

Report for: Audit Committee 3rd November 2026

Item number: 10

Title: Anti – Fraud, Bribery and Corruption Progress Report Quarter 1 2026/27

Report authorised by: Taryn Eves – Director of Finance

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Ward(s) affected: N/a

**Report for Key/
Non-Key Decision:** N/a

1. Describe the issue under consideration

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a first quarter update on completion of the work plan for 2026/27.

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee is recommended to note the activities of the team during quarter one of 2026/27.

4. Reasons for decision

The Audit Committee is responsible for monitoring the effectiveness of the policies on Anti-Fraud, Bribery and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing fraud risk. To facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee with regards Anti-Fraud, Bribery & Corruption.

5. Alternative options considered

Not Applicable.

6. Background information

The information in this report has been compiled from performance data held by Audit & Risk Management.

7. Contribution to the Corporate Delivery Plan High Level Strategic outcomes.

The Audit & Risk team makes a significant contribution through its pro-active work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all strategic priority outcomes.

8. Carbon and Climate Change

There are no direct financial implications arising from this report.

9. Statutory Officers comments on behalf of Director of Finance & Resource and Director of Legal and Governance.

Corporate Director: Alex Altman - Business Partner Finance

There are no direct financial implications arising from this report.

Procurement

There are no direct contract and/or procurement implications arising from this report.

Director for Legal & Governance: Michael Alexander Gordon – Principal Lawyer

This report was prepared pursuant to and in accordance with section 151 of the Local Government Act 1972 and section 6 of The Accounts and Audit (Amendment)(England) Regulations 2006. The Council's Head of Legal and Governance has been consulted in the preparation of this report, and in noting the progress made with delivering the Audit Plan, and the activities undertaken in relation to risk management and anti-fraud, advises that there are no direct legal implications arising out of the report.

Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;

- advance equality of opportunity between people who share those protected characteristics and people who do not; and
- foster good relations between people who share those characteristics and people who do not.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

10. Use of Appendices

Not Applicable

11. Background papers

Not Applicable

12. Introduction

- 12.1 This report covers the period 4th April 2026 to 30th June 2026 and summarises the work of the Audit & Risk Service in relation to anti-fraud, bribery and corruption.
- 12.2 The work of the team is driven by the Council's Anti-Fraud, Bribery & Corruption Strategy dated September 2024 and reviewed in September 2026. The Strategy is supported by a risk assessment and operational work plan, which is annually reviewed and the outcomes communicated to Committee as part of the quarter one report.
- 12.3 The Fraud structure within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk who have operational line management responsibility for six investigator posts filled by circa equivalent to five FTEs as two team members are part time/flexibly retired. In January 2026 an additional agency worker was approved and recruited into team to help meet work demands. Unfortunately, another team member was ill following an operation and took a sabbatical, returning mid-September 2026, so the benefit of the extra capacity will not be fully seen until later in 2026/27 reporting periods.
- 12.4 Fraud risk is considered when scoping all audit assignments, undertaken by Forvis Mazars, and where there is a high inherent risk of fraud in the system and process additional focus is included in the scope. The in-house resource investigates allegations of fraud and irregularity that arise, or other risk areas identified in the strategic audit planning. The results of all this work as well as intelligence from referrals feeds into our assessment of fraud risk in the Council.
- 12.5 Annually, the governance of the organisation is reviewed, and this informs the Annual Governance Statement, which was presented to Members in July. This review considers the system of internal control which helps to inform our overall risk assessment. The Annual Report and Head of Internal Audit Opinion outlines weaknesses in internal control. There remain a number of areas where first and second line controls require further strengthening to improve the prevention and detection of fraud.

13. Risk Assessment 2026/27

- 13.1 A revised fraud risk assessment has been undertaken and is incorporated within the Anti-Fraud Plan. This risk assessment considers the external environment the Council is operating within, as well as internal risks.

