


Counter Fraud Progress Report 2024/25

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BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21¹. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigates allegations of fraud, plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the Council's counter fraud framework and associated policies.
- 3 This report updates the Audit Committee on counter fraud activity in 2024/25.



COUNTER FRAUD MANAGEMENT

- 4 In May, Veritau represented council partners, including Middlesbrough Council, in a meeting with the Public Sector Fraud Authority leadership team and Baroness Neville-Rolfe, Minister of State (Cabinet Office) for the last government. The meeting focused on sharing best practice and increased collaboration between Local Authorities and Government to combat public sector fraud².
- 5 The counter fraud team and Council officers worked together as part of an annual National Blue Badge Day of Action in May 2024. This is the second year the Council has participated in the Day of Action. More councils from across the country took part in the exercise, over 140, which seeks to address and raise awareness of the misuse of disabled parking badges known as blue badges. Checks were made on 53 badges in Middlesbrough town centre to confirm they were being used lawfully and two penalty charge notices being issued. The team have completed four investigations into blue badge misuse in 2024/25 resulting in warnings being issued to three people.
- 6 The counter fraud team worked with the Council's communications team to raise awareness of the Whistleblowing Policy with employees on World Whistleblowers' Day in June. Employees were encouraged to make themselves familiar with the Council's policy and how to report issues. In July the team delivered whistleblowing training to 40 council managers which focussed on what constitutes whistleblowing, how whistleblowing concerns should be addressed, and the potential consequences of not dealing with reports appropriately. A further session is scheduled for September.

¹ [Tackling fraud and corruption against Government](#), National Audit Office

² ["Trailblazing" councils save millions working with government counter fraud squad](#), HM Government

- 7 Training was also provided to adult social care assessment officers. The training focussed on how to spot false or forged documents submitted in support of fraudulent applications for care. It also covered how the counter fraud team investigates cases, what types of fraud affect adult social care and how Council employees can identify other signs of fraud and report them to the team.



MULTI-AGENCY WORK

- 8 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The counter fraud team has been helping the council to prepare for the upcoming 2024/25 exercise. Checks are underway to ensure that the Council meets government datamatching requirements and best practice. Data from a number of council departments will be gathered and securely sent to the PSFA in October ahead of matches being returned in late December.
- 9 The Council has been in discussion with the Department for Work and Pensions (DWP) about undertaking joint investigations where fraud is affecting both organisations. New working practices have been agreed and where it is deemed to be in the best interests of the Council, counter fraud officers will jointly investigate fraud with colleagues from the DWP.



INVESTIGATIVE WORK

- 10 Between 1 April 2024 and 31 September 2024, the counter fraud team have received 50 referrals of suspected fraud. These cover potential council tax fraud, council tax reduction fraud, internal fraud, blue badge fraud, adult social care fraud and debt evasion. Referrals have been made by council employees, the NFI, the Department for Work and Pensions and the public. Seventeen investigations have been completed this year and there are currently twenty-two cases under investigation. Six people have received formal warnings for fraud relating to the council tax reduction scheme, council tax discounts, business rates, and use of blue badges. One person has been referred to the Home Office for possible immigration offences. Financial loss to the council was identified in a further three investigations and information was provided to the Legal Department in two debt evasion cases.
- 11 Investigative work in 2024/25 has helped identify £70k of loss due to fraud, error and debt evasion. The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings³ are also tracked by monitoring repayments to the Council and calculating

³ Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year) and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

the value of stopping ongoing frauds. To date £68k of counter fraud savings have been identified, which is twice the amount found in 2023/24.