

COUNTER FRAUD ANNUAL REPORT 2024/25

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BACKGROUND

- 1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction of this was detected². Financial loss due to fraud can reduce a council's ability to support public services and can result in reputational damage.
- 2 Veritau provides a corporate fraud service to Middlesbrough Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team also plan and take part in counter fraud campaigns (eg the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the Council's counter fraud framework and associated policies.
- 4 This report provides the Audit Committee with a summary of counter fraud activity in 2024/25. It also details whistleblowing reports received, and the related outcomes for the year.



INVESTIGATIVE WORK

- 5 The counter fraud team helped the Council achieve £150k in counter fraud savings in 2024/25. Savings are tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds.
- 6 The team received 129 referrals of suspected fraud during the year including reports from the public, Council employees, external agencies, and issues identified through proactive exercises. This equates to a 26% increase in referrals from the previous financial year.
- 7 Twenty-five investigations were completed in 2024/25 with successful outcomes achieved in 80% of cases³. In addition, information was provided in 7 debtor tracing cases.
- 8 Two people accepted formal cautions in lieu of prosecution, written warnings were issued to nine people, debts owed to the Council were calculated in a further seven cases, fraud was prevented in two cases, and one person was referred to immigration enforcement. In addition, two internal investigations were completed.

¹ [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

² [An overview of the impact of fraud and error on public funds](#), National Audit Office

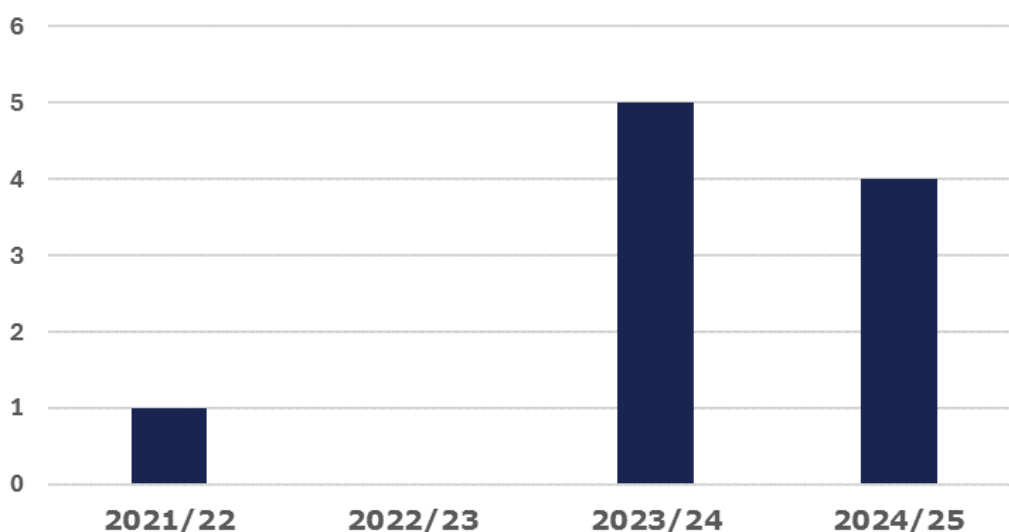
³ Outcomes are considered to be successful when fraud or error is found as a result of an investigation.



WHISTLEBLOWING

- 9 Middlesbrough Council has arrangements in place to ensure that there is a clear process for managing whistleblowing reports. Veritau helps to support the Council's whistleblowing process by keeping a log of any concerns raised through Veritau's whistleblowing hotline and email address or when we are notified by the Council that a report has been made internally. We work with colleagues in Human Resources and other relevant services to help ensure that concerns raised are dealt with appropriately.
- 10 Veritau routinely undertakes work to raise awareness of the whistleblowing policy. Details of activity undertaken in 2024/25 are set out below in paragraph 16.
- 11 Four whistleblowing reports were logged by Veritau in 2024/25. All four were referred to Council officers to address. They related to alleged corruption, poor procedures, and working relationships.
- 12 One report raised was found to not constitute whistleblowing, under Council policy and legislation, and the employee was signposted to alternative policies to raise their concern. One concern was investigated by the Council and concluded with recommendations being made for improvements within the relevant service area. Two further cases are still being investigated by Council officers.
- 13 The figure below shows the number of whistleblowing reports recorded over the past four financial years – 10 in total. They include three reports that ultimately were determined to not be whistleblowing – two in 2023/24 and one in 2024/25.