14. Anti-Fraud & Corruption Work Plan for 2026/27

- 14.1 The team's work plan this year is set out in the Anti-Fraud and Corruption plan for 2026 – 2028. This includes several strands of proactive work, with key elements on audit activity outlined below. Updates on progress will be further reported in the Quarter Two update in January 2027.

15. ANTI-FRAUD ACTIVITY

Govern / Acknowledge

- 15.1 **Review Anti-Fraud, Bribery and Corruption Policy and Strategy, supporting policies and processes** – A review has been undertaken and revised documents submitted to the 3rd November Audit Committee meeting. The revised documents are in accordance with the relevant legislation requirements.
- 15.2 **Refresh Fraud Plan, Risk Assessment and Performance Measures** – A refresh has been completed and revised documents submitted to the 3rd November Audit Committee meeting. These incorporate a documented plan, risk assessment and performance measures for the period 2026 - 2028, that will remain flexible across the period as the landscape unfolds.
- 15.3 **Review and promotion of Fraud reporting routes, for internal and external sources. Aligned with the International Fraud Awareness Week** - This has commenced, with the review of the Fraud reporting routes, predominantly the Fraudcall email route, identifying the extent of referrals, information provided and required and service area understanding of potential frauds. Promotion is being rolled out within fraud awareness training and in line with the International Fraud Awareness Week communications, both internally and externally.
- 15.4 **Quarterly reporting to Audit Committee** – this will continue to be reported at each meeting, with the format of reporting evolving as the plan evolves.

Prevent

- 15.5 **International Fraud Awareness Week 2026 (15 – 21 November 2026)** - The international focus is very much on raising awareness of emerging fraud risks, particularly AI-enabled fraud, cyber scams, insider fraud, identity fraud and strengthening organisational resilience. The Council's fraud team will be supporting this campaign by engaging with the public and Council staff, providing 'drop-in' centres across the Borough, to raise fraud awareness and encourage people to be vigilant and to speak up.

- 15.6 **Fraud awareness and reporting training to internal teams** – this is being rolled out across services over the coming months, working with services to deliver the most effective solution. Discussions regarding the format and content of the training has been held with management. Training is expected to increase the level of genuine potential fraud cases, providing all relevant information, and reduce the level of non-fraud activities required to remain within the service.
- 15.7 **Data analytics proactive targeted reviews** – the Fraud team undertake continuous targeted reviews across the year, derived either from individual cases raising wider concerns or from known 'hotspots'. A schedule of the targeted reviews has been incorporated within the plan, which will continue to evolve in line with the risk landscape. Outcomes of the targeted reviews will be reported to Audit Committee under targeted pro-active activity below.
- 15.8 **Fraud intelligence alerts** – as part of the International Fraud Awareness Week in November, monthly fraud intelligence alerts will be launched across the Council, citing current cases or potential threats to be aware of.
- 15.9 **NFI Initiative data collection and submission** – The NFI timeline for 2026/27 is shown in the table below:

Key NFI 2026/27 Timeline

Activity	Date
Draft data specifications issued	By 1 April 2026
Final data specifications published	By 30 June 2026
NFI web application available	From 3 July 2026
Verify expected datasets	3 August - 28 August 2026
Privacy notice compliance completed	By 28 August 2026
Data extraction date	30 September 2026
Data upload window	30 September - 21 October 2026
Main exercise cut-off	5pm, 21 October 2026
Reviewer accounts established	By 1 December 2026
Matches released to participants	From December 2026 onwards
Investigation phase	December 2026 through 2027/28
Outcomes recorded	Ongoing as matches are investigated

The key datasets for 2026/27 are:

- Payroll

- Pensions
- Trade Creditors
- Council Tax
- Council Tax Reduction Scheme
- Electoral Register
- Housing Tenants
- Housing Waiting Lists
- Personal Budgets
- Residential Care Home Residents
- Taxi Licences
- Blue Badges
- Concessionary Travel Passes
- Residents' Parking Permits
- Right to Buy
- Business Rates

Outcomes from the 2026/27 data matching exercise will be reported in the Quarter four outcomes.

