

Audit & Anti-Fraud Service Annual Fraud and Irregularity Report 2025/26

A status report and analysis of reported fraud and financial irregularity within the London Borough of Hackney

June 2026



**Finance and Corporate Resources Directorate
Audit and Anti-Fraud Division**

1. Introduction

- 1.1 This report provides a summary of the work undertaken in respect of anti-fraud activities carried out by the Council's Audit Investigation Team (AIT) and Tenancy Fraud Team (TFT) during the past year. During the financial year 2025/26 the teams received 633 referrals and enquiries in relation to fraud and irregularity.

2. Background

- 2.1 The Council's position on fraud is embedded in a series of policy documents which enhance and reinforce the attention given to this particular aspect of the Council's processes and procedures, namely: -

The Constitution	The Council's Fraud Policies
<ul style="list-style-type: none"> ● Members' Code of Conduct ● Financial Procedure Rules ● Standing Orders ● Contract Standing Orders 	<ul style="list-style-type: none"> ● Anti-Fraud & Corruption Policy ● Whistleblowing Policy; and ● Anti-Money Laundering Policy ● Officers' Code of Conduct

- 2.2 Regular reviews of both Member and Officer compliance with the Council's policy in respect of corporate governance arrangements are undertaken and this informs the Annual Governance Statement which is a required element of the final accounts process.
- 2.3 The Council's Anti-Fraud & Corruption Policy reinforces that managers, as 'owners' of the Council's systems and processes, are responsible for ensuring that adequate systems of internal control are in place to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud therefore rests with managers and staff. AAF's role is to undertake independent assessments of the key risks and associated controls within systems across the organisation. AIT has systems in place to receive, assess and react to potential fraud referrals from all stakeholders.
- 2.4 Managers are required to ensure that staff receive training in fraud awareness. In addition, all new employees are briefed on the Council's approach and are provided with a copy of the policy as part of the induction process. AAF offers advice and where necessary undertake training in key areas of activity.
- 2.5 The Council has procured an external provider, Navex, to provide a confidential corporate whistleblowing hotline. This facility is available at all times to all Council workers. Nominated Officers within the Council have been identified to receive confidential reports. This facility is also available to Hackney Education and has been rolled out to all grant maintained schools. In addition, there are also a number of fraud hotlines (Tenancy and Blue Badge) which are maintained for members of the public. An annual whistleblowing report is provided to the Committee separately, most recently in April 2026.

- 2.6 The responsibility for investigating Housing Benefit fraud was transferred to the DWP in 2014 as part of a national change of approach. The responsibility for the administration of Housing Benefit remains with the Council.

3. Anti-Fraud & Corruption Activity during 2025/26

- 3.1 Investigation work is undertaken by teams which specialise in the following operational areas:

- The Audit Investigation Team (AIT) investigates allegations of fraud and irregularity involving staff, partner organisations and any non-tenancy concerns. In addition, the AIT is responsible for investigating allegations of Blue Badge and parking fraud (Section 4) and providing investigative support to the Children's & Education directorate Migrant Children and Families Team initiative (Section 5).
- The Tenancy Fraud Team (TFT) investigates allegations of subletting and other housing fraud committed against the Council and selected Registered Provider housing stock in the Borough (Section 6);

- 3.2 Table 1 below provides a comparison of all enquiries received in the last year.

Yearly Comparison of Investigation Work

Investigation Type	2025/26	2024/25	2023/24	2022/23	2021/22
AIT referrals	44	41	41	39	22
Parking (incl Blue Badge)	142	182	169	199	157
Tenancy Fraud	159	188	251	276	232
Migrant Children and Families Team	84	127	129	104	44
Fraud enquiries	202	281	219	188	492
Pro-active	2	5			
Total	633	824	809	806	947

Table1

- 3.3 A summary of the cases dealt with by AIT during 2025/26, broken down by directorate and referral type, is shown in tables 2 and 3 below.

