


Counter Fraud Progress Report 2025/26

Date: 11 December 2025

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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 A key objective for the counter fraud team is to raise the awareness of council employees of fraud risks facing the Council. In October the counter fraud team worked with the communications team to highlight the danger of cybercrime as part of cybersecurity awareness month. Employees were advised to:
 - never open attachments or click links from unknown senders
 - verify senders by checking email addresses carefully
 - report any suspicious emails to the ICT team
 - not reply or engage with scammers
 - be aware that scammers will try to pressure employees into bypassing process and internal controls.
- 6 This year bespoke training has been provided to the revenues, benefits, and social care assessment teams.
- 7 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 then a threat report is made so all NAFN members are aware. Recent alerts from

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

NAFN have included details of two bank accounts used by fraudsters who impersonate trusted council suppliers to divert payments, an individual using false documents to apply for Discretionary Housing Payments, and an organisation believed to be making FOI requests to councils in order to gather information to target the estates of individuals who are ill or have died intestate.



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 results of the 2024/25 datamatching exercise (12k data matches) are still in the process of being reviewed by the counter fraud team and other services across the Council.
- 9 The PSFA is in the process of running supplementary NFI data matches relating to care home residents and direct payment recipients. These matches were last run in 2019 but were stopped due to a change in the law. They have now resumed following an amendment made to the Local Audit and Accountability Act 2014 this year. Data will be provided to the PSFA in November with resulting matches expected next year.



INVESTIGATIVE WORK

- 10 Between 1 April and 31 October 2025, the counter fraud team logged 78 referrals of suspected fraud. Eleven investigations have been completed this year and there are currently 33 cases under investigation. To date £176k of loss has been identified.
- 11 A ten-year fraud against the council tax reduction scheme (CTRS) was stopped following an investigation this year. A homeowner failed to update the Council about their income and residency during the course of their CTRS claim which resulted in them receiving £11k in council tax discounts they were not entitled to. They were issued a formal warning and invoiced for the loss.
- 12 A Middlesbrough resident received a formal warning for falsely claiming a single person discount over a four-year period. They were issued a bill of almost £1500.
- 13 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

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.

frauds. In 2025/26 £366k of counter fraud savings have been made to date.