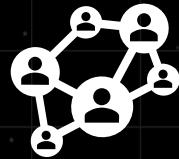




Audit and Risk Assurance Committee

Counter Fraud Update Report

February 2026



1 Introduction

The purpose of this report is to provide the Audit and Risk Assurance Committee with an update on the activities undertaken by the Council's Counter Fraud Unit. The Council is committed to creating an environment where fraud, corruption and bribery will not be accepted and adopts a zero tolerance towards fraud in order to protect public funds.

Home Office data outlines that fraud accounts for approximately 40% of all crime in England and Wales. Placing significant pressure on the Police and Council's to protect individuals and public funds from fraudsters and economic crime. This highlights the significance the Counter Fraud Unit play in protecting public funds and preventing, detecting and pursuing fraud.

2 Counter Fraud

The Counter Fraud Unit

The Counter Fraud Unit is responsible for carrying out investigations into areas of suspected fraud and misconduct. Pro-active and re-active work is undertaken to detect, prevent and investigate fraud across a wide range of services offered by the Council. Perpetrators could be service users, employees, contractors or other third parties.

Where fraud is suspected it will be investigated in order to pursue offenders and recover any potential losses. In instances of fraud or other irregularities, Investigation Officers will look to identify how the matter occurred and how it could be prevented in the future by pinpointing control weaknesses or instances of non-compliance procedures or policy.

All Investigation Officers within the unit are Accredited Counter Fraud Specialists (Portsmouth University). Two of the team are also National Crime Agency qualified Financial Investigators and the Counter Fraud Lead is a Senior Appropriate Officer. This is a role which is designed to ensure financial investigations are carried out within a legal framework and provide oversight for any financial crime orders made by a Financial Investigator, in accordance with the Proceeds of Crime Act before an application is made to the courts.

Aside from fraud investigations, during the course of the financial year the Counter Fraud Unit will conduct other duties, including:

- Co-ordinate the Council’s compliance with the Cabinet Office’s National Fraud Initiative data matching exercise.
- Identify and share fraud alerts with relevant Council departments, in order to raise the profile on specific frauds and share intelligence where required.
- Process requests for information from other law enforcement agencies to prevent crime and protect the public purse.
- Conduct and support corporate Council investigations.
- Provide Fraud Awareness training.
- Act as the Single Point of Contact for the Department of Work and Pensions’ Single Fraud Investigation Service.
- Administer the Council’s ‘App Check’ program, allowing applications and changes within the Council’s Housing stock to be checked and validated against various datasets.
- Provide investigate support to other Council service areas and our partners, West Midlands Fire Service and Sandwell Children’s Trust.

The Counter Fraud Unit operates within the following legal framework:

- The Fraud Act 2006
- POSHFA (Prevention of Social Housing Fraud Act 2013)
- PACE (Police and Criminal Evidence Act 1984)
- General Data Protection Regulations
- CPIA (Criminal Procedure and Investigations Act 1996)
- RIPA (Regulatory Investigation Powers Act 2000)
- HRA (Human Rights Act 1998)
- Council Tax Reduction Scheme 2013
- Investigatory Powers Act 2016

They also operate, within the following powers given to local authorities under the Local Government Act 1972

- Section 222 – Right to prosecute
- Section 223 – Right to appear in court
- Section 111 – Right to act

Anti-Money Laundering

The Council is required to have its own Money Laundering Reporting Officer (MLRO) who is Alex Thompson, the Executive Director of Finance and Transformation. The MLRO is supported in that role by the Counter Fraud Lead

who acts as a Nominated Officer as identified by the Council's Anti-Money Laundering Policy.

The work undertaken includes the development and reviewing of the Anti-Money Laundering Policy and its associated procedures, the screening of money laundering concerns and producing Suspicious Activity Reports (SARs) for the National Crime Agency.

Under the Money Laundering Regulations offences exist for those participating in financial transactions whereby there is deliberate attempt to launder money or failure to report a suspicion of money laundering. The Council has a responsibility to report genuine concerns before processing transactions.

3 Counter Fraud Update

National Fraud Initiative (NFI)

The NFI programme is an exercise administered by the Cabinet Office. Every two years there is a data collection and match cycle where data is collated and uploaded via a secure link. It is then cross matched with other participating organisations and matches are allocated to the relevant organisation.

The 2025 exercise returned 8,140 matches. Matches continue to be processed and checked, the results to date are detailed below.

