

## City of London Corporation Committee Report

<b>Committee(s):</b> Audit & Risk Management Committee – For Information	<b>Dated:</b> 14/07/2025
<b>Subject:</b> Counter Fraud & Investigations Annual Report 2024/25	<b>Public report:</b> N/A
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> </ul>	Corporate Plan: Provide a Vibrant Thriving Destination  Statutory Duties – 151 Officer: securing a proper control environment including an effective internal audit function to minimise the risk of financial loss, the inefficient use of resources and the potential for fraud
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£ N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	Matt Lock, Group Chief Internal Auditor
<b>Report author:</b>	Chris Keesing, Counter Fraud & Investigations Manager

### Summary

In total 65 investigations, across all disciplines were completed during the 2024/25 reporting year with an associated value of £366,256. The majority of this relates to notional or preventative savings.

In addition to this activity, the National Fraud Initiative data matches reviewed from the 2024/25 exercise to date, and from the London NFI Fraud Hub during the reporting year has, so far, identified 15 errors, resulting in management actions, and 10 frauds with a value of £40,369, of which £37,987 is subject to recovery.

Fraud Risk Workshops have been a key workstream for the team during 2024/25, providing officers with the skills and knowledge to identify and respond to fraud risk as fraud risk registers develop across service areas.

The Counter Fraud & Investigations Manager & the Group Chief Internal Auditor took a leading role in the development and delivery of the City's new Speak Up Policy, collaborating with Human Resource colleagues to identify, procure and deliver the new technology solution underpinning our innovative approach to whistleblowing across the organisation.

### Recommendation(s)

- Members are asked to note the report.

### Main Report

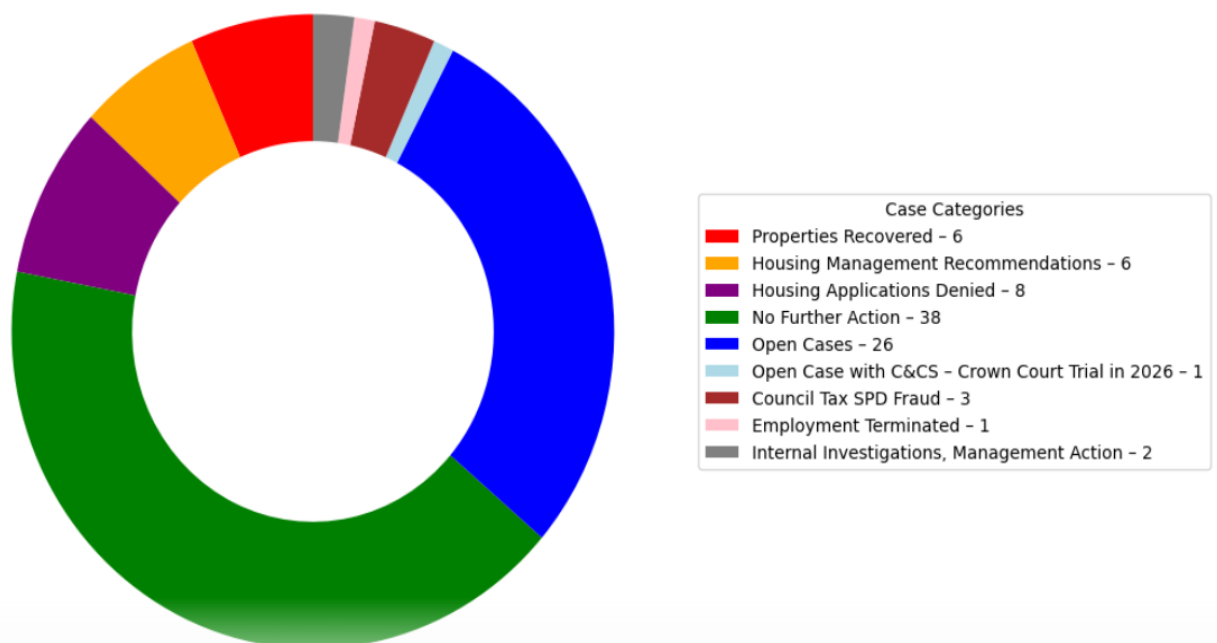
### Background

2. This report provides Members with an update on the activity of the Anti-Fraud and Investigation team during the 2024/25 reporting year. It also provides Members with an update against key anti-fraud initiatives, developments to assist in the prevention, detection and reporting of fraud and any new and/or emerging fraud risks.

### Investigation Activity Summary

3. The chart below provides a summary of the volume of investigations carried out by the Counter Fraud team in 2024/25. Social Housing tenancy fraud remains the biggest fraud type investigated by the team and remains the primary work stream for the Fraud Investigator.

