

# Counter Fraud Progress Report 2025/26

Date: 11 March 2026

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 crime<sup>1</sup>. 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 detected<sup>2</sup>. 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 In December, Veritau and the Parking Department undertook an unannounced day of action against blue badge fraud in the city. Increased footfall in the city during the winter months can reduce the availability of disabled bays on roads and car parks in the city centre. Misuse of blue badges puts additional pressure on disabled residents and visitors during this time. On the day 123 badges were checked by counter fraud and parking officers. Two instances of potential misuse were identified for further investigation. Two people have been successfully prosecuted for blue badge misuse during the current financial year. One person was found to be using a relative's blue badge while claiming it was their own. The second person was found to be using a badge issued by another local authority, but it had been reported as being stolen. Both prosecutions were publicised to provide a deterrent to blue badge misuse in the city<sup>3</sup>.
- 6 The counter fraud team actively works to raise employees' awareness of the different fraud risks affecting the council. In November, during International Fraud Awareness Week, the counter fraud team highlighted the threat to councils from polygamous working. There have been several recent high-profile cases where council workers have been found to be

<sup>1</sup> [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

<sup>2</sup> [An overview of the impact of fraud and error on public funds](#), National Audit Office

<sup>3</sup> <https://www.york.gov.uk/news/article/1831/magistrates-fine-two-drivers-who-misused-others-blue-badges>

working for multiple councils at the same time and not informing their employers. In August, a man from Gloucestershire was found guilty of fraud in relation to working four full-time roles with or for local authorities. He was found to have received £236k in salary and benefits that he was not entitled to and was sentenced to three years in jail.

- 7 On International Anti-Corruption Day in December, a new offence, Failure to Prevent Fraud, was highlighted to all employees. Introduced as part of the Economic Crime and Corporate Transparency Act 2023, large organisations can be found to be guilty of the offence if an employee, contractor, or supplier delivering services commits a fraud offence that benefits the organisation. Raising awareness of this new legislation and the threat of fraud within the council is a recommendation of government guidance for the new legislation.
- 8 This year bespoke training has also been provided to the following teams:
  - Procurement
  - Community duty
  - Intensive support
  - Hospital discharge
  - Adult safeguarding
  - Housing management
  - Creditors
  - Human resources
- 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, then a threat report is made so all NAFN members are aware. Recent alerts from NAFN have included details of a worker found to be working for multiple councils, someone contacting councils and pretending to be from the ICO, and fraudsters pretending to make a generous bequest, ie a grand piano, to a school in order to trick them into making payments for its delivery.



## MULTI-AGENCY WORK

- 10 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 data matching exercise (9,000 data matches) are still in the process of being reviewed by the counter fraud team and other services across the council.



## INVESTIGATIVE WORK

- 11 Between 1 April and 31 January 2026, the counter fraud team logged 235 referrals of suspected fraud. Seventy-six investigations have been completed and there are currently 80 cases ongoing. Two people have been prosecuted for blue badge offences. Four people have accepted formal

cautions in lieu of prosecution. Two council houses have been recovered after they were found to have been sublet. Seven internal investigations have been completed. Four resident parking permits have been removed from people for misuse. Two applications to the York Financial Assistance Scheme have been blocked. Fourteen people have received formal warnings. Invoices for loss to the council totalling £71k have been issued in a further nine cases.

- 12 The team has completed 12 verification checks on applications for Right to Buy and school placements. Twenty-six compliance checks have been completed, resulting in £3,100 in savings to date.
- 13 Counter fraud savings<sup>4</sup> are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date, £203k of counter fraud savings have been identified.
- 14 A summary of investigative work can be found in appendix A, below.

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<sup>4</sup> 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.

