



COUNTER FRAUD ANNUAL 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 City of York 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 This report provides the Audit and Governance Committee with a summary of counter fraud activity completed in 2025/26. It also details whistleblowing reports received and the types of concerns that have been reported.



KEY PERFORMANCE FIGURES

- 5 Veritau helped the council to achieve £220k in counter fraud savings in 2025/26, against an annual target of £200k.
- 6 The team received 301 referrals of suspected fraud during the year including reports from the public, council employees, external agencies, and issues identified through proactive exercises. Eighty-four investigations were completed in 2025/26 with successful outcomes achieved in 56% of cases³.
- 7 Two people were successfully prosecuted for blue badge fraud⁴, two council properties were recovered following investigations by the counter fraud team, four people accepted formal cautions in lieu of prosecution, warnings were issued to 11 people, eight internal fraud investigations were completed, one Right to Buy application was stopped, and debts owed to the council (£20k) were calculated in a further 9 cases.
- 8 Twenty-six compliance cases were completed in 2025/26 with 31% resulting in a member of the public reporting a significant change in their

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 successful when fraud or error is found as a result of an investigation.

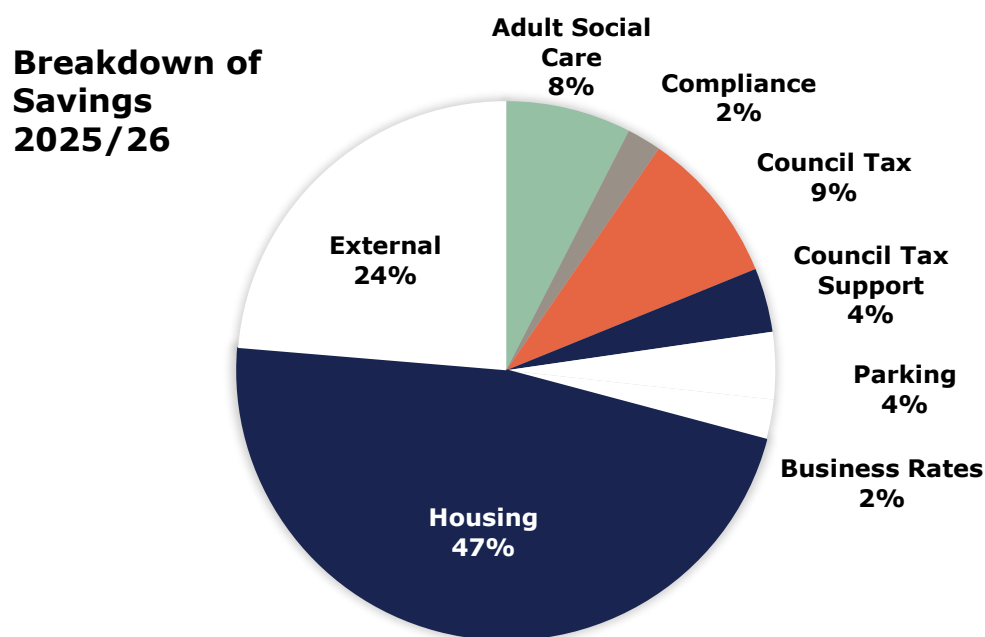
⁴ [Magistrates fine two drivers who misused others' blue badges](#), City of York Council

circumstances. Four residential parking permits were removed from people who were not entitled to them and invoices totalling £5,924 were issued to four people.