Whistleblowing Reports



COUNTER FRAUD MANAGEMENT

- 14 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the Council. In March 2025 the 2025/26 Counter Fraud Plan was presented to the Audit Committee. The report included an updated Fraud Risk Assessment and a development plan for counter fraud work in the current financial year.
- 15 Raising awareness of fraud amongst Council employees and the public is an important function of the counter fraud team. Bespoke training was provided to employees working within the revenues and benefits and adult social care departments in 2024/25. The counter fraud team also produce a regular newsletter for employees working in adult social care which highlights recent frauds detected locally and nationally.
- 16 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 2024. Employees were encouraged to make themselves familiar with the Council's policy and how to report issues. In July and September, the counter fraud team delivered whistleblowing training to over 100 Council managers which focussed on what constitutes whistleblowing, how whistleblowing concerns should be addressed, and the potential consequences of not dealing with reports appropriately.
- 17 Cybercrime is considered a high-risk area for the Council. Working with the Council's communication team Veritau helped raise awareness during Cyber Security Awareness Month in October 2024. Information about phishing, spear-phishing, and whaling was shared. Council employees were encouraged to exercise caution when opening attachments and clicking on links contained in emails. Employees were also made aware that cybercriminals may try to impersonate senior officers within the Council to pressure them to make payments.
- 18 Veritau is an active participant in regional and national counter fraud groups. Veritau represented the Council in May 2024 at 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 focussed on sharing best practice and increased collaboration between local authorities and government to combat public sector fraud⁴. Veritau are a member of the North East Counter Fraud Group and North East Tenancy Fraud Forum.
- 19 Veritau participated in and chaired a national Fighting Fraud and Corruption Locally (FFCL) working group examining issues surrounding adult social care fraud. In March 2025 the group published a national report and toolkit designed to encourage and help councils to examine and address adult social care fraud⁵.

⁴ ["Trailblazing" councils save millions working with government counter fraud squad](#), HM Government

⁵ [Adult Social Care Fraud Toolkit](#), Fighting Fraud and Corruption Locally Board

- 20 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 ensured that the Council met government datamatching requirements and best practice when providing data in October 2024 for the most recent NFI exercise.
- 21 The Council undertook two days of action to identify misuse of disabled blue badges in Middlesbrough. In May 2024 the counter fraud team and Council enforcement officers worked together to participate in a National Day of Action, alongside over 140 local authorities. The exercise was repeated in December 2024 this time on a regional basis with neighbouring councils. The work was supported by the charity Disabled Motoring UK.
- 22 The Council has not worked closely with the Department for Work and Pensions (DWP) in an investigatory capacity for some time. In 2024/25 discussions were held to establish joint working and information sharing arrangements between the two organisations. New protocols were agreed and from September 2024 fraud investigators from the Council and DWP have worked together to investigate fraud affecting both organisations, for appropriate cases.
- 23 The Council is a member of that National Anti-Fraud Network (NAFN). NAFN provide investigative resources which support the counter fraud team as well as trading standards. NAFN also release urgent intelligence alerts relating to frauds experienced by other councils. The counter fraud team has continued to share alerts with relevant Council officers.
- 24 The team maintain a fraud reporting telephone number and a dedicated email address⁶. We work closely with officers and encourage members of the public to report any concerns they have about fraud affecting Middlesbrough Council.

⁶ Any person who wishes to report fraud against Middlesbrough Council can call 0800 9179 247 or email counter.fraud@veritau.co.uk