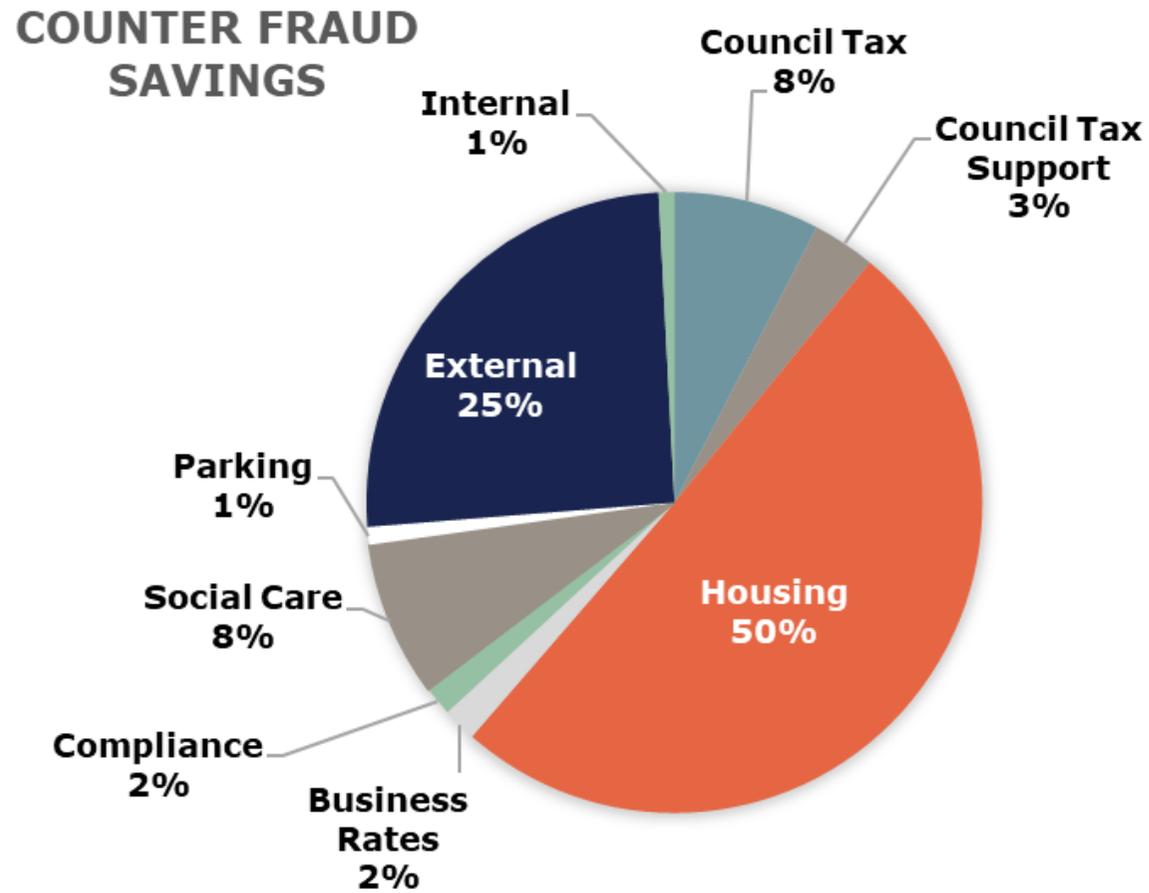
|  | <b>2025/26<br/>(As at 31/01/26)</b> | <b>2025/26<br/>(Target: Full Yr)</b> | <b>2024/25<br/>(Actual: Full Yr)</b> |
|--|-------------------------------------|--------------------------------------|--------------------------------------|
| Amount of counter fraud savings (quantifiable savings, eg repayment and prevention of loss) identified through fraud investigation   | £202,864                            | £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) | 59%                                 | 30%                                  | 48%                                  |

|  | <b>2025/26<br/>(As at 31/01/26)</b> | <b>2024/25<br/>(Full Year)</b> |
|--|-------------------------------------|--------------------------------|
| Referrals received                             | 235                                 | 428                            |
| Number of cases under investigation            | 80                                  | 84 <sup>5</sup>                |
| Number of investigations completed             | 76                                  | 119                            |
| Number of compliance checks completed          | 26                                  | 14                             |
| Number of verifications completed <sup>6</sup> | 12                                  | 124                            |

<sup>5</sup> As at the end of the financial year (ie 31/03/2025)

