

Counter Fraud Progress Report 2025/26

Date: 30 July 2025

ANNEX 1

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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 The purpose of this report is to update the Committee on counter fraud activity in 2025/26.



COUNTER FRAUD MANAGEMENT

- 5 Over the past nine months Veritau has been undertaking compliance checks on fraud referrals that would not normally be passed for investigation, usually as the estimated value of any fraud or error is low and they would be uneconomic to investigate criminally. The checks are being trialled in three service areas – council tax, council tax support, and parking. Following receipt and review of a fraud referral members of the public are contacted and encouraged to report any changes in their circumstances that might affect their entitlement. If someone reports a change as part of this process, then they will be asked to repay any loss to the council but will not be subject to punitive action. These checks help the council to minimise losses due to low level fraud and error in a cost-effective way. Twenty-eight compliance checks have been completed to date with six people reporting a significant change to their circumstances. The checks have resulted in the council issuing invoices for £4,500 and prevented further losses of £2,900 should the discounts have remained in place.
- 6 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 city to determine if they were being properly used by legitimate badge holders. The counter fraud and parking enforcement teams worked together to

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

check 75 badges on the day which resulted in three penalty charge notices (PCNs) being issued, and three investigations were instigated.

- 7 Veritau is responsible for maintaining and promoting the whistleblowing policy for 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.
- 8 Bespoke training has been provided to the creditors team on cybersecurity issues, a presentation was made to the HR department about joint working process with the counter fraud team, and fraud awareness sessions have been held with two social care teams – the community duty and intensive support teams.
- 9 The counter fraud team is an active participant in regional and national counter fraud groups. In April Veritau attended the Yorkshire Fraud Investigator group to discuss regional and national fraud trends. In May, Veritau 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.
- 10 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 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 details of a successful mandate fraud where a NAFN member made a £230k payment to fraudsters.



MULTI-AGENCY WORK

- 11 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 (9000 data matches) are currently being reviewed by the counter fraud team and other services across the council.



INVESTIGATIVE WORK

- 12 Between 1 April 2025 and 30 June 2025, the counter fraud team received 66 referrals of suspected fraud. Nineteen investigations have been completed this year and there are currently 84 cases underway. One person accepted a formal caution in lieu of prosecution for the misuse of a deceased relative's blue badge. One internal investigation has been completed. One fraudulent application to the York Financial Assistance

Scheme has been blocked. Six people have received formal warnings for fraud relating to the council tax reduction scheme, the misuse of blue badges, and the council's residential parking scheme. Invoices for loss to the council have been issued in two further cases.

- 13 The team has completed six verification checks on applications for Right to Buy and school placements. Thirteen compliance checks have been completed.
- 14 Counter fraud savings³ are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date £105k of counter fraud savings have been identified.

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), the value of applications that would have been successful, eg Right to Buy or Financial Assistance, and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2025/26

The tables below summarise the results of investigative work to date.