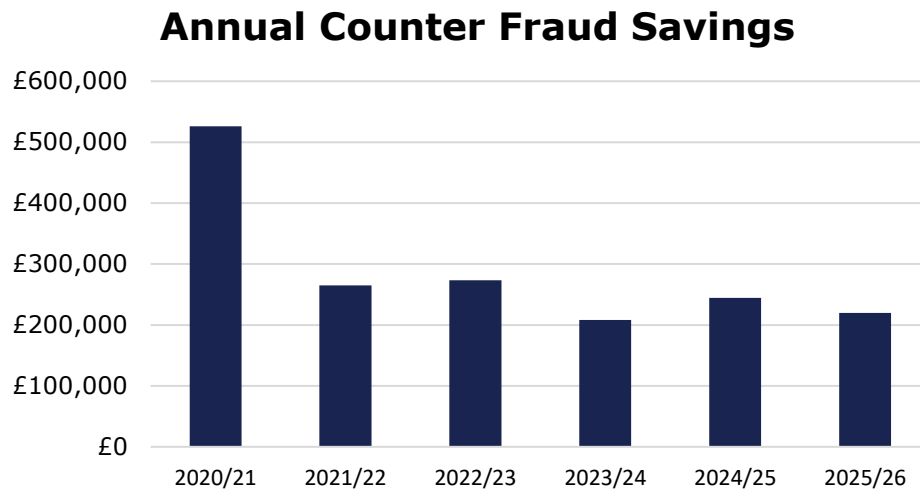
- 9 The counter fraud team reviewed 12 applications made under the Right to Buy scheme and one application for a school place.
- 10 A detailed summary of performance can be found in appendix A, below.

ANALYSIS OF RESULTS

- 11 Veritau has an annual target of £200k to achieve in fraud related savings. These savings comprise the repayment of debt arising following investigative work, a maximum of one year future savings if an investigation has stopped an ongoing fraud that would otherwise have continued, and the prevention of any one-off payments that would have been made without our intervention, eg a Right to Buy discount. The chart below shows the areas where savings were achieved in 2025/26.

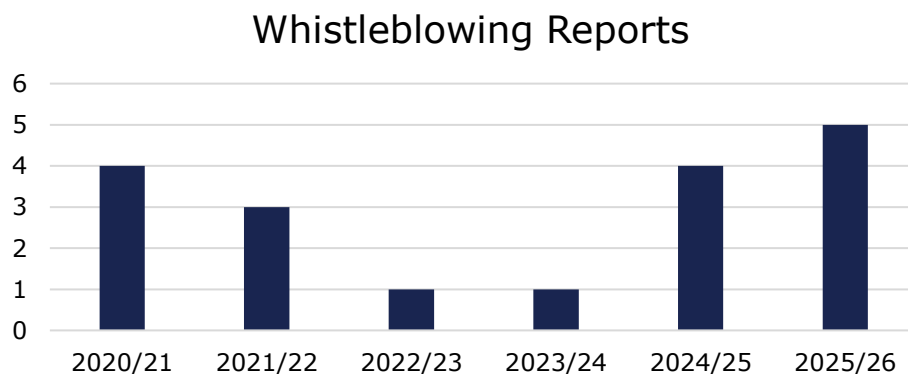


- 12 Over the past six years Veritau has helped the council to achieve £1.7 million in counter fraud savings.⁵