Breakdown of Referrals by Directorate

Directorate	Brought Forward from 2024/25	Referral received in 2025/26	Case completed during 2025/26	Cases ongoing at 1 April 2026
Chief Executive's Directorate	4	5	6	3
Adults, Health & Integration	7	7	7	7
Children's & Education	8	7	12	3
Finance & Corporate Resources	9	3	8	4
Housing, Climate and Economy	16	22	17	21
Total	44	44	50	38

Table 2

Breakdown of Referrals by Type

Description	Housing, Climate & Economy	Adults, Health & Integration	Children's & Education, & Schools	Finance & Corporate Resources	Chief Executives	Total
Employee issues	14	3	6	2	3	28
Payments, contracts, procurement	3	4	1	1	1	10
Housing irregularities	1	0	0	0	0	1
Staff parking	2	0	0	0	1	3
Other	2	0	0	0	0	2
Total	22	7	7	3	5	44

Table 3

- 3.4 An analysis of the principal outcomes arising from AIT investigations during 2025/26 is shown in Table 4 below.

Analysis of Outcomes	2025/26	2024/25	2023/24	2022/23	2021/22
Dismissal	4	2	2	1	1
Resigned/Left under investigation	10	4	6	2	2
Other Disciplinary	2	3	1	0	1
Prosecution	12	16	11	3	0
Referral to other agency (e.g. Police, UK Border Agency)	0	3	4	3	7
Council service or discount cancelled (excl MCFT)	2	0	1	0	0
Reports Issued	22	14	9	7	8

Table 4

- 3.5 AIT also dealt with 202 fraud enquiries from outside agencies (e.g. DWP, police, Home Office, other LA's, etc). These requests are largely related to providing information to other public bodies to assist with investigations and in most cases do not involve an investigation by Hackney.

4. Blue Badge Fraud Team

- 4.1 AIT is responsible for investigating Blue Badge fraud and other parking dispensation irregularities. Investigations take place in response to allegations of misuse and are also proactively targeted at areas of known significant abuse. AIT officers regularly work with the Police and other enforcement agencies when investigating blue badge misuse. These enquiries have continued during 2025/26, resulting in 97 misused parking permits being recovered during the year, 56 penalty charge notices were issued and 36 vehicles were removed following

misuse. These outcomes represent a significant increase not just on the pandemic period but also on pre-2020 outcomes.

- 4.2 We remain committed to pursuing more severe sanctions for the most serious types of offending (including the use of stolen and forged blue badges) even though delays in the legal system outside Hackney have delayed the progression of some prosecution cases recently. Twelve people were successfully prosecuted for parking fraud offences during 2025/26.
- 4.3 The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (which is equivalent to less than 22 hours parking in an LBH car park for the cheapest petrol vehicle rate). Fees of £80 are also payable where a Penalty Charge Notice is issued as part of the enforcement process, with an additional charge of £280 if the vehicle is also removed. The financial value of this work during the year on these conservative measures was £24,260.

Blue Badge and Other Parking Investigations

	2025/26	2024/25	2023/24	2022/23	2021/22
Number of referrals (including cases identified through proactive measures)	142	182	169	199	157
Number of PCNs/removals	56/36	88/69	84/60	106/62	108/82
Number of prosecutions	12	16	10	4	0
Number of Blue Badges and other misused parking permits recovered	97	121	115	108	101
Number of misuse warnings issued	69	101	71	63	23

Table 5

5. Migrant Children and Families Team (MCFT)

- 5.1 MCFT is a Children's & Education directorate initiative. The team prevents false claims by families who are not entitled to public funds from central government due to their immigration status, but are nevertheless eligible to receive public money from Hackney taxpayers because of local authority obligations under the

Children Act 1989. A dedicated fraud investigator is attached to the team to assist with access to information and to provide additional scrutiny of suspect applications. The achievements reported here result from the work of the MCFT team as a whole.

