

Audit and Risk Assurance Committee

Annual Counter Fraud Report - 2025



1 Introduction

The purpose of this report is to provide the Audit and Risk Assurance Committee with an annual 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 from the [2024 Fraud Fact Sheet](#) outlined that fraud currently accounts for approximately 38% 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.

In September 2025, the Economic Crime and Corporate Transparency Act 2023 corporate criminal offence of 'failure to prevent fraud' will be introduced. It sets out that "An organisation may be criminally liable where an employee, agent, subsidiary, or other 'associated person', commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place", making it imperative that fraud controls, prevention methods and a strong anti-fraud culture is in place within the Council.

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, 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.
- Identify and share fraud alerts with relevant Council departments, in order 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.
- Provided 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

Completed Investigations – Financial Year 2024-25

During the period the Counter Fraud Unit has carried out investigations covering several service areas within the Council. Areas such as Neighbourhoods, Revenues and Benefits, Direct Payments and Parking Services continue to identify fraud which requires investigation based on the strong links that have been developed between the Counter Fraud Unit and the associated service areas, due to the level of the risk of fraud affecting the services they provide and monitor.

Completed investigations - financial year 2024-25	
Completed investigations	194
Prosecutions	20
Housing applications cancelled prior to allocation	26
Housing properties recovered	33
Right to Buy purchases prevented	2
School places withdrawn	1
Warning letters issued for Blue Badge misuse	12

The prosecutions contained within the table include matters relating to Council tenancy subletting, direct payments and Blue Badge fraud.

Social housing fraud continues to be a high-level risk area local and nationally, due to its volume and the impact it has on councils. It threatens to impede the effective use of Council housing stock and hinders genuine applicants on the waiting list seeking Council accommodation.

Significant work has also been undertaken to tackle the issue of Blue Badge fraud over the course of the past 18 months. Parking Wardens have been trained to carry out thorough checks when conducting their duties, which is seeing an increase in referrals of Blue Badge misuse.

Value of fraud for completed investigations - financial year 2024-25	
Council Tax Reduction Scheme Fraud	£40,275
Direct Payments	£3,600
Housing Benefit and DHP Overpayments	£53,044
Unlawful Profit Order Value	£8,911
Value of housing applications cancelled* (notional value)	£84,240*
Value of housing properties recovered* (notional value)	£3,069,000*
Value of Right to Buy Discount (prevented sales)	£114,600

*Using the Cabinet Office's notional calculation methodology

The Cabinet Office provide an estimated figure, attributed to the cost of a fraudulent housing application (£3,240) and a social housing property recovery (£93,000). The methodology used considers a number of factors, such as the average cost of emergency accommodation, the cost of recovering and re-letting a property and the amount of rent lost during any void period between a tenancy term.

Since the introduction of the Welfare Reform Act 2012 the responsibility to investigate Housing Benefit now rests with the Department for Work and Pensions (DWP) rather than the Council. However, whenever an investigation is conducted by the Counter Fraud Unit into other areas, consideration would always be given to the impact on Housing Benefit or any other services and awards. In cases where it is identified that a potential overpayment may exist this will be reported and calculated where possible. In excess of £50,000 has been identified through indirect investigation work in this area during 2024/25.

Council Tax Single Person Discount (SPD)

Single Person Discount is a 25% reduction on a Council Tax bill, awarded to households with only one adult occupant. Fraud in this area is considered to a growing threat. In April 2025 CIFAS (Credit Industry Fraud Avoidance System)

released data from their [Fraud Behaviours Survey](#). It identified that almost 1 in 10 UK adults believe falsely claiming for tax discount is acceptable and that 16% of those surveyed admitted to either falsely claiming a Single Person Discount themselves or knowing someone who had done so in the past year.

The Council has a rolling programme to review the discount awarded to those residents who claim a Single Person Discount. In circumstances where it is identified that an incorrect discount has been awarded, the discount will be removed and the outstanding Council tax liability will be recovered. The [Council Tax Reduction Schemes \(Detection of Fraud and Enforcement\) Regulations 2013](#) allows a fixed financial penalty to be issued to act as a further deterrent and where appropriate these are administered by the Counter Fraud Unit.

Single Person Discount fraud is targeted by pro-active work such as an annual screening programme by the Cabinet Office, ongoing verification by Council officers and inhouse data matching. Investigation work is also generated by reports of fraud received from members of the public and a holistic investigation screening which ensures contradictory data is identified and rectified. During the year the Council had the following successes in tackling SPD fraud.

Council Tax SPD Fraud 2024-25	
Financial value of SPD awards removed	£73,414
Number of penalties issued	134
Financial value of penalties issued	£9,380

National Fraud Initiative (NFI)

The NFI programme is an exercise administered by the Cabinet Office and has been in existence since 1996. Every two years there is a data collection and match cycle where data is collated and uploaded via secure link. It is then crossed matched with other participating organisations and reallocated to the relevant organisation.

The 2025 exercise has returned 8,140 matches, where potential anomalies have been identified. Not all matches necessarily mean there is a fraud and there is not an expectation from the Cabinet Office that all matches are looked into, the software applies risk scoring to the matches and samples from all reports are taken to measure their reliability and success.

Matches will continue to be processed and checked throughout the year. Other service areas and processors also assist with this programme.

Alongside identifying overpayments, the Cabinet Office also applies additional savings made using its own methodology based on criteria such as how long the fraud may have continued and associated costs to the Council had the issue not been detected when it had.

The results for the Council to date are identified below, however the process of examining matches is still within early stages of the programmed work.

NFI Data Set	Overpayment	Cabinet Office Estimated Fraud Saving
Council Tax and Housing Benefit	£54,662	£23,219
Blue Badge	-	£1,588

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 February 2025, there was already an established working relationship and good communication channels between the Council's Home Ownership Team and the Counter Fraud Unit and officers were using are using the Cabinet Office's AppCheck screening software to help mitigate risk and identify any potential incorrect information or fraud.

The applications continue to be processed and assessed with any initial concerns being referred to the Counter Fraud Unit for further review as well as seeking ongoing advice. Any money laundering concerns will be escalated through the anti-money laundering process, identified within the Council's anti-money laundering policy and escalated to the Money Laundering Reporting Officer.

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. A number of investigations conducted by the Counter Fraud Unit have concluded during the financial year resulting in positive convictions against fraud. These include:

- A driver who was identified as misusing a Blue Badge while parked on double yellow lines near a busy shopping area within the borough. When challenged about the use of the badge by an on-duty Parking Warden, the driver denied the suggestion of misuse and became verbally abusive to the Parking Warden. The driver refused to allow the Blue Badge to be inspected and instead continued to visit nearby amenities while still verbally abusing the Parking Warden. The investigation identified that the badge belonged to a family member of the driver who was not present at the time. Following liaison with the Parking Warden and local Police the Council successfully prosecuted for offences relating to the misuse of a Blue Badge, failure to produce the badge when requested and a racially aggravated Public Order offence. The individual was sentenced to a £100 fine, a 12-month community order, 20 days of a Rehabilitation Activity Requirement and ordered to pay costs of £500 and a victim surcharge of £40.
- A tenant and their father who colluded to sublet a Council property for profit. At court both pleaded guilty to offences under the Prevention of Social Housing Fraud Act 2013. Each defendant was ordered to a Community Order for 12 months (one with 180 hours and the other with 220 hours unpaid work) and instructed to pay costs of £250 and victim surcharge of £90. In addition, the Council also were awarded an unlawful profit order against the tenant for the amount of £8,900. The Council property had already been relinquished as part of the investigation and the property has since been re-let.

Partnership Working

Audit Services have a working arrangement with West Midlands Fire Service and Sandwell Children's Trust. As part of the arrangements the Counter Fraud Unit continue to provide a fraud service to both these organisations.

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
- National Investigation Officers' Group (NIOG)
- Regional Financial Investigators Group (West Midlands)
- Midland Fraud Forum
- Tenancy Fraud Forum
- National Crime Agency (NCA)

Sandwell Safer Six Campaign

The Safer Six campaign is a programme aimed at promoting safety, crime prevention and healthy living across the six towns of Sandwell. The Counter Fraud Unit has been present at the campaign's events for several years and will again be part of the 2025 programme of events, the purpose being to raise fraud awareness with Sandwell residents, promote the work the Council is doing to protect public funds from fraud and to provide residents with the information they need to identify and report fraud that may affect their community.



National Blue Badge Day of Action

The National Blue Badge Day of Action for 2025 was on 30 May and was an exercise which the Council participated in.

It is a day dedicated to raising awareness and to take action against the misuse of Blue Badges and support the correct use of the scheme, helping to protect access for those who truly need it. Over 140 Councils are involved in the pro-active work and more than 10,000 Blue Badges are inspected nationally during the day, as well as provide a visual presence to drivers that badge misuse will not be tolerated and investigated.



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.

Earlier this year the Public Sector Fraud Authority published a Practice Note on Enterprise Fraud Risk Assessments. This is being applied to the Council's current fraud risk profile (as shown above) and an updated fraud risk assessment will be presented to a future meeting of the Audit and Risk Assurance Committee.