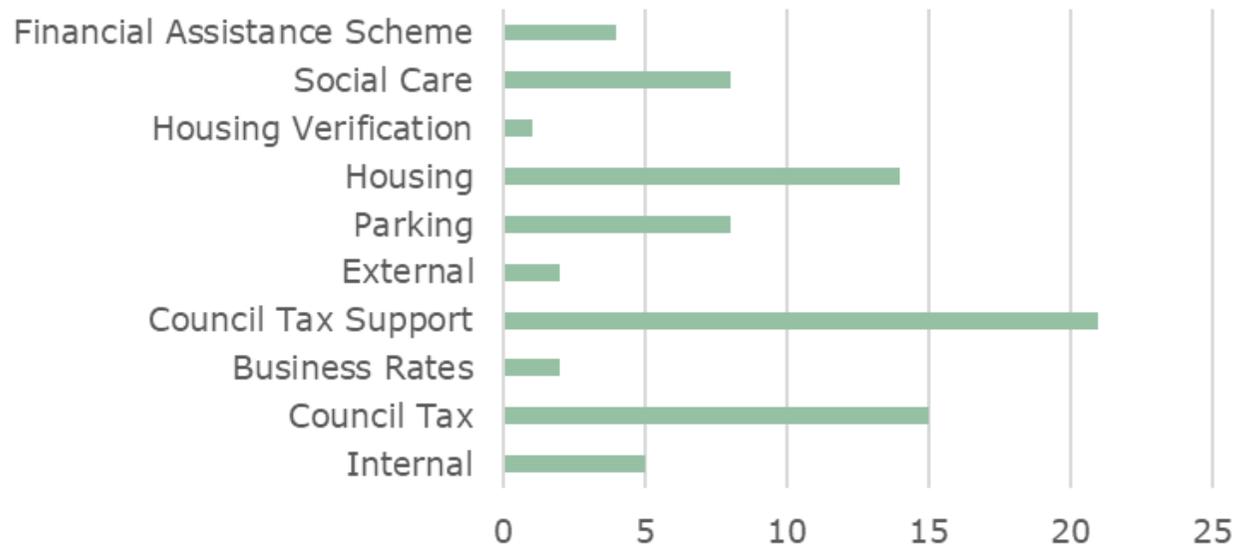
<sup>6</sup> Verification cases are reviews of applications for Right to Buy and school placements.

The chart below shows a breakdown of the counter fraud savings identified this year (£203k) by area of fraud.



The following chart shows the proportion of different case types under investigation (80) as at 31 January 2026.

## CASES UNDER INVESTIGATION



| 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"> <li>• <b>Housing fraud</b> – Fifteen housing fraud investigations have been completed. Two council properties have been recovered and been allocated to families on the housing waiting list. One Right to Buy application has been blocked. There are fifteen ongoing investigations.</li> <li>• <b>Adult Social Care fraud</b> – The team has completed five investigations in this area and eight are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigation work this year has identified £60k of loss to the council.</li> <li>• <b>Internal fraud</b> – Seven internal fraud investigations have been completed in 2025/26 and there are five cases ongoing.</li> <li>• <b>Council Tax and business rates fraud</b> – 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. Thirteen investigations have been completed and 17 are ongoing.</li> <li>• <b>Parking fraud</b> – 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 have received formal warnings about their conduct. Four residents parking permits have been removed from people as they were being used commercially, eg guest houses and holiday lets.</li> </ul> |

| Activity | Work completed or in progress  |
|----------|--|
|          | <ul style="list-style-type: none"><li data-bbox="483 406 2033 507">• <b>External (or third-party) fraud</b> – Fraud in this area relates to financial scams perpetrated against the council, eg grant and mandate fraud. Seven investigations have been completed and one is ongoing.</li><li data-bbox="483 531 2033 671">• <b>Council Tax Support fraud</b> – Two Council Tax Support (CTS) cases have been completed and there are 21 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. One person has been issued a warning, and an overpayment has been generated in a second case.</li><li data-bbox="483 695 2033 836">• <b>York Financial Assistance Scheme fraud</b> – 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 have been completed to date, and four cases are under investigation.</li></ul> |