15.10 Due diligence over Right-to-buy (RTB) applications

15.11 As of end of Quarter One there were 418 ongoing RTB applications, with a backlog continuing; 73 of which are due to outstanding revaluations which are not progressing, these date back to 4th February 2025. Twenty two new cases were received in the period. This also matches the number of RTB properties sold within the period. During the quarter, 30 RTB cases were either withdrawn, out of time or refused, 11 of which were due to fraud investigation and the remaining 19 without investigation.

15.12 Applicants are served reminders, by legal, regarding timescales and the Corporate Anti-Fraud Team work flexibly with applicants and their solicitors to gather the required evidence to satisfy the money laundering regulations.

Pursue

15.13 As part of the Anti-Fraud operational plan for 2026 – 2028, a revised set of performance indicators has been devised for reporting against, from Quarter 2 onwards, for reporting at the Quarter 3 Audit Committee meeting.

15.14 **Ad Hoc Requests** – The team responds to a high volume of ad hoc enquiries, including management advice, guidance, and data protection requests from internal teams and external public sector organisations. Requests are managed through the Fraudcall mailbox, introduced in 2025/26. Many require preliminary assessment to determine whether they constitute fraud referrals or should be addressed by the originating service. Fraud awareness training is being rolled out across the Council to improve referral quality, increase staff vigilance, and ensure genuine fraud cases are identified earlier, enabling the fraud team to focus resources on higher-risk investigations and prosecutions.

15.15 Investigations conducted fall within the following categories:

- Blue Badge Fraud
- Tenancy Fraud – Council properties
- Temporary Accommodation
- No Recourse to Public Funds (NRPF)
- Internal Employee Investigations (excluding dual working and whistleblower referrals)
- Dual Employment Cases / Agency Worker cases
- Whistleblowing Referrals

15.16 Blue Badge Fraud

15.17 To 30th June 2026 there have been 389 cases accepted as part of the fraud prevention project. Outcomes from cases in Quarter One:

- 76 new cases
- 30 closed
- 12 no further action
- 16 cautions administered
- 3 interviews conducted
- 0 prosecutions
- 0 cases with legal
- 14 cases being prepared for prosecution
- 141 live cases – eight at interview under caution stage.

15.18 For 2026/27 the outcomes from cases are:

- closed, no further action.
- prosecutions.
- cases with legal.
- cautions administered.
- live cases – at interview under caution stage.

15.19 The project has proven to be successful, with an established process to identify, process and investigate potential Blue Badge fraud. Capacity has hindered the outcomes of investigations due to the heavy administration burden to identify the Blue Badge holder and suspected misuse prior to enforcement action. Having had a strategy of focusing the finite resources on the worst offenders and prosecuting them, since 2025/26 our emphasis has shifted to apply low level sanctions on a larger number of cases. A project to automate part of the process commenced in 2025/26 and concluded in October 2026. In addition, a significant part of the administration process to identify the Blue Badge holder and circumstances of the suspected Blue Badge misuse prior to considering enforcement action, is being referred to the Parking Services team in October 2026. Legal services are dealing with any non-responses to the Section 17 letters and reminders, to progress cases to prosecution where sufficient evidence is present. The refined processes and automation provide increased

capacity in the fraud team to achieve both low-level sanctions on a larger number of cases and prosecute more serious cases involving deliberate deception.