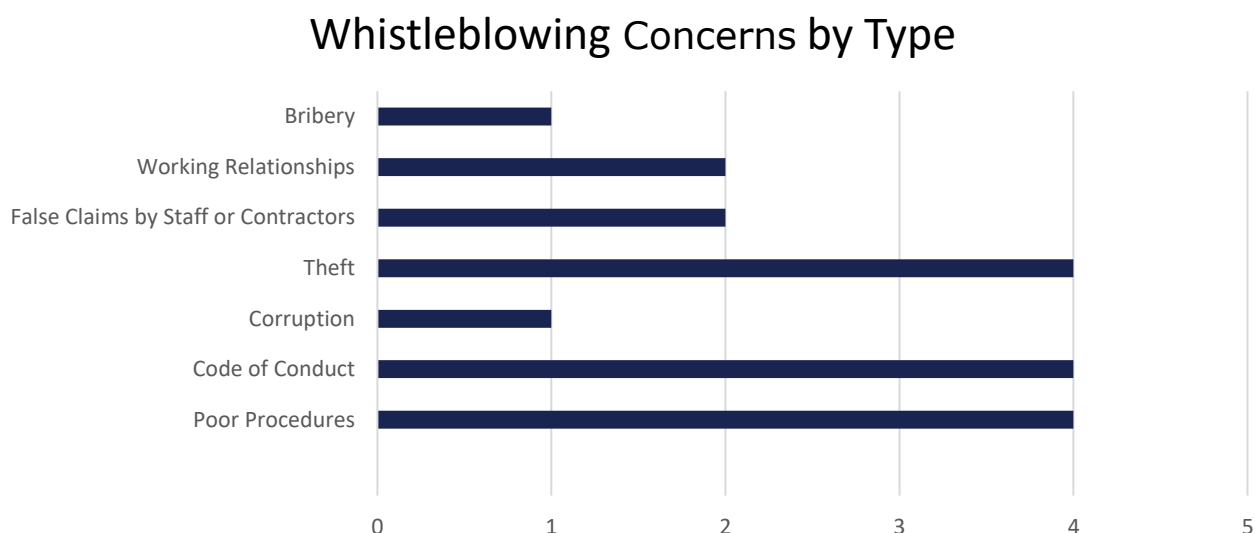
WHISTLEBLOWING

- 13 Veritau supports the council's whistleblowing processes and has had overall responsibility for the policy since 2018. Veritau works with council colleagues within the Human Resources department to ensure that all concerns raised are dealt with appropriately. Awareness of the policy is regularly raised with all council employees including annual publicity for World Whistleblowers' Day in June.
- 14 Five whistleblowing concerns were logged by Veritau in 2025/26 which related to concerns about corruption, bribery, theft, false claims and poor procedures. Investigations into four of the concerns are still ongoing.
- 15 The figure below shows the number of whistleblowing reports recorded over the past six financial years – 18 in total.



⁵ Savings calculated in 2020/21 were higher than average due to savings identified as part of Covid-19 grant related investigations.

- 16 The following figure details the categories of whistleblowing reports received over the same period.



COUNTER FRAUD MANAGEMENT

- 17 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council.
- 18 The counter fraud team has operated a compliance scheme since 2024/25 which is designed to make an early intervention when information is received that indicates a member of the public has failed to report a change which would affect their entitlement to council tax support, council tax discount, or a household parking permit. If potential fraud or error has only occurred over a short period of time or the value is too low for it to be economic to investigate then these cases are routed through the scheme. Compliance interventions give members of the public the opportunity to update the council about their circumstances without fear of a fine or any criminal action being taken. The team has increased the number of compliance cases undertaken through 2025/26 and it's achieving positive outcomes. This year we created a new corporate fraud intelligence officer role, to help facilitate this work and four people have been recruited to the position.
- 19 Council car parks were targeted by organised criminals during 2025/26. Stickers were placed on council signs with fraudulent QR codes which directed members of the public to fake websites where they were asked to enter their payment details. This type of fraud is known as 'quishing' and can affect a range of areas other than parking including hospitality, communication, and advertising. Up to one third of UK local authority car parks have been targeted and these frauds have been linked to organised

international fraud networks.⁶ Veritau liaised with the Parking Department to raise awareness of the issue and in conjunction with the council's communications team issued a press release⁷ in September 2025 warning residents and visitors to York of these scams.

- 20 Misuse of blue badges remains an issue in York. The counter fraud team undertook three proactive days of action in 2025/26 – in May as part of a National Day of Action, in July targeting a specific area of York, and again in December as part of an unannounced regional exercise. This work was promoted by the council's communication team⁸ and Veritau⁹
- 21 The counter fraud team is also an active participant in regional and national counter fraud groups. Veritau represented the council in April at a meeting with the Public Sector Fraud Authority and Tom Hayhoe, then Covid Counter-Fraud Commissioner. The meeting focussed on lessons learned from fraud found against Covid-19 schemes during the pandemic and the recovery of loss. Veritau is also a member of the Yorkshire and Humber Counter Fraud Group and Tenancy Fraud Forum.
- 22 Raising awareness of fraud amongst council employees and the public is an important function of the counter fraud team. Information about the council's whistleblowing policy was published to all employees in June 2025. Cybercrime is also a high-risk area for the council. In October, as part of Cyber Security Awareness Month, Veritau worked alongside the council's communications team to raise awareness amongst employees of the danger posed by emails. In November the threat to councils from 'polygamous working' was highlighted during International Fraud Awareness Week. On International Anti-Corruption Day in December details of a new criminal offence, Failure to Prevent Fraud, were shared with employees.
- 23 Additional bespoke training was provided to the following council teams:
- Procurement
 - Community duty
 - Intensive support
 - Hospital discharge
 - Warm homes local grant
 - Adult safeguarding
 - Housing management
 - Creditors
 - Human resources

The training covered how the council is affected by fraud within specific service areas, the role of the Veritau counter fraud team, how council employees can identify the signs of fraud, such as false or forged documents, and how to report their concerns.