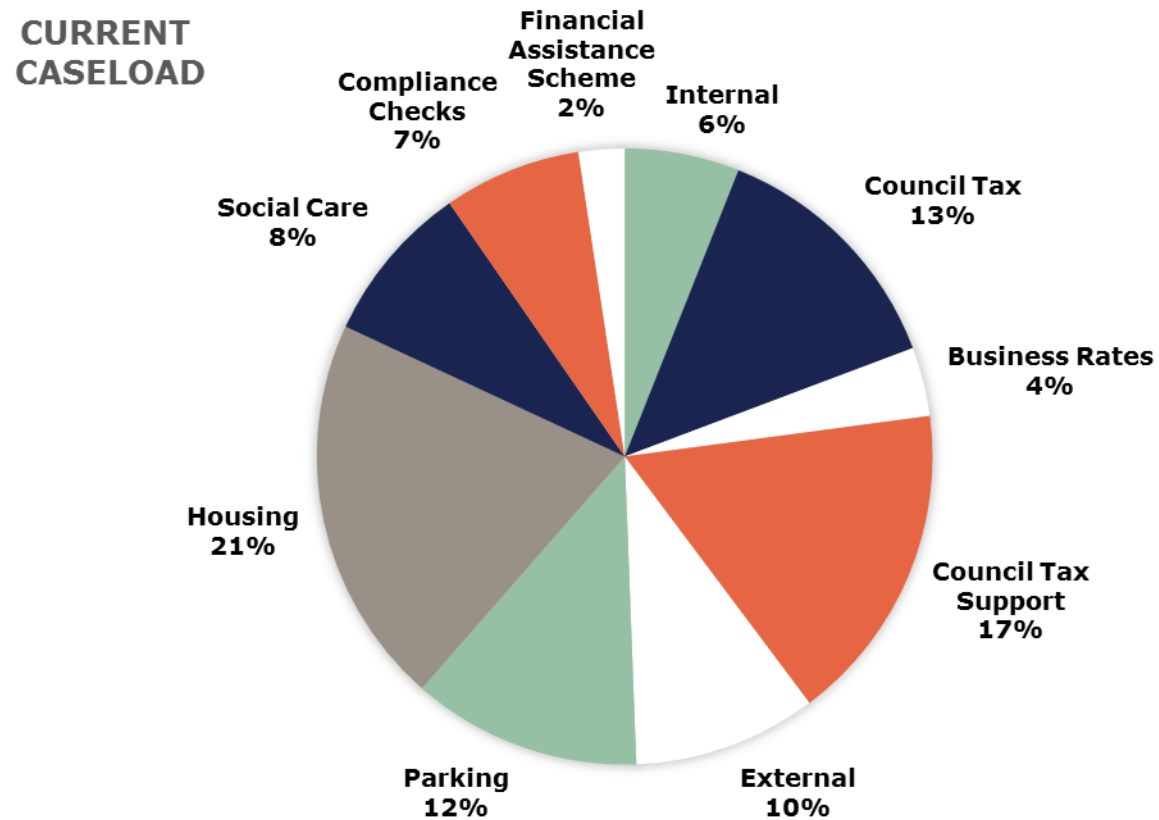
	2025/26 (As at 30/06/25)	2025/26 (Target: Full Yr)	2024/25 (Actual: Full Yr)
Amount of counter fraud savings (quantifiable savings - eg repayment and prevention of loss) identified through fraud investigation	£105,090	£200,000	£244,639
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	58%	30%	48%

	2025/26 (As at 30/06/25)	2024/25 (Full Year)
Referrals received	66	428
Number of cases under investigation	84	84 ⁴
Number of investigations completed	19	119
Number of compliance checks completed	14	14
Number of verifications completed ⁵	6	124

⁴ As at the end of the financial year (ie 31/03/2025)

⁵ Verification cases are reviews of applications for Right to Buy and school placements.

The following chart shows the proportion of different case types under investigation (84) as at 30 June 2025.



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Housing fraud – There are 17 investigations ongoing in this area. The majority of cases investigated by the team relate to sub-letting and abandonment of council properties, however the team also investigates false applications to the Housing Register, Right to Buy, homelessness and mutual exchanges. Four investigations have been completed to date. • Adult Social Care fraud – The team has completed one investigation in this area and seven are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigation work has led to £56k of loss being identified to date. • Internal fraud – Two internal fraud investigations have been completed in the first quarter of 2025/26. There are five cases ongoing. • 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 abused. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Four investigations have been completed to date and 14 are ongoing. Eight compliance checks have been completed in this area which resulted in three people being invoiced for unpaid Council Tax. • External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. There are eight ongoing investigations. • Parking fraud – Parking fraud usually relates to blue badge abuse, however the team also investigate the misuse of residential parking permits by landlords of holiday lets. Seven investigations have been completed – five relating to blue badges and two to parking permits. One person accepted a formal caution in lieu of prosecution. Four people have received formal warnings

Activity	Work completed or in progress
	<p>for the misuse of blue badges. One holiday let owner has had their residential permit removed and been issued a warning about misuse of the permit scheme.</p> <ul style="list-style-type: none">• Council Tax Support fraud – One council tax support (CTS) case has been completed and there are 11 under investigation. 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. Five compliance checks have been completed – these did not identify any problems with claims.• 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. One investigation has been completed to date and two cases are under investigation. The completed investigation led to the team issuing an alert to other councils and organisations through the National Anti Fraud Network (NAFN).