NFI Data Set	Actual value of fraud identified	Notional value of fraud and error calculated by the Cabinet Office*
Blue Badge	N/A	£1,588
Council Tax	£175,108	£60,323
Housing Benefit	£214	£3,115
Pensions	£13,000	£12,981
Housing Waiting List	N/A	£698,129
Total	£188,322	£776,136

*The Cabinet Office methodology calculates additional estimated savings based on criteria such as how long the fraud or error may have continued and the associated costs to the Council, had the issue not been detected when it had. The housing waiting list value is determined by the notional amount attributed to a cancelled housing application in this case £4,283 multiplied by the number of applications cancelled as a result of NFI work (163).

In addition to the biannual exercise, two additional matches have been conducted in the latter part of 2025. The Cabinet Office have conducted a pilot match, targeting Adult Social Care payments, data for which was submitted in October 2025. And the annual Single Person Discount data was submitted in line with the Cabinet Office's timetable. Work on these matches will continue throughout 2026.

Right to Buy - Increased Risk

In November 2024 national changes to the Right to Buy scheme were made resulting in the Council receiving a significant increase in the amount of right to buy applications usually received. The changes saw the maximum discount allowed reducing from £102,400 (for a property outside of London) to £26,000. Any applications received after 21 November 2024 would not be entitled to the previous and higher discount rate.

As reported to the Committee in previous reports (February 2025 and June 2025), there was already an established working relationship between the Council's Home Ownership Team and the Counter Fraud Unit aimed at detecting fraudulent applications. Officers continue to use the Cabinet Office's AppCheck screening software to help mitigate risk and identify any potential incorrect information or fraud and all potential sales are screened through the Right to Buy application and the Council's own Money Laundering Due Diligence procedures.

During 2025 there has been an increase in the number of suspicious applications referred to the Counter Fraud Unit for investigation. This has resulted in the following:

Right to Buy Investigation Results during 2025	
Cancelled Applications	11
Right to Buy Value prevented	£763,250
Council Properties Recovered	7
Housing Applications Cancelled	3
Housing Benefit Overpayments	£24,443
Council Tax Reduction Fraud Value	£13,364

The results attracted positive attention from several news outlets, including local press and the Tenancy Fraud Forum, a national specialist group aimed at tackling tenancy fraud.

Applications continue to be processed and several investigations are still ongoing.

NAFN Local Authority Counter Fraud Report 2025

NAFN (National Anti-Fraud Network) are a public sector organisation which supports members in protecting public interest and finances. They act as a gateway for obtaining information and evidence to support investigations, as well as provide intelligence regarding emerging and ongoing threats.

In 2025 the NAFN Local Authority Fraud Survey was completed, which Sandwell participated in. Following the collation of the responses the [National Anti-Fraud Network Local Authority Counter Fraud Report 2025](#) was produced. It provides an overview of data, fraud risks and responses by local authorities.



The findings offer valuable benchmarking information, strategic insights and recommendations on ensuring councils are best placed to deal with the ongoing threat of fraud in the public sector. With fraud now representing over 40% of all crime nationally, NAFN is encouraging local authorities to be recognised as partners in the fight against fraud and position themselves not just as passive responders but as proactive defenders of public money, equipped to face both today's and tomorrow's threats. Highlights and significant points from the report include;

Values
• Detected fraud value = £265.1m
• Average case value = £2,708
• For every £1 spent on counter-fraud, councils detected an estimated £3.65 in fraud value.
Fraud trends
• High volume / low value frauds: Council Tax, Blue Badge, Employment fraud.
• High financial impact frauds: Tenancy Fraud, Procurement, Insider Fraud
• Emerging threats: Identity fraud, AI-driven document forgery, Insider fraud linked to hybrid working.
Key challenges reported by survey respondents
• The need for increased powers to acquire data
• Staff resources
• Departmental budget constraints

Seven recommendations were identified, which are aimed to support councils in strengthening their defences, improving capabilities for detection and prevention as well as improving collaboration to address evolving risks through strategic actions. We are currently assessing ourselves against these recommendations and will include an update to the Audit and Risk Assurance Committee in the future.

Blue Badge Fraud

Blue Badge fraud prevents those in genuine need of a disabled parking bay and priority parking, it also results in the avoidance of parking charges and the evasion of paying residential parking permit fees at a loss to the Council's revenue. It carries a strong public interest and in case of misuse can cause highway issues for other road users and pedestrians.

The Council's strong response to Blue Badge Fraud continues to generate results and national recognition. In September 2025 the Council and APCOA (the Council's Parking Partner) were shortlisted for the British Parking Awards. Since April 2025 there has been 13 successful prosecutions with a further 14 individuals receiving warning letters issued due to misuse and fraud.

