Tenancy Fraud

6. Social housing tenancy fraud remains a key fraud risk for the City of London; the team provides full investigative support across all aspects of housing, from initial applications to the investigation of tenancy breaches and succession and right to buy application screening.
7. The volume of tenancy fraud referrals received in this reporting year has reduced by 50%, however, the number of right to buy application screening referrals, and housing application concerns referred to the team has increased significantly, from three in the same period last year to 22 this year. In response to a drop in tenancy fraud referrals the team have agreed a tenancy fraud awareness campaign where posters and flyers will be used across the City's housing estates encouraging residents to report tenancy fraud concerns.
8. We currently have two cases with the Comptroller & City Solicitor, one for prosecution is listed for a Crown Court trial in November 2024, whilst the second, a civil recovery, relates to a short-term letting fraud.

9. A detailed summary of our work in this area, during the 2023/24 reporting year to date vs. the same period last year can be found at Appendix 2 to this report, whilst a snapshot can be found in the chart below.



National Fraud Initiative (NFI) & London NFI Fraud Hub

10. The Counter Fraud & Investigations Manager is the Key Contact for the City Corporation and the City of London Police participation in the NFI. The 2024/25 NFI biennial exercise has now commenced, with all mandatory datasets for both organisations uploaded to the NFI secure servers in October. Data matches are timetabled for release from 20th December, with Council Tax single person discount matches following later from 17th January 2025. The bulk of these matches will be subject to review by departmental NFI contacts, and where appropriate and in the case of identified fraud concerns, investigated further by the Counter Fraud Team.
11. The Team's Tenancy Fraud Investigator has been reviewing matches from a tenancy fraud pilot exercise involving the use of multiple public and private sector datasets to identify fraud, 27 matches have been reviewed so far, with two investigations leading to the recovery of tenancies, included in the summary at Appendix 2, as a direct result of this data matching.

London NFI Fraud Hub

12. Members were advised of the multiple employment fraud project as part of earlier reports to Committee. This project has now successfully concluded with the exercise now moving to business-as-usual match within the London NFI Fraud Hub from January 2025; we are working with the other Fraud Hub members and our Contingent Worker suppliers to develop a timetable for regular screening of worker data from January.
13. The findings for the City Corporation from this project are summarised below.

No. of matches	12
No issue or worker already left	11
Fraud Identified	1
Fraud value	£8,650

14. The identified fraud for the City Corporation relates to an employee who was found to have worked for another Local Authority exclusively via a temporary contract for a period of twelve weeks, whilst employed on a permanent basis by the City. The employee was interviewed under caution and resigned at the conclusion after admitting their guilt. An overpayment of salary amounting to £8,650 was calculated and is subject to repayment by the now former employee.
15. A programme of London-wide data matching via the London NFI Fraud Hub is under development and will focus on risk areas including housing and business rates, with a small business rates relief project starting in the New Year, this is in addition to the continuation of the current Fraud Hub work, retrospective matching against deceased data and building on the successes of the multiple employment fraud project.

Council Tax SPD Fraud

16. Two Council Tax SPD applications have been investigated by the team in the first half of the reporting year; both were found to be dishonest applications and as such no award was made.
17. We have recently surveyed the position regarding Council Tax single person discount fraud with London Borough Fraud Teams, we had responses from 11 boroughs and found that two had each prosecuted one offender for this fraud type in the past six years, and only when linked to more serious offences subjected to prosecution action, as a standalone none had prosecuted for Council Tax SPD fraud, nor had the intention of doing so in the future at this stage.

Speak Up Concerns (whistleblowing)

18. Three concerns have been received during the first half of this reporting year and treated as whistleblowing under the legal definition. Following triage by Internal Audit, all three were referred to Corporate HR and relevant service areas for investigation, two have been concluded, whilst one remains subject to ongoing investigation – details of the two concluded investigations can be found below.