- 15.20 The following is the notional cost to the public purse used in prosecution cases. Blue Badge fraud is significant and, by claiming exemption from the congestion charge, a blue badge holder saves £2,500 per year. They may also avoid having to pay for a resident's parking permit, at £50 - £250 a year. If the motorist avoids paying hourly on-street parking charges of £3 per hour for 40 hours a week, this adds up to a further £6,000 a year (this could be even higher if commuting to central London). Fraudulent misuse could be costing local government (TfL and the boroughs) £5,000 - £10,000 a year per badge, in addition to the extreme inconvenience for disabled motorists and passengers. The income to the team from sanctions in 2025/26 was circa £16k.
- 15.21 **Tenancy recovery** - Financial values are assigned to these outcomes based on the discounts not given and the estimated value of providing temporary accommodation to a family. Previously, the Cabinet Office set the value for a property recovery, (set at £78,300). This was replaced by a new framework, as from 1st May 2026 the Renters Rights Act 2026 replaced the fixed term Assured Shorthold Tenancies with open-ended periodic tenancies, abolished the Section 21 'no fault' evictions, and introduced rent caps – requiring a complete recalibration of recovery valuations. The new framework shifts the valuations from a fixed-term high-certainty model to one that must account for ongoing tenant security, restricted landlord action and higher compliance costs. Accurate valuations will require updated methodologies, risk adjustments and a focus on post-Act market realities.

15.22 Tenancy Fraud – Council properties

- 15.23 The Corporate Anti-Fraud Team works with Housing colleagues to target and investigate housing and tenancy fraud. Housing have integrated a post in their team fully within the fraud team, to boost resources tackling Housing related fraud. With the additional resources brought in to assist in tackling the backlog of cases across the housing and other areas of fraud, this has enabled proactive fraud work to be undertaken.
- 15.24 The Corporate Anti-Fraud Team works with the Housing team to identify the most effective use of fraud prevention and detection resources across teams to enable a joined-up approach to be taken, especially where cases of multiple fraud are identified e.g., both tenancy fraud and right to buy fraud. Circa half the live cases were generated from proactive work by the team: attending gas safety's; data matching or proactive fraud work the other half mainly from internal officer referral, tenancy officers, and small number from members or residents. The team undertake reviews of applications for Grant of Tenancy, Succession and Mutual Exchange and provide assurance to management who have to approve these applications.
- 15.25 In relation to Quarter One position, the opening figure incorporates an adjustment for the year end position. The carry forward into Quarter Two: There

are 361 open fraud investigation cases, of which 181 cases are with the housing team and there are 69 fraud prosecution cases with legal / five of which are awaiting a court date.

15.26 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	417
New Referrals received	22
Total	439
Properties Recovered	25
Case Closed – no fraud/no recovery action possible	53
Total	(-78)
Ongoing Investigations	361

15.27 No Recourse to Public Funds (NRPF)

15.28 In Quarter One, seven referrals have been received and responded to by the Corporate Anti-Fraud Team. The role of the Corporate Anti-Fraud Team is to provide a financial status position for the NRPF team to include in their overall Children and Family Assessment. The average cost of NRPF support per family (accommodation and subsistence for a two-child household) is around £20,000 pa.

15.29 Internal Employee Investigations (excluding dual working and whistleblower referrals)

15.30 The Audit & Risk team are responsible for investigating all allegations of fraud, corruption and financial irregularity against employees. At the start of Quarter One the team had five live employee cases brought forward. A further one new case was referred to the team to investigate. There are three criminal cases, two where the prosecution file is with legal services and one with investigators progressing the cases with Interviews Under Caution and HR actions.

15.31 The Audit and Risk service work closely with officers from HR and the service area involved to ensure that the appropriate investigation, following a referral, is completed as quickly as possible. The cases are prioritised according to risk to the Council and severity of the allegations. For all cases there is consideration of root causes and where weaknesses in our control environment have contributed or enabled fraud, corruption, or other breaches of code of conduct and other rules and procedures to occur. These audit observations are highlighted to management.