### Outcomes 2024/2025



4. During 2024/25, the Counter Fraud & Investigation team completed 65 investigations across all fraud disciplines, with an associated value of £366,256. The majority of this relates to notional or preventative savings from tenancy fraud investigations.
5. The team reviewed all open investigations in 2024/25, closing those aged cases with no realistic chance of a successful outcome, as such we now only have two live cases open from previous years; these relate to one tenancy fraud prosecution, with a crown court trial listed for July 2026, and one complex criminal business rates fraud evasion case involving multiple defendants that will progress for a charging review this summer.

### **Social Housing Tenancy Fraud**

6. The team provides a full investigative response across all aspects of housing, from initial applications, screening of succession requests, the investigation of civil and criminal tenancy offences, and right to buy screening.
7. Whilst there is a strong culture of fraud awareness amongst housing colleagues following the ongoing focus on fraud awareness training, advice and information from the Counter Fraud team, and strong measures to identify fraud at the point of application, there remains an inherent fraud risk within social housing at the City, and repeated across London social housing providers, compounded by lack of supply verses demand, cost of living and financial pressures, and opportunistic and intentional profiteering by tenants committing social housing tenancy fraud.
8. During the reporting year the team recovered six tenancies, including one property recovered through civil action. The team also made management recommendations in six cases and stopped eight fraudulent housing applications from progressing. One case is listed for criminal trial at the Crown court in July 2026.
9. The volume of Right to Buy (RTB) screening referrals spiked during the reporting year, with 32 referrals following the central Government announcement of the reduction of the RTB discount which took effect in November 2024. We anticipate the volume of RTB screening referrals in the current and future years to significantly reduce owing to the discount now being capped at £16,000.
10. The team has agreed scope for supporting the Housing Divisions full tenancy audit commencing this year by utilising credit reference agency data to identify fraud risk; where intelligence from this exercise suggests potential tenancy abuse, the team will undertake joint visits with Housing Officers to ensure evidence is secured. It is anticipated that this will be a significant work stream for the team during 2025/26.

### **Corporate Investigation Activity**

11. Five corporate investigations have been completed during the reporting year. Corporate investigations relate to fraud, theft and misconduct allegations investigated by, or investigations supported by, the Counter Fraud Team.

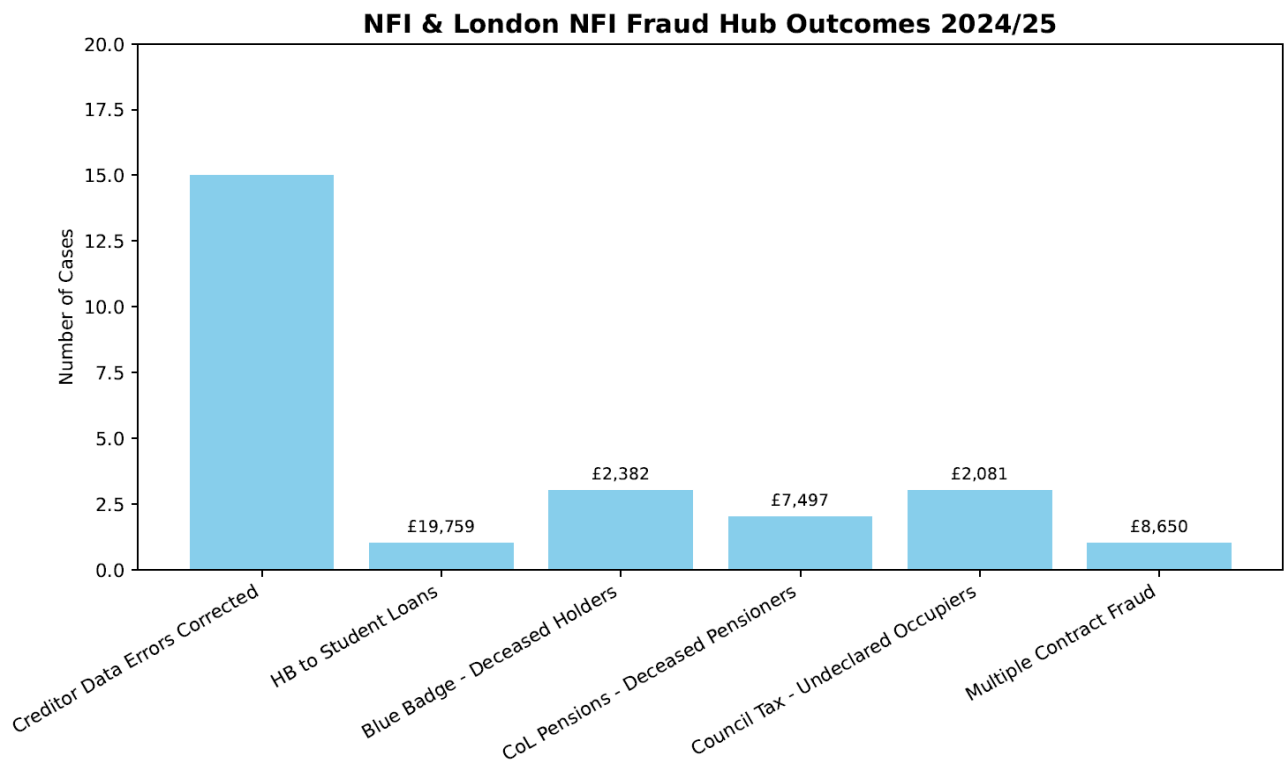
12. Two cases relate to management investigations where specialist professional support was provided by the team, resulting in disciplinary action in one case, and management actions in the other case.
13. One case relates to an employee identified through the London Fraud Hub data matching of contingent workers and substantive staff and resulted in the resignation of the officer following Interview under Caution. Recovery of £8,650 in salary payments made when the officer was moonlighting elsewhere is being overseen by HR colleagues.
14. One further referral triggered an Internal Audit review, whilst the final case did not identify fraud following the management investigation supported by the Counter Fraud team.
15. Three corporate investigation cases currently remain open and subject to live investigation.