- 5.2 The success of the MCFT team in preventing payments to those that are not in sufficient genuine need is a result of collaborative working by the Children's & Education directorate and AAF; one key element of this approach has been the investigator's ability to access information from Hackney records and external data sources. Where evidence is identified to show that applicants have alternative means of support available to them, the Council may cease to provide financial assistance, or may prevent a claim being paid from the outset. Some claims have been withdrawn by the applicant or are not pursued by them when they become aware of the Council's verification process.
- 5.3 Table 6 summarises the savings arising from MCFT cases that were prevented or cancelled following the involvement of the AIT investigator in MCFT enquiries (additional cases were addressed without any input by the investigator). The figures are a conservative account of the financial benefit arising from the work because they assume the minimum accommodation cost and do not consider the additional social work costs that arise from Children Act cases. It is also important to recognise that in our experience the MCFT client group is not affluent and in those cases where circumstances are misrepresented to the Council this is more likely to be motivated by need, not greed.

MCFT Investigations

	2025/26	2024/25	2023/24	2022/23	2021/22
No. Claims cancelled	56	53	44	75	37
Weekly benefit	£21,672	£20,511	£17,028	£29,025	£14,319
Annual benefit	£1,130,040	£1,069,502	£887,888	£1,513,446	£746,633

* Cost estimated on the basis of an average weekly support package of £387 (previously £465)

Table 6

- 5.4 Other teams and departments within the Children's and Education directorate have also benefited from direct access to an anti-fraud specialist embedded within the service. Assistance has been provided where concerns have arisen such as child protection, child trafficking and exploitation, and absence from school.
- 5.5 Additional benefits that have arisen from MCFT enquiries are that:
- The Home Office has resolved some long-standing immigration applications following Council enquiries so that applicants are granted UK immigration status that allows them to support themselves financially in the UK. This also results in a right to claim public funds from central government rather than LBH local funding under the Children Act.
 - The MCFT client group is potentially more transient than the general population which means that in practice they have more discretion as to which Local Authority to approach to seek assistance. By ensuring that reasonable verification measures are used within the Borough, a fair

process is promoted and limited resources are targeted at those who need them most.

- 5.6 It is noted that the Council currently has a duty to inform the Home Office when families who are undocumented request support. Benefits for the families may result because our involvement can expedite pending immigration applications.

6. Tenancy Fraud Team

- 6.1 AAF currently works with 12 Registered Providers (RPs, i.e. housing associations) to investigate tenancy fraud, with the Council receiving additional nomination rights for each unlawfully sublet tenancy that is recovered. Hackney's pioneering approach of working with our RP partners has previously been held up as best practice by the Audit Commission in their annual report '*Protecting the Public Purse*', and has been further recognised by Alarm (the Association of Public Sector Risk Management). Some of the larger RPs have developed their own capacity to tackle tenancy fraud in their housing stock, and Council investigators also support these enquiries to ensure that tenancy fraud in Hackney is limited as far as possible. This has contributed to a decline in the number of external referrals to the LBH TFT in recent years, allowing the team to focus its resources on Council owned properties.
- 6.2 AAF started to investigate tenancy fraud in RP stock in 2010/11, and in the Council's housing stock in June 2012. This has resulted in the recovery of more than 1,000 sublet or misused properties to date.
- 6.3 Investigations into LBH housing waiting list and homelessness cases are important to prevent misuse of social housing from the outset, and they can reasonably be expected to reduce the number of time consuming and costly legal actions needed to recover an asset if it is wrongly allocated.
- 6.4 TFT works with the Right To Buy (RTB) Team to investigate suspected fraudulent applications and to strengthen anti-fraud arrangements. This has led to increased vetting of claims by the RTB team and referral to TFT where concerns were identified.
- 6.5 The work of Council investigators, Housing Officers and Legal staff helps to make sure that limited resources are allocated to those in genuine need, in addition to protecting Council budgets by reducing housing needs costs and preventing social housing being sold at discount to those who do not qualify for Right to Buy. Each Right to Buy purchase attracts a discount on the market value of the property, this was recently slashed to £16,000 following a welcome change to government policy.
- 6.6 Court schedules remain congested following the pandemic and legal resource constraints impact the time taken to resolve some cases.
- 6.7 The benchmarking data used to determine the cost of tenancy fraud to the public purse was updated in 2021/22 by partners including the Tenancy Fraud Forum (TFF) and the Cabinet Office, and Hackney data was included in this assessment.