⁶ ['Quishing': New QR code scam sweeps UK car parks](#), The Bureau of Investigative Journalism

⁷ [Beware QR codes in car parks, texted parking fines](#), City of York Council

⁸ [Council targets blue badge misuse](#), City of York Council

⁹ [Blue Badge Day of Action helps combat badge misuse](#), Veritau

- 24 Throughout the year Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). The team regularly provides intelligence reports about fraud types and known criminals to affected council service areas, eg human resources, procurement, creditors, benefits, council tax, and business rates.
- 25 The team maintains a fraud reporting telephone number and a dedicated email address¹⁰. Council employees and members of the public are encouraged to report any concerns they have about fraud affecting City of York Council.

¹⁰ Any person who wishes to report fraud against the City of York Council can call 0800 9179 247 or email fraud@york.gov.uk

APPENDIX A: COUNTER FRAUD ACTIVITY 2025/26

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2025/26.

	2025/26 (Actual: Full Yr)	2025/26 (Target: Full Yr)	2024/25 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£219,512	£200,000	£244,639
% of investigations completed which result in a successful outcome (eg payments stopped or amended, sanctions, prosecutions, and properties recovered)	56%	30%	48%

Caseload figures for the period are:

	2025/26 (Full Year)	2024/25 (Full Year)
Referrals received	301	428
Number of cases under investigation ¹¹	79	84
Number of investigations completed	84	103
Number of compliance check completed	26	14
Number of verification cases completed ¹²	13	124

¹¹ As at the end of each financial year on 31 March 2026 and 2025 respectively

¹² Verification cases are reviews of applications for Right to Buy and school places

Summary of counter fraud activity

Activity	Work completed
Data matching	<p>The 2024/25 National Fraud Initiative (NFI) data matching exercise has been underway throughout 2025/26. Over 8,900 matches were produced. The team has reviewed high risk matches and where appropriate commenced investigations or passed matches to council teams to address. The Cabinet Office has calculated that this work has helped save the public purse £47k.</p>
Fraud detection and investigation	<p>We continue to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity completed in 2025/26 includes the following:</p> <ul style="list-style-type: none"> • Adult Social Care fraud – The team completed five investigations in this area during the year. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigations have identified £60k of loss to the council. • Council Tax Support fraud – Three council tax support (CTS) cases were completed. Fraud in this area can occur when claimants provide false information when they apply for support or if they fail to declare changes to their income or assets. One person was issued with a warning, and an overpayment was generated in a second case. • Council Tax and business rates fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be subject to abuse. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Fifteen investigations were completed in this area. • Debt recovery – The team assists the council to recover debts through the identification and tracing of individuals. Two debt recovery cases were completed. • External or third party fraud – Fraud in this area relates to financial scams perpetrated against the council, eg grant and mandate fraud. Ten investigations were completed.

Activity	Work completed
	<ul style="list-style-type: none"> • Housing fraud – Nineteen housing fraud investigations were completed. Two council properties were recovered and have been allocated to families on the housing waiting list. One Right to Buy application was blocked. • Internal fraud – Eight internal fraud investigations were completed in 2025/26. • Parking fraud – Parking fraud often relates to blue badge abuse, however the team also investigates the misuse of residential parking permits by landlords of holiday lets. Twenty investigations have been completed – 15 relating to blue badges, four to parking permits, and one to a bus pass. Two people have been prosecuted for blue badge fraud. Four people accepted formal cautions in lieu of prosecution and six received formal warnings about their conduct. Four residents parking permits were removed from people as they were being used commercially, eg for guest houses or holiday lets. • York Financial Assistance Scheme fraud – The YFAS scheme provides help to residents who are facing financial difficulties or emergency situations. Fraudulent applications can be made by people misrepresenting their circumstances and/or residency. Two investigations were completed during the year.