

Counter Fraud Progress Report 2026/27

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BACKGROUND

- 1 Fraud is a significant risk to the public sector and 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 2026/27.



COUNTER FRAUD MANAGEMENT

- 5 The Human Resources Department, working with Veritau, has updated the Council's whistleblowing policy to conform with new legislation. The policy, in line with the Employment Rights Act 2025 which came into force in April, now explicitly makes it clear that workers reporting sexual harassment will receive protection against detrimental treatment and dismissal as detailed in the Public Interest Disclosure Act 1998. The new policy is being publicised to all employees.
- 6 In May Middlesbrough Council participated in National Blue Badge Awareness Week.³ Councils from across the country carried out checks on blue badges found to be in use and were supported by the British Parking Association and Disability Motoring UK. Officers from the Parking Team and Veritau worked together to inspect 45 badges across several locations in the town. Most of the badges were being used correctly, however two cases of potential misuse were identified and are currently under investigation.
- 7 The counter fraud team delivers service area specific fraud training to council teams throughout the financial year. In July, fraud awareness training was provided to the council's Finance Team. The session covered

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 [Blue Badge misuse crackdown launched by Teesside councils](#), The Northern Echo

the danger of mandate fraud which occurs when criminals persuade organisations to change payment details to divert legitimate transfers to suppliers. The session highlighted recent cases and trends, as well as how to identify this type of fraud and what to do if potential mandate fraud is detected.

- 8 Veritau helps to promote whistleblowing at the Council. In June, as part of World Whistleblowers' Day, awareness was raised about the Council's policy, and what protections are in place when workers raise serious concerns in line with UK law. Working with officers in Human Resources, Veritau helps ensure that all whistleblowing concerns are identified, logged, and appropriately addressed.
- 9 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 details of fraudulent applications to crisis and resilience funds and concerns about a website advertising local authority job vacancies that is believed to be harvesting personal information rather than sending applications to the prospective employers.



MULTI-AGENCY WORK

- 10 The National Fraud Initiative (NFI) is a large-scale data matching programme 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 it runs every two years. The 2026/27 exercise will begin in October when a range of datasets will be uploaded to the PSFA for data matching. The results are expected in late 2026 and early 2027.
- 11 In line with the Local Audit and Accountability Act 2015, the PSFA has recently consulted with local government about changes to the National Fraud Initiative. They recently sought views about a proposed 50% increase in fees (from £4040 to £6045 for unitary authorities) which is in part justified by a new proactive tool which will allow councils to directly access HMRC data.



INVESTIGATIVE WORK

- 12 Between 1 April and 12 August 2026, the service logged 45 referrals of suspected fraud. Thirteen investigations have been completed this year and there are currently 36 cases under investigation, including cases carried forward from previous years. To date £28,132 of loss has been identified.
- 13 One person has accepted a formal caution in lieu of prosecution for misusing a deceased person's disabled blue badge. An investigation into the misuse of an account used to book transport for Council service users resulted in more robust controls being implemented.

- 14 The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings⁴ are tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. In 2026/27 £70,953 of counter fraud savings have been identified to date.

⁴ 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.