The cost of each sublet was estimated at £42,000 which emphasises the need to tackle this type of offending on purely financial grounds, to say nothing of the social consequences for those who are deprived of access to secure and affordable housing. (It should be noted that the estimated cost of sublets within London has recently been upped to £66,000 by TFF, however, Hackney continues to use the £42k figure because consistency of measurement is also considered important.) Independent estimates also place the value of each rejected housing waiting list claim at between £4,000 and £18,000 (the lower estimate is used in the calculations set out in table 7 below). The right to buy value is recorded as the discount that would have been awarded (£16,000).

Tenancy Fraud Investigations

	2025/26	2024/25	2023/24	2022/23	2021/22
Number of referrals (tenancy fraud)	109	237	229	238	206
Number of tenancies recovered	38	26	37	49	34
Estimated value of recovered properties*	£1,596,000	£1,092,000	£1,554,000	£2,058,000	£1,428,000
Number of referrals (housing application)	33	9	14	13	9
Number of housing applications cancelled	10	6	2	2	5
Estimated value of cancelled applications	£40,000	£24,000	£8,000	£8,000	£20,000
Number of referrals (Right to Buy)	17	17	8	25	17
Number of RTBs cancelled or withdrawn	3	1	4	11	3
Estimated value of RTBs prevented	£48,000	£136,400	£511,600	£1,278,200	£338,400
Total value all housing investigations	£1,684,000	£1,252,400	£2,073,600	£3,344,200	£1,786,400

*This figure is based on the value of £42,000 per property

Table 7

7. National Fraud Initiative (NFI)

7.1 The Cabinet Office conducts a biennial data matching exercise, the NFI. AAF coordinates the provision of data, undertakes investigations in some areas and coordinates responses from other Council teams that are involved in verifying match data. The NFI matches are assessed for investigation according to local priorities and experience of previous NFI data quality. It is important to note that matches are often a result of data quality issues and do not necessarily indicate fraud.

7.2 The value of fraud and error identified through the NFI is calculated according to Cabinet Office methodologies. Details of the progress on matches received are shown below in Table 8. Outcomes for the previous 2022 NFI cycle are also provided for comparison.

7.3 Data was most recently matched in 2024 and received in January 2025.

NFI 2024 Outcomes to date

Type of Match	Total Matches	Number Matches Cleared	Investigation in progress	Value of fraud or error identified	Outcomes NFI 2022
Payroll	61	25	36	0	£110,709
Housing Benefit	702	377	0	0	0
Housing tenants	1338	387	19	0	£168,000
Right to Buy	23	9	0	0	0
Housing waiting list	1529	71	50	25 errors (£ value recorded under Tenancy Fraud section)	0
Concession travel / parking	929	558	10	155 permits cancelled	76 permits cancelled
Creditors	8393	8230	0	0	£82,948
Pensions	268	263	1	£79,482	£9,008
Council Tax	11,639	9330	111	0	£97,390
CTRS	1249	135	63	£9,453	n/a
Other	36	21	11	£7,706	0
Total	26167	19406	301	£96,641	£468,055

Table 8

8. Other activity

8.1 AAF have provided fraud awareness support to the following teams and external partners during 2025/26: -

- Housing Officers and TMO staff.
- Parking staff and Civil Enforcement officers.
- Children's services MCFT team.
- School Finance/Bursars.

8.2 It should be noted that not all referrals to AAF result in an investigation. In some instances the allegation will relate to reported practices that are more appropriately dealt with by management action. Similarly there may be suspected irregularity that is more appropriately dealt with elsewhere within the Council and/or key partner organisations.

9. Regulation of Investigatory Powers Act (RIPA)

9.1 The Corporate Head of Audit, Anti-Fraud and Risk Management has the corporate responsibility for the Council's RIPA powers. The policy is available on the Council's intranet and has been publicised to all staff.