### **Council Tax Fraud**

16. As a result of the increased focus on Council Tax fraud, the team have investigated two Council Tax single person discount cases referred by the Council tax team, the first resulted in the denial of discount (preventative) and the second resulted in the cancellation of the single person discount award and resulted in a recovery of £850, this is in addition to the single person discount fraud cases identified by the NFI data matching .
17. Three Council Tax investigations are subject to live investigation by the team; one relating to the submission of a counterfeit student declaration letter to evade liability, one dishonest Council Tax support claim, where the applicant failed to declare ownership of multiple property, and the third relating to dishonest submissions from second home premium enquiries.

### **National Fraud Initiative (NFI) & London NFI Fraud Hub**

18. The NFI matches for the 2024/25 biennial exercise for 2024/25 were released in October this year; the Counter Fraud & Investigation Manager remains the key contact for both the City Corporation and the City of London Police and oversees the exercise, in collaboration with Officers across Departments in both organisations to review output.
19. A summary of the outcomes to date from the NFI and London NFI Fraud Hub is summarised in the chart below.



20. The NFI and the London NFI fraud hub matches reviewed during the 2024/25 reporting year identified 15 creditor errors, resulting in management actions to rectify creditor data, and 10 frauds, comprising of one employee investigation, one Housing benefit investigation, three deceased blue badge holder investigations, three Council tax SPD investigations and two deceased pensions still in payment. The of these investigation outcomes amounts to £40,369, of which £37,987 is subject to financial recovery.

21. Reviews of outstanding NFI matches will continue during the current reporting year, with updates provided to Committee as part of our Counter Fraud update reports.

22. Since the introduction of the Data Protection Act 2018, and the Act's sensitive characteristics under GDPR, the legal framework for matching adult social care data ended. Following significant liaison between local Government and the Cabinet Office a Legislative Reform Order is passing through Parliament and is expected to be signed into law by August 2025. This will again provide a legal framework for matching adult social care data to identify fraud. The absence of data matching across adult social care datasets has resulted in a increased risk of fraud.

23. The proposed data matching for Adult Social Care will commence in September 2025, and cover the following fraud risks

- Residential Care Homes to DWP Deceased Data
- Personal Budget to DWP Deceased Data
- Personal Budget to Personal Budget

The City will be supporting and sharing data with the NFI for these initiatives.

## **London NFI Fraud Hub campaigns**

24. The London NFI Fraud Hub now incorporates 28 London Boroughs, and two neighbouring Home County Authorities. The key contacts across the London NFI Fraud Hub members have agreed a coordinated plan to match the same data sets at agreed dates to maximise the success of the matching.

25. Several collaborative initiatives have been agreed for 2024/25 and make up a key part of the team's proactive activity. The initiatives summarised below are intended to focus data matching on fraud risk areas, including:

- I. Small business rates relief
- II. Agency staff to permanent payrolls
- III. Council tax second home premiums
- IV. Temporary Accommodation
- V. Council tax to probate
- VI. Creditors to Companies House and Insolvency Service data

The Counter Fraud team will be fully supporting all of these initiatives, working with colleagues in relevant service departments, and in collaboration with London NFI Fraud Hub members.