15.32 Dual Employment Cases / Agency Worker cases

15.33 In recent years there have been high numbers of these cases across the public sector. The NFI has developed data matching to help identify individuals with multiple employment contracts. These cases are all referred to the fraud team either from external sources, management, or Employee Relations Team so that preliminary fraud checks and assessment can be undertaken and fraud powers deployed. The team work closely with other organisations on these cases where there is criminality found a prosecution case will be led by the authority who has experienced and can evidence the greatest financial loss. The case is referred into the disciplinary process as soon as the evidence is available. The team will track all cases to conclusion and will report any significant outcomes as they occur.

15.34 At the start of Quarter One we had two live ex-agency worker dual employment cases, one being led by another authority and one ex—employee case where we are leading. One ex-employee case, which the lead authority has reported to the police and the file is with the crown prosecution service. Although many other cases have resulted in disciplinary action the burden of evidence in a criminal case is such that many cases do not progress to court. Across the public sector a number of fraud teams have cases that have been passed to their legal teams and where there is success at court this is publicised widely in the press, which does help to increase the deterrent factor to fraudsters.

15.35 In Quarter One there has been one new dual worker case and one previous case was closed with no fraud found. The cases remain live and outcomes will be reported later in the year.

15.36 Whistleblowing Referrals

15.37 The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. At the start of Quarter One the team had seven open referrals being investigated by the team.

15.38 Ten new whistleblower allegations have been accepted in quarter one, under the policy; all required initial investigation by audit. Seven of the new cases remain open at the end of the quarter. Of the seven carried forward from 2025/26, three have been closed as no case to answer; and four remain open with the team. There are therefore 11 cases open at the end of Quarter one.

15.39 Targeted Pro-active Activity

15.40 **Residency Checks: Void Properties / Deceased List** – the team monitor the Council's use of a deceased persons list, through the insights gained from case investigation, data matching with benefits and the outcomes of NFI data matching. An initial exercise was undertaken in 2023/24, which resulted in the recovery of 24 properties and a further three open cases with Legal and three with Housing to complete recovery. Significant improvements have been made in recent years but there is still a clear indication that some services are not ceasing services in timely fashion, either due to process error or potential fraud. Further data matching checks will be undertaken in 2026/27 from the current NFI data along with targeted internal data matching.

15.41 **Revenues and PCN payments through the ATP system** – Previously it was reported that high numbers of PCNs are paid using stolen card details. This has since expanded to Council Tax and Business Rates, with payments being made on accounts through the ATP system. This has created significant resource wastage for the Council, including significant Fraud resources, and could indicate organised crime in the Borough. The service areas and the fraud team are working together to tighten controls, minimise impact and engaged the ATP payment system provider, banks and police in tackling the significant and rising cases.

15.42 **Council Tax Accounts** – There is a risk that Council Tax accounts are established fraudulently to provide credible evidence that an individual resides at a particular address and receives a Council Tax bill. One route for this is the Govtech automated online process, which currently allows accounts to be created without independent verification of residency. In addition, approximately 10% of Council Tax bills remain unpaid. A proactive review is underway to analyse links between unpaid accounts, accounts created via Govtech, failed ATP payment attempts, and instances of dual payments followed by refund requests across Revenues systems. The objective is to identify potential "ghost" accounts, improve the accuracy of Council Tax records, support recovery action against actual occupants, and provide a more realistic assessment of collectable income.

- 15.43 **Procurement** due to the inherent nature of procurement and vulnerability to potential fraud, work continues in this area. Internal audit is currently reviewing procurement arrangements in several areas, to assess compliance with procurement requirements and potential fraud. The outcomes of these audits will be analysed for trends and areas for proactive fraud work. This will include shared contact details across suppliers and invoice pattern analysis for amounts just below the threshold.
- 15.44 **Housing Benefits** – A widely recognised area of risk whereby claimants of pension age continue to claim housing benefit after permanently entering a care home or reside with family, with no intention to move back to the property. In these cases the housing benefit should cease. Risks include properties being sublet and / or as the housing benefit conditions are no longer met, significant overpayments created from a small number of cases. Data matching is being undertaken to identify any cases, for action to be taken on the benefits and tenancies were owned by the Council.