No.	Detail of concern	Findings
1	Allegation of assault by an employee at the North Wing reception	The matter was investigated by the Guildhall Security Manager who found that upon a review of the information and evidence available, it is considered that the employee acted within the law, using force, which was reasonable, proportionate, necessary and justified. No further action was taken, and the concern was closed.

2	Concern that an employee was claiming for hours not worked on a weekend and making dishonest submissions for overtime payments	The matter was investigated by an Assistant Director in the appropriate Department, who reviewed all available evidence, conducted a spot check and interviewed line managers. It was found that the concern was likely malicious, and they employee in question had an exemplary record. The spot check found the employee on duty as they should have been on the Sunday and through interview with the employee no concerns could be substantiated. No further action was taken, and the concern was closed.
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19. Internal Audit are working with Corporate HR on the development of a new and 'Speak Up' policy and procedure to replace the current whistleblowing policy. This new policy and procedure will encourage colleagues to report concerns via a new electronic form that allows for two-way engagement for anonymous reports and is supported by a new electronic case management system, based on the fraud case management system allowing far better capture and management of concerns from referral to conclusion.

Fraud Risk Assessments

20. The Counter Fraud & Investigations Manager continues to support Departments and Service Areas to better understand their fraud risks and identify weaknesses in controls that need further mitigation to reduce the risk of fraud through a programme of fraud risk assessments (FRA's).

21. FRA's are currently underway in the following areas

- City of London School
- Barbican Housing
- Social Housing
- Chamberlains Transactional Finance

22. Primary focus is on frontline areas and following recent agreement with the Senior Management Team in the Department of Children and Community Services, this is a main focus for FRA's at this stage.

23. It is envisaged that once completed risks will be recorded within INCASE – the City's fraud investigation case management system, with FRA's reviewed periodically by Departments with the support of the Counter Fraud Manager.

Member Briefing – Counter Fraud Activities

24. A Member Briefing paper is provided as Appendix 3 to this report. The Member Briefing provides a high-level summary of the work undertaken by the Counter Fraud Team, along with the key work streams and key challenges faced.

Corporate & Strategic Implications

25. The work of the Team is designed around minimising the risk of fraud across the organisation by providing a comprehensive counter fraud and investigation response with a clear focus on understanding our fraud risks, mitigating the risks of fraud by safeguarding the City's assets and recovering any losses due to fraud; this is underpinned by our Anti-Fraud & Corruption Strategy, which gives due regard to the Corporate Plan

Financial implications

26. None.

Resource implications

27. None.

Legal implications

28. With regards paragraph 19, regarding the new Speak Up Policy and Procedure, the legal position concerning protected disclosures will be reviewed by the Comptroller & City Solicitor prior to its launch and replacement of the current Whistleblowing Policy.

Risk implications

29. The new Speak Up Policy and Procedure is being drafted in collaboration with Corporate HR's Policy Manager, and will ensure that appropriate and lawful protections are in place and offered to all staff and will comply with our public sector equality duties.

Climate implications

30. None.

Security implications

31. None.

Conclusion

32. The team continues to perform well with 42 investigations completed during the period with an associated value of £376,761. We continue to innovate and collaborate with our partners through the London NFI Fraud Hub to identify and tackle fraud risks.

33. Through our programme of fraud risk assessments, we are aiming to capture and map the key fraud risks faced by each Department and more widely the Corporate fraud risks for the City Corporation. This work will take considerable time and will be impacted by unforeseen and urgent responses to fraud investigations and other

priority work of the Counter Fraud & Investigations Manager, as there is limited capacity and capability in the team to take on this work.

Appendices

- Appendix 1 – Analysis of the number of cases investigated between 01/04/2024 and 30/09/2024
- Appendix 2 - Housing Tenancy Fraud Caseload Analysis 01/04/2024 to 30/09/2024
- Appendix 3 – Member Briefing: Counter Fraud Activities

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