Tenancy Fraud

The misuse of council properties and fraudulent applications to gain council tenancies continues to challenge the Council as well as national demand for housing needs. The [National Anti-Fraud Network Local Authority Counter Fraud Report 2025](#) highlighted that a small number of councils recovered a significant number of properties during the financial year 2024-25. Outside of London there were only nine councils who reported that they had managed to recover 30 or more properties during the period. Sandwell was one of those local authorities during 2024-25 and has already exceeded that amount and recovered 35 properties during this current financial year.

Fraud Awareness

Raising employee fraud awareness is a key strategy in preventing and detecting fraud. It helps employees identify control weaknesses, understand the importance of policies and procedures and understand how to identify suspicious activity and report it through the appropriate channels.

During International Fraud Awareness Week in 2025 the Council launched its current E-learning package for Council employees aimed at increasing their knowledge and awareness. All employees are being encouraged to complete this on-line training. This runs alongside our ongoing Fraud Awareness training, which included two sessions for elected members in 2025 and will be offered again later in 2026 following the local elections in May 2026



During International Fraud Awareness Week there was also a social media campaign aimed at raising public awareness to the most common scams and providing the public with key messages to stay vigilant to the threat fraud and criminal present. The subjects covered included online shopping scams, online and text message scams, postal fraud and front door scams, fake QR codes and friends or family “needs help” scams.

Prosecutions and Publicity

The Council's Anti-Fraud Strategy outlines the importance of pursuing offenders and having the capability to prosecute those who commit fraud against public money. The strategy mirrors that of most police forces and organisations aimed at tackling serious and organised crime. It is a strategy that sends a clear message to potential perpetrators that fraud will not be tolerated. It also assists with the recovery of losses through the Proceeds of Crime Act 2002. Below are examples of a number of press articles referencing the recent work of the Council.

Express & Star

Newspaper of the Year - Midland Media Awards

£750k saved in crackdown on fraudulent housing Right to Buy bids across Sandwell

INSIDE HOUSING

West Midlands council prevents more than £3m of housing-related fraud

Halesowen News

News E-editions What's On Notices Dudley Community Awards 2024

News Local Business Daily Crime

Rowley Regis women lied about being homeless to get council house

Halesowen News

News E-editions What's On Notices Dudley Community Awards 2024

News Local Business Daily Crime

Thirty prosecuted in Sandwell for Blue Badge misuse

SANDWELL Council has been recognised for its crackdown on Blue Badge misuse and fraud.

Partnership Working

In addition to the work conducted for the Council, the Counter Fraud Unit alongside Audit Services provide West Midlands Fire Service and Sandwell Children's Trust with a fraud investigation and advice service.

The Counter Fraud Unit also has several other affiliations with local and national organisations, which encourage the use of counter fraud initiatives, the sharing of intelligence and best practice. The organisations include:

- National Anti-Fraud Network (NAFN)
- Midland Fraud Group
- Regional Financial Investigators Group (West Midlands)
- Midland Fraud Forum
- Tenancy Fraud Forum
- National Crime Agency (NCA)

Potential Fraud Risk Areas

Using various national and local information, data and intelligence the Counter Fraud Unit have identified the following to be the key risk areas of fraud that could impact upon the Council:

Housing/Tenancy	Subletting, Right to Buy, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home.
Council Tax	Fraudulently claiming for discounts and exemptions such as the single persons discount, Local Council Tax Support.
Personal Budgets / Direct Payments	Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple Councils.
Procurement	Collusion (staff, bidders), false invoices, overcharging, inferior goods and services, duplicate invoices.
Cyber Crime	Cyber enabled fraud and Use of cyber resulting in loss of service, resources as well as reputational harm.
Money Laundering	Accepting payments from the proceeds of crime.
Blue Badge	Fraudulent applications and misuse.
Business Rates Fraud and Avoidance	Evading payment, falsely claiming rate relief, empty property exemption, charity status.
Bank Mandate Fraud	Fraudulent request for change of bank details.
Theft	Theft of Council assets including cash and equipment.
Grants	False grant applications, failure to use for its intended purpose.
Payroll	Expenses, other claims, recruitment, ghost employees.
Schools	School accounts, expenses, procurement, finance leases.
Discretionary hardship fund payments	False applications and fraudulent / exaggerated claims indicating significant hardship.
Sale of Land and Assets	Sale of Council owned land and buildings.

Insurance	Fraudulent and exaggerated claims.
Bribery	Awarding of contracts, decision making.
Electoral	Postal voting, Voter ID.
School Admissions	Fraudulent application to gain school place which a child may not be entitled to.
Manipulation of data	Amending financial records and performance information.

The Public Sector Fraud Authority published a Practice Note on Enterprise Fraud Risk Assessments in 2025. This is being applied to the Council's current fraud risk profile (as shown above) and an updated fraud risk assessment will be included in the next report to the Audit and Risk Assurance Committee.