


Counter Fraud Progress Report 2025/26

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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 only a fraction of this was detected². Financial loss due to fraud can reduce a council's ability to support public services and cause 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 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.
- 4 The purpose of this report is to update the Audit Committee on counter fraud activity in 2025/26.



COUNTER FRAUD MANAGEMENT

- 5 In May the Council participated in a National Day of Action against Blue Badge fraud alongside other councils across the country. The exercise involved making checks on all blue badges displayed in the town to determine if they were being properly used by legitimate badge holders. The counter fraud and parking enforcement teams worked together to check 42 badges on the day which resulted in one investigation into potential misuse being instigated.
- 6 Veritau helps to promote whistleblowing at the Council. Working with officers in Human Resources, Veritau helps to ensure that all whistleblowing concerns are identified, logged, and appropriately addressed. Every year we work with the communications team to raise awareness of whistleblowing procedures with employees. The latest campaign took place in June as part of World Whistleblowers' Day.
- 7 Veritau is an active participant in regional and national counter fraud groups. In May, the team represented the Council at a liaison meeting between councils, the Public Sector Fraud Authority (PSFA), and Tom Hayhoe, the recently appointed Covid Counter-Fraud Commissioner. In

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

June, Veritau attended the North East Fraud Investigator group to discuss regional and national fraud trends.

- 8 Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). When Veritau identifies threats that could affect other local authorities a threat report is made so all NAFN members are aware. Recent alerts from NAFN have included fraudulent cheques being used to make payments to councils, details of a person who was found committing career polygamy fraud by working for multiple authorities at the same time, and a report of a successful mandate fraud where a NAFN member was tricked into making a £230k payment to fraudsters.



MULTI-AGENCY WORK

- 9 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 ensures that the Council meets government datamatching requirements and best practice. Data from council departments was gathered and securely sent to the PSFA in October 2024 for matching. The team is currently working on the matches returned from the NFI, based on this data.
- 10 In August, it was announced that the National Fraud Initiative will reintroduce matching related to adult social care payments. Veritau will work with the Council to collect and submit data and review the results for indications of potential fraud.



INVESTIGATIVE WORK

- 11 Between 1 April and 31 August 2025, the counter fraud team have logged 31 referrals of suspected fraud. Five investigations have been completed this year and there are currently 33 cases under investigation.
- 12 A married couple were both issued formal warnings for falsely claiming single person discounts over two periods which spanned 9 years in total. They avoided paying £3,250 in council tax. Following the investigation the losses were repaid in full to the Council.
- 13 In May 2025 the Council was repaid over £300k in unpaid business rates and legal costs resulting from an attempt by a business to evade its liabilities. Working alongside council officers, officers from the counter fraud team gathered important evidence and testified in court in support of the Council's case.

- 14 The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings³ are tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. In 2025/26 £333k of counter fraud savings have been made to date.

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.