9.2 Use of RIPA by all local authorities was severely curtailed during 2012/13 following new legislation requiring local authorities to obtain approval from a Magistrates Court before surveillance can take place. Hackney has a process in place with local courts.

9.3 Updates on the Council's use of RIPA are provided quarterly to the Audit Committee. No RIPA applications were made or authorised in 2024/25. This is reflective of a culture within Hackney that seeks to minimise intrusiveness where possible, while still accepting that surveillance remains a valid investigative technique in certain circumstances. A breakdown of the RIPA authorisations for recent years are shown in Table 9 below.

9.4 The Council's RIPA arrangements were most recently reviewed by the external inspector in November 2025, the report confirmed that Hackney continues to be compliant with the RIPA regime.

9.5 All officers who are authorised to exercise RIPA powers, administer the system or approve applications received training during 2025/26.

RIPA Authorisations

Type of Investigation	Number Authorised 2024/25	Outcomes	Number Authorised 2023/24	Number Authorised 2022/23	Number Authorised 2021/22
ASB	0	n/a	0	0	0
Trading Standards	0	n/a	0	0	0
Housing Benefit	0	n/a	0	0	0
Parking	0	n/a	0	0	0
Total Authorisations	0	n/a	0	0	0

Table 9

9.6 RIPA applies to any covert surveillance that the Council may legitimately need to undertake where it is acting as a public body. It does not extend to any cases where an employee is under investigation, the Council's role is that of an employer and not a public authority. RIPA does not apply in these cases, although we will still follow the principles established by the legislation if surveillance is undertaken for this reason.

10. Money Laundering

- 10.1 Whilst legislation relating to money laundering does not specifically require the Council to implement formal detection and reporting procedures it is nevertheless considered that such procedures are best practice and they were recommended by the Audit Commission.
- 10.2 A corporate policy outlining the Council's approach to money laundering is in place which introduces a requirement to identify any cash sums in excess of £9000 received by the Council, and to report any transaction where the funds involved are suspected to originate from criminal activity. Guidelines direct councils to report such occurrences to the National Crime Agency (NCA).

11. Proceeds of Crime Act (POCA)

- 11.1 POCA investigations can only be undertaken by accredited officers, as are currently employed by AAF and Trading Standards. The Council is able to legitimately access financial and other information to investigate crime and recover criminal proceeds by using POCA powers.

Type of Order	2025/26	2024/25	2023/24	2022/23	2021/22
No. of applications	2	4	18	3	4

- 11.2 It should be noted that the POCA incentivisation regime allocates recovered criminal property (over and above the direct loss) to the Treasury, Courts and investigating and prosecuting authority (the later two of which may both be Hackney).

12. Future Developments

- 12.1 The tangible benefits arising from the Council's counter-fraud work during 2025/6 are estimated at £2,794,821.
- 12.2 The 2025/26 proactive fraud plan will be delivered (subject to any unforeseen capacity demands arising from the reactive investigation work). The key proactive activity is set out at table 10 below.

Fraud awareness training	Training will be provided to other Council services (housing, parking, MCFT, schools and HR) to enhance fraud detection, ensure that quality fraud referrals result from these concerns, and ensure that all staff are aware of processes and what help is available.
National Fraud Initiative	Existing matches will continue to be reviewed and investigated where appropriate. We will also explore additional data matching options, and if these are viable we will use them to target new areas of concern.
Targeted reviews	Reviews will include focus on procurement, no recourse to public funds and support payments.

Table 10

- 12.3 Investigators have worked closely with the Corporate Risk Manager to develop a fraud risk register which acts as the basis for future proactive counter fraud activity, informs our audit planning and also helps to identify future fraud risks.
- 12.4 Existing proactive work including Blue Badge and MCFT investigations will continue. Where the need for greater counter-fraud involvement is identified through our reactive work, we will endeavour to carry out proactive enquiries where feasible.
- 12.5 Our key counter fraud partners, including legal teams, the Police and the Home Office, will continue to face resource challenges in the year ahead. These are likely to impact on the options available to the Council to tackle certain fraud types, but the service will continue to work with our partners, innovate and respond flexibly to these issues.