## **Speak Up (Whistleblowing)**

26. The Counter Fraud & Investigation Manager & the Group Chief Internal Auditor took a leading role in the development and delivery of the City's new Speak Up Policy, collaborating with Human Resource colleagues to identify, procure and deliver the new technology solution underpinning our innovative approach to whistleblowing across the organisation.

27. The Speak Up Policy and solution goes live this month, with an internal communications strategy to inform the workforce. The Speak Up Policy and the new electronic Speak Up portal are designed and intended to have a holistic approach to receiving and managing employee concerns.

28. Internal Audit & Counter Fraud will oversee the triaging of all disclosures made through the Speak Up portal, ensuring appropriate investigation in all cases.

29. Internal Audit & Counter Fraud will apply the whistleblowing test in all relevant disclosures, and where the test shows that the concern meets the test under the Public Interest Disclosure Act, appropriate safeguards will be put in place.

30. During the 2024/25 reporting year, eight concerns were received under the City's previous whistleblowing channels, of these, we have been advised of the completion of four cases and are awaiting management responses in the remaining four cases. A summary of the investigation concluded can be found in the following table.

Allegation		Outcome
1	Concern from an Officer alleging that a colleague had used inappropriate physical action on a member of the public at Guildhall reception.	Matter referred to management for investigation, which, following a review of CCTV and an interview with the officer in question, found that there was no case to answer.
2	A former Officer raised a concern raised with the Town Clerk about inflated overtime claims made by an officer for Sunday working	Matter referred to management for investigation, which, following investigation and interviews with staff, found that there was no case to answer and that this was likely a malicious allegation,
3	An Officer raised a concern around the lack of information being provided to Members surrounding the City's Markets relocation, resulting in the withholding of pertinent information to allow Members to make informed decisions on the future of the City's wholesale markets.	Matter investigated by the Group Chief Internal Auditor, with the test under the Public Interest Disclosure Act considered to have been met. There were two matters of focus under investigation one of which was substantiated, whilst the other was unsubstantiated. A detailed response was provided to the whistleblower and to senior Officers.
4	Concern received from an officer raising concern about the conduct of a contractor working for the City of London	Matter referred to management, and lead to an external investigation by the supplier into the contractor's behaviour.

### Proactive Counter Fraud Activity

31. We are in the process of finalising our proactive counter fraud programme of activity for 2025/26, with key themes summarised below. Our proactive counter fraud activity will be designed to strengthen our counter fraud response and respond to the new Failure to Prevent Fraud legislation coming into effect on 1<sup>st</sup> September 2025.

- New and refreshed Anti-Fraud & Corruption Strategy launched
- Review and refresh of all key supporting counter fraud policy documents, including the fraud response plan and sanctions policy, the money laundering procedure and the Bribery Act procedure.
- Embedding fraud risk management across the organisation in collaboration with the Corporate Strategy division.
- Launch of new interactive fraud awareness eLearning, remaining a mandatory course for all staff.
- Exploring and harnessing the power of AI to support our counter fraud activities.
- Presenting a paper and appropriate updates to the City's Senior Leadership team on the risks associated with Failure to Prevent fraud legislation.
- Supporting the Housing Divisions full tenancy audit through data matching and visiting activity.

- Fully supporting the work streams detailed in paragraph 8 of this paper around fraud detection campaigns facilitated through the London NFI Fraud Hub.

32. Whilst this plan is ambitious and subject to the volume of reactive work received by the team, it provides a strategic path to strengthening and focusing on protecting the City's assets from the risks of fraud.

### **Corporate & Strategic Implications**

33. The work of the Team is designed around preventing and detecting fraud risks across the organisation by providing a comprehensive counter fraud and investigation response with a clear focus on fraud risk assessment, safeguarding the City's assets, and recovering any losses due to fraud; this is underpinned by our Anti-Fraud & Corruption Strategy and Proactive Counter Fraud activity.

### **Conclusion**

34. The team continues to perform strongly and is responding to the changing fraud landscape and the new failure to prevent legislation under the Economic Crime & Corporate Transparency Act commencing in September this year.

35. The new fraud awareness eLearning package planned for launch later this year will ensure that all Officers have the skills and capacity to identify, and act appropriately, when fraud is suspected and/or identified.

36. A suite of revised and refreshed counter fraud policy and procedure including our new Anti-Fraud & Corruption Strategy, alongside our ambition to embed a fraud risk management structure across the organisation in collaboration with the Corporate Strategy division, will ensure the City remains well placed to respond to the risks of fraud

37. The London NFI Fraud Hub continues to evolve and allows the City to collaborate and innovate with London Boroughs tackle the risks of fraud.

### **Appendices:**

- **Appendix 1 – Case studies – fraud investigations 2024/25**

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