Audit and Governance Committee

DATE 05/11/26

REPORT OF Assistant Director Law and Governance

SUBJECT Half yearly fraud update 2026/27

STATUS Open

CONTRIBUTION TO OUR AIM

Effective anti-fraud and corruption arrangements support the delivery of the Council's strategic objectives by contributing to effective governance arrangements designed to underpin them.

EXECUTIVE SUMMARY

This report highlights the work that has been undertaken for the prevention and detection of fraud, corruption and financial misconduct, within North East Lincolnshire Councill for the period April to September 2026.

RECOMMENDATIONS

Members are asked to consider the content of this report as part of their responsibilities for monitoring and reviewing the Council's arrangements in relation to fraud and corruption.

REASONS FOR DECISION

The Committee's responsibilities include monitoring the effectiveness of the Council's arrangements for managing the risk of fraud. This update is provided to assist members discharge their duties in determining the appropriateness of current measures in place.

1. BACKGROUND AND ISSUES

This report is based on the delivery of a robust fraud function developed in line with the five principles included in the **Fighting Fraud and Corruption Locally – a Strategy for the 2020s.**

Govern

Tackling fraud starts with strong governance, clear accountability and a culture of integrity. By embedding robust counter-fraud arrangements throughout the organisation, the Council protects public funds, supports ethical decision-making and demonstrates zero tolerance towards fraud and corruption. During 2026/27 we have:

- Worked with Learning And Development to devise an Ethical Governance E-Learning package has been devised and advice from Audit and Assurance was sought on content and includes updated fraud legislation.
- Updated Counter Fraud Policy and associated policies such as the Anti-Bribery Policy and the Anti-Money Laundering Policy. Once approved, the Communications Team will be asked to promote the new policy with messaging prepared for both the public and Council employees to ensure the zero-tolerance approach to fraud is communicated. The Fraud Response Plan will also be updated.

Acknowledge

Recognising and understanding fraud risks enables the Council to take informed action to prevent loss, protect public resources and maintain public trust. During 2026/27 we have enhanced arrangements by:

- Developing an enhanced process to review and allocate fraud reports. This allows the most effective use of resources and to target relevant themes of offending. Further comment is made under Pursue and includes relevant performance data.
- Accepting Insider Risk as an emerging threat and an initial consideration of existing supporting policies has taken place with a view to strengthening policies and reducing risk in this key area.

Prevent

By strengthening controls, raising awareness and using intelligence-led approaches, the Council seeks to prevent fraud, protect public resources and minimise opportunities for financial misconduct. The Fraud Team has worked in partnership with Internal Audit colleagues to complete workshops with key service areas where there is known to be a vulnerability to fraud. The following work has taken place during 2026/27:

- Sessions have recently been completed with service areas for Procurement, and People and Culture. .

- An initial meeting with colleagues from Adult Social Care, including Focus, has taken place to consider fraud considerations and agreement reached to complete a more specific fraud input to raise awareness in this sensitive and complex area.

- To coincide with International Fraud Awareness Week, the Council will be utilising internal and external communications to raise awareness and promote reporting of fraud.

Pursue

Those who commit fraud will be investigated, sanctioned and held to account, with the Council seeking to recover losses and protect the public purse. Performance up to 30 September is shown below:

Fraud Reporting

The Council receives reports from a variety of sources, predominantly the public, and all reports are evaluated to ensure proportionate decisions are made in respect of investigation. Reports received to date fall into the below categories.

Report Type	Number
Council Tax – Single Person Discount	30
Council Tax – Empty Property	19
Council Tax - Exemptions	0
Council Tax Support	9
Business Rates	2
Blue Badge	5
Housing Benefit	9
DWP Information Exchange	5

Investigative Performance

Though the majority of allegations allocated to a Fraud Investigation Officer relate to Council Tax fraud, two cases of Blue Badge abuse have been completed with offenders receiving formal warnings.

Investigations have been prioritised on factors such as value of loss, provability, and repeat offending.

- Cases closed to date have involved the recovery of lost Council Tax revenue amounting to **£36,024.**

- Cases currently under investigation are potentially to involve similar if not greater losses to the Council.

Protect

Protecting public funds, services and information from fraud helps ensure resources are available to support the residents and communities we serve.

The Council is currently preparing for the NFI national exercise 2026/27 and expects to receive data matching returns in early 2027 and this will trigger significant work around filtering those results and allocating cases for further investigation.

Lessons will continue to be learned where fraud is detected to ensure all possible controls are in place to prevent reoccurrence of such events. An example of this work is the identified theme of Council Tax empty property fraud where significant loss occurs where people evade premium payments due on Council Tax; the work supports wider issues such as anti-social behaviour and environmental issues and work with Audit and Assurance is underway to support further strengthening of procedures.

2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES

The policy is clear that fraud will not be tolerated, and the Council will act in such a way that is proportionate to assess and investigate reports made. This will include the use of technology to enhance investigation methods and analyse data to identify patterns of fraud behaviour.

Effective and co-ordinated anti-fraud arrangements are essential to protect the Council against loss and to demonstrate the Council's ability to prevent fraud in line with new legislation.

3. OTHER OPTIONS CONSIDERED

No other options were considered. The production of a six-monthly update is considered good practice.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

As well as financial loss caused by fraud, there can also be reputational impacts for those organisations which do not manage the risk of fraud effectively. This is even clearer with the duty imposed on large organisations to prevent fraud under the Economic Crime and Corporate Transparency Act. Internal communications are being utilised to raise awareness and remind staff of their responsibilities. Measures are being taken to ensure the prevent fraud message is communicated to third parties whose services are procured by the Council.

5. FINANCIAL CONSIDERATIONS

There is no additional expenditure required as a consequence of this update.

6. CHILDREN AND YOUNG PEOPLE IMPLIATIONS

There are no specific implications for Children's Services.

7. CLIMATE CHANGE,NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS

There are no relevant implications arising from this report.

8. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

Though there are no direct implications to public health and health inequalities our processes involve the acknowledgement of vulnerabilities which inform statutory safeguarding referrals, signposting to relevant support to improve outcomes, and ensure decisions in respect of investigations and sanctions are based on public interest in addition to evidence.

9. FINANCIAL IMPLICATIONS

An effective counter-fraud framework is an important component of the Council's financial resilience and governance arrangements. Fraud prevention, detection and recovery activity helps safeguard public resources, maximise income collection and reduce financial losses. The continued development of the Council's fraud arrangements is supported. There are no additional financial commitments arising directly from the recommendations within this report.

10. LEGAL IMPLICATIONS

There are no legal implications immediately arising from the report as it is by way of update only.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from this report. The planned ethical governance training and wider awareness activity will support employees to understand their responsibilities, expected standards of conduct and how to report suspected fraud or wrongdoing. Any employee-related concerns identified will be managed in accordance with the Council's relevant HR policies and procedures

12. WARD IMPLICATIONS

No specific ward implications.

13. BACKGROUND PAPERS

None

14. CONTACT OFFICER(S)

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