

	<p align="center">Audit and Standards Advisory Committee 16 June 2026</p>
	<p align="center">Report from the Corporate Director of Finance and Resources</p>
	<p align="center">Lead Member - Deputy Leader and Cabinet Member for Finance and Resources (Councillor Gwen Grahl)</p>
<p>Annual Counter Fraud Report 2025-26</p>	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	One Appendix 1: Annual Counter Report 2025-26
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Darren Armstrong, Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@brent.gov.uk

1.0 Executive Summary

- 1.1 This report summarises the counter fraud activity undertaken during 2025–26, including both proactive and reactive work across a range of fraud risks.
- 1.2 The report supports the Audit and Standards Advisory Committee in obtaining assurance that the Council has effective arrangements in place to prevent, detect and respond to fraud. It provides an overview of activity across key fraud areas, including internal fraud, housing tenancy fraud, external fraud, and proactive prevention work.
- 1.3 It also fulfils the requirements of the Local Government Transparency Code 2015, which requires local authorities to publish details of their counter-fraud activity.

1.4 Overall, the activity undertaken during the year demonstrates that the Council maintains a proactive and risk-based approach to counter fraud, with a continued focus on protecting public funds and strengthening the control environment.

2.0 Recommendations

2.1 The Committee is asked to note the outcomes of counter fraud activity undertaken during 2025–26.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 Fraud presents a significant inherent risk to the Council and has a direct impact on its ability to deliver services. Resources lost to fraud reduce the funding available to support residents and deliver the Borough Plan priorities.

3.1.2 The Council takes a structured and risk-based approach to tackling fraud and corruption, combining prevention, detection and investigation activities in line with recognised good practice. This includes delivery of an annual Counter Fraud Plan, underpinned by the Council's Anti-Fraud and Bribery and Whistleblowing policies.

3.1.3 Through this work, the Counter Fraud and Investigations service provides assurance to Members and senior management that arrangements are in place to identify, investigate and mitigate fraud risk across the organisation.

3.1.4 The outcomes of counter fraud activity, and the Council's response to identified issues, contribute to strengthening governance arrangements, improving the control environment and supporting the effective use of public resources.

3.2 Background

3.2.1 The Counter Fraud and Investigations service delivers a mix of reactive and proactive activity. Reactive work is driven by referrals and allegations, while proactive activity is undertaken to identify and mitigate fraud risks using intelligence, data analysis and targeted reviews.

3.2.2 Activity is broadly delivered across four key areas:

- internal fraud;
- tenancy and social housing fraud;
- external fraud; and
- proactive and preventative work.

3.2.3 The Counter Fraud and Investigations service delivered a broad programme of activity during 2025–26, encompassing reactive investigations and proactive preventative work across all major fraud risk areas.

3.2.4 Activity levels remained strong across all fraud types, including:

- 34 internal fraud referrals, with 31 cases concluded;
- 152 housing fraud cases, with 133 cases closed;
- 40 external fraud referrals, with 61 cases concluded.

3.2.5 Across these areas, fraud and/or irregularity was identified in a number of cases, with outcomes ranging from recovery of assets and prevention of financial loss through to strengthening of controls and referral for further action.

3.2.6 The service has also maintained a strong focus on proactive activity, including data matching exercises, targeted reviews and fraud prevention initiatives, which continue to enhance the Council's overall control environment.

3.2.7 A summary of activity across these areas is provided at *Appendix 1*.

3.3 Internal Fraud

3.3.1 Internal fraud includes whistleblowing referrals and allegations involving staff conduct, financial or procedural irregularities. While the volume of cases is typically lower than other fraud types, they are often more complex and can present higher reputational and governance risks.

3.3.2 Investigations are reported to management with recommendations to strengthen controls and prevent recurrence. Where appropriate, findings are shared with Internal Audit to inform wider governance and audit planning. All agreed actions are subject to follow-up to ensure implementation.

3.4 Tenancy and Social Housing Fraud

3.4.1 Tenancy and housing fraud remains one of the Council's highest priority fraud risks due to its direct financial impact and the importance of ensuring that social housing is allocated fairly and to those in genuine need.

3.4.2 During 2025–26, the Counter Fraud and Investigations service delivered strong outcomes in this area, including the conclusion of 22 fraudulent housing cases, resulting in the recovery or protection of properties and a notional financial benefit of approximately £1.45 million.

3.4.3 This work included:

- recovery of properties where tenants were no longer in occupation;
- prevention of fraudulent succession claims; and

- identification of unauthorised occupants.

3.4.4 In response to emerging risks, the service has also strengthened preventative controls, including:

- introduction of enhanced verification for Right to Buy applications, following a surge in applications linked to national policy changes;
- implementation of a structured verification process for tenancy succession applications; and
- increased use of data and intelligence tools, including AppCheck, to identify anomalies and improve assurance.

3.4.5 This proactive and preventative approach not only supports the recovery of properties but also strengthens the integrity of housing allocation processes, reducing the risk of future fraud and improving outcomes for residents.

3.5 External Fraud

3.5.1 External fraud includes a broad range of risks affecting the Council, including Blue Badge misuse, council tax and business rates fraud, grant fraud, direct payments, insurance, and other financial irregularities.

3.5.2 Work in this area focuses on both investigation of suspected fraud and strengthening preventative controls across services.

3.6 Proactive and Preventative Activity

3.6.1 Proactive and preventative activity is a key component of the Council's counter fraud approach, supporting early identification of risk and reducing the likelihood of fraud occurring.

3.6.2 During 2025–26, this included a range of targeted initiatives, such as:

- delivery of the National Fraud Initiative (NFI) data matching exercise, identifying financial savings and strengthening data integrity;
- participation in the London FraudHub, enabling real-time cross-authority data matching and fraud detection;
- targeted reviews, including housing allocation analysis and fleet asset verification; and
- enhanced fraud awareness and support provided to high-risk service areas.

3.6.3 The NFI exercise delivered measurable outcomes, including significant notional savings through the cancellation of fraudulent or invalid Blue Badges;

identification of council tax reduction overpayments and undeclared income; and improvements in data accuracy across key systems.

3.6.4 This proactive activity demonstrates a shift towards a more intelligence-led and preventative model, enabling the Council to identify risks earlier, improve control environments and reduce exposure to fraud.

3.7 Summary

3.7.1 The counter fraud activity undertaken during 2025–26 highlights a number of key themes:

- Housing fraud remains the area of greatest financial impact, with strong outcomes achieved through both investigation and prevention.
- Proactive activity is becoming increasingly important, with data-led approaches improving early detection and reducing reliance on reactive investigations.
- Internal fraud, while lower in volume, continues to present higher complexity and governance risk, requiring robust investigation and follow-up.
- Cross-service collaboration has improved, particularly in housing, resident support and verification processes, strengthening overall assurance arrangements.

3.7.2 These themes demonstrate a counter fraud function that continues to develop and enhance its approach, with increasing emphasis on prevention, intelligence and integration with wider governance and assurance frameworks.

4.0 Stakeholder and ward member consultation and engagement

4.1 None.

5.0 Financial Considerations

5.1 There are no specific financial implications associated with noting this report.

6.0 Legal Considerations

6.1 There are no specific legal implications associated with noting this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 None

8.0 Climate Change and Environmental Considerations

8.1 None

9.0 Communication Considerations

9.1 None

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources