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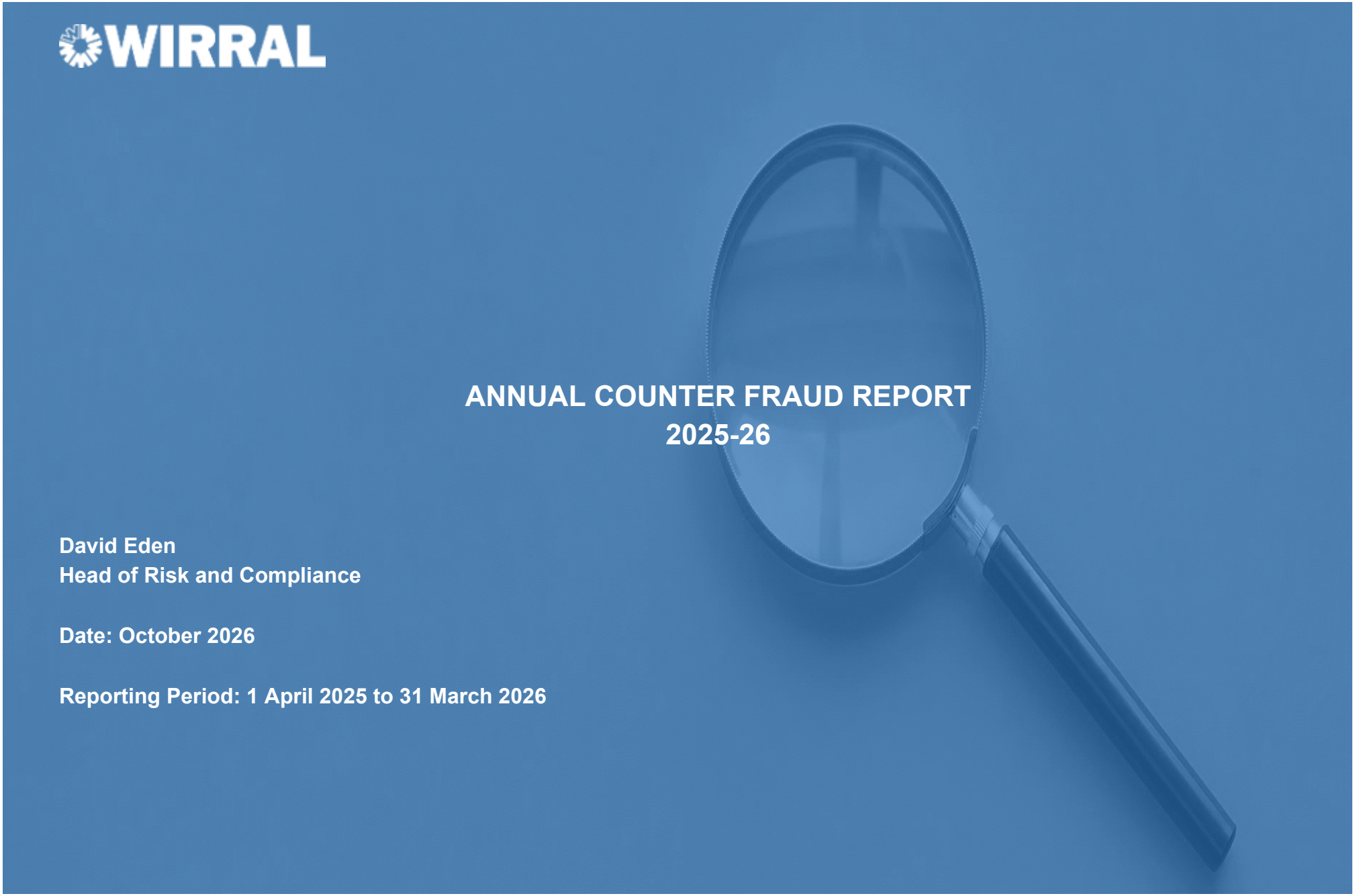

ANNUAL COUNTER FRAUD REPORT 2025-26

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Executive Summary

This report provides an overview of the Counter Fraud activity undertaken during 2025/26 and demonstrates how the Council continues to protect public funds through the prevention, detection and investigation of fraud, error and irregularity.

During 2025/26, the Counter Fraud Team completed 389 reviews into allegations of fraud and error across Revenues and Benefits services. These investigations resulted in 142 identified instances of fraud and error with a total financial value of £384,955.23.

The Team also issued two warnings, eleven Local Authority cautions, four administrative penalties and secured five successful prosecutions, including four undertaken in collaboration with the Department for Work and Pensions.

The Team continued to coordinate the Council's participation in the National Fraud Initiative (NFI), oversee the review of fraud intelligence received through the National Anti-Fraud Network (NAFN), deliver fraud awareness activities and support the Council's response to the Failure to Prevent Fraud agenda.

The National Fraud Initiative exercise identified a total estimated value of £609,650.92, including £103,666.00 of recoverable savings and £505,984.92 of estimated savings calculated using NFI methodologies.

The Team also completed a self-assessment against Chartered Institute of Public Finance and Accountancy (CIPFA)'s *Managing the Risk of Fraud and Corruption* principles and the *Fighting Fraud and Corruption Locally* (FFCL) good practice framework. The self-assessment identified a well-established operational counter fraud capability, supported by dedicated resources, established investigation processes and governance reporting. It also identified material areas for development, particularly the formal identification, assessment, ownership and reporting of fraud risks and the provision of independent assurance. A Counter Fraud Action Plan has been developed to address these areas and support the continued strengthening of the Council's counter fraud arrangements.

1. Introduction

1.1 Background

Fraud against the public sector continues to represent a significant risk to the effective delivery of services and the stewardship of public funds. Increasing financial pressures, technological developments and evolving fraud threats require organisations to maintain effective arrangements for preventing, detecting and responding to fraud and corruption.

The Council remains committed to maintaining a culture in which fraud, corruption and bribery are not tolerated. This commitment is reflected within the Council's Anti-Fraud and Corruption Policy and is supported through the work of the Counter Fraud Team within the Risk and Compliance Service.

1.2 Purpose of the Report

This report summarises the counter fraud activity delivered during 2025/26, highlights key outcomes achieved and outlines the steps being taken to further strengthen the Council's counter fraud framework.

2. The Counter Fraud Team

2.1 Role and Responsibilities

The Counter Fraud Team, which forms part of the Risk and Compliance Service, is responsible for:

- Investigating allegations of fraud and irregularity.
- Delivering proactive fraud detection activity.
- Coordinating the National Fraud Initiative.
- Undertaking fraud awareness and prevention activity.
- Providing specialist counter fraud advice across the Council.
- Supporting services to strengthen fraud controls and governance arrangements.

2.2 Strategic Development During 2025/26

During 2025/26, the Counter Fraud Team continued to develop following the wider service review completed in June 2025. The review strengthened the strategic focus of the Team and supported the continued development of arrangements designed to reduce losses arising from fraud and error whilst increasing organisational resilience to fraud risk.

The Team also continued to work closely with the Department for Work and Pensions (DWP), the National Anti-Fraud Network (NAFN), the Public Sector Fraud Authority (PSFA) and the Mersey Region Fraud Group (MRFG) to ensure that emerging risks, intelligence and good practice continue to inform local activity.

3. Counter Fraud Activity During 2025/26

3.1 Investigative Activity

During the year, the Counter Fraud Team completed 389 reviews into allegations of fraud and error. These allegations related to:

- Housing Benefit
- Council Tax Support
- Council Tax Discounts and Exemptions
- New Council Tax Liability
- Discretionary Payments

Investigations identified 142 instances of fraud and error resulting in financial outcomes valued at £384,955.23.

Table 1: Fraud and Error Outcomes

Result Type	Number	Value
Housing Benefit	29	£207,310.71
Council Tax Support	82	£117,060.75
Council Tax Discounts	16	£26,719.07
New Council Tax Liability	7	£33,006.25
Discretionary Payments	8	£858.45
Total	**142**	**£384,955.23**

3.2 Enforcement Activity

Five successful prosecutions were concluded during the year, comprising one Council-led prosecution and four prosecutions undertaken in collaboration with the Department for Work and Pensions. These outcomes demonstrate the effectiveness of the Council's counter fraud arrangements, the quality of investigative work undertaken, and the value of collaborative working with external partners in identifying, investigating and pursuing fraud. Enforcement action remains an important deterrent, reinforcing the Council's commitment to protecting public funds and taking appropriate action where fraud is identified.

Table 2: Enforcement Outcomes

Outcome	Number
Warnings	2
Local Authority Cautions	11
Administrative Penalties	4
Successful Prosecutions	5

3.3 Corporate Fraud Investigations

The Team received eighteen referrals relating to suspected fraud, irregularity or ethical concerns covering a range of areas including:

- Housing Support Grants
- Direct Payments
- Pecuniary Interests
- Supplier Payments
- Fuel Usage
- Theft of Equipment

Investigations were undertaken where appropriate, and outcomes were reported through established governance arrangements. Whilst not all referrals resulted in fraud being identified, a number of highlighted opportunities were identified to strengthen internal controls and reduce future risk exposure.

4. Fraud Prevention and Awareness

4.1 Annual Fraud Awareness Campaign

Fraud prevention remains a key component of the Council's counter fraud arrangements. During November 2025, the Counter Fraud Team delivered the Council's annual Fraud Awareness Campaign. The campaign aimed to increase awareness amongst both employees and the public whilst promoting available reporting mechanisms and reinforcing the Council's zero-tolerance approach to fraud, corruption and bribery.

4.2 Training and Awareness Activity

The Team delivered targeted fraud awareness activity during the year, including engagement with Departmental Management and awareness sessions covering the Failure to Prevent Fraud offence. Fraud awareness communications and learning opportunities continued to be promoted across the organisation.

5. NFI

5.1 NFI Overview

NFI is a data-matching exercise designed to identify potential fraud and error across the public sector. The Counter Fraud Team coordinates the Council's participation in this mandatory exercise.

During 2025/26, services across the Council continued to investigate data matches arising from the 2024/25 NFI exercise. Significant progress has been made, and the majority of outcomes have been recorded.

5.2 NFI Methodology and Interpretation of Results

The NFI reports both recoverable savings and estimated savings. Estimated savings are calculated using Cabinet Office methodologies, including nationally recognised assumptions and Future Overpayments Prevented (FOP) calculations. These figures represent the estimated value of fraud and error prevented and should not be regarded as direct cashable savings realised by the Council.

5.3 NFI Outcomes

Table 3: National Fraud Initiative Outcomes Including Estimated Savings

NFI Area	Recoverable Savings	Estimated Savings	Total Value
Council Tax Reduction	£90,836.20	£33,046.40	£123,882.60
Housing Benefit	£12,829.80	£1,417.52	£14,247.32
Blue Badge	£0	£364,446.00	£364,446.00
Housing Waiting List	£0	£107,075.00	£107,075.00
Total	**£103,666.00**	**£505,984.92**	**£609,650.92**

NFI outcomes had a total reported value of £609,650.92. This comprised £103,666 of identified recoverable amounts and £505,984.92 of nationally calculated estimated future losses prevented. The latter does not represent cashable savings or income received by the Council.

The recoverable savings of £103,666.00 identified through NFI investigations form part of the overall Counter Fraud financial outcomes reported in section 3 of this report and should not be regarded as additional savings.

NFI exercises operate across more than one financial year. The outcomes reported here are those recorded or concluded during 2025/26 from matches generated through the 2024/25 exercise.

5.4 Key Outcomes

Key outcomes arising from the exercise included:

- Cancellation of 459 Blue Badges.
- Removal of 25 applicants from the Housing Waiting List.
- Identification of £103,666.00 in recoverable savings through NFI match investigations.
- Completion of the annual Council Tax Single Person Discount data submission, with investigations ongoing.

6. NAFN

6.1 Fraud Intelligence and Emerging Risks

The Council continues to receive regular fraud intelligence alerts from the NAFN. These alerts provide information regarding emerging fraud threats, trends and attempted frauds affecting public sector organisations.

6.2 Distribution of Alerts and Preventative Action

The Counter Fraud Team reviews all alerts received and disseminates relevant intelligence to appropriate services to support preventative action and strengthen organisational awareness of emerging risks. This proactive approach supports the Council's wider fraud risk management arrangements and contributes to early intervention where necessary.

7. Self-Assessment Against CIPFA and Fighting Fraud and Corruption Locally Counter Fraud Good Practice

7.1 Assessment Framework

During 2025/26, the Counter Fraud Team completed a self-assessment of the Council's counter fraud arrangements against recognised good practice guidance issued by the CIPFA. The assessment was primarily structured around CIPFA's *Managing the Risk of Fraud and Corruption* principles, which provide a framework for assessing the effectiveness of arrangements for preventing, detecting and responding to fraud and corruption. The self-assessment outcomes are detailed in Appendix 2 with the Counter Fraud Action Plan.

In addition, the assessment incorporated the FFCL checklist to ensure alignment with recognised local government counter fraud good practice. Where requirements within the two frameworks overlapped, a single assessment response was used. Additional FFCL criteria were considered where these extended beyond the CIPFA principles.

Together, the two frameworks provided a comprehensive assessment of the Council's governance arrangements, fraud risk management processes, prevention activity, investigative capability, awareness and training arrangements, partnership working and performance monitoring.

Table 4: CIPFA Managing the Risk of Fraud and Corruption Principles

CIPFA Principle	Description
Acknowledge the Responsibility of the Governing Body for Countering Fraud and Corruption	Ensuring Members and senior officers demonstrate leadership, oversight and accountability for the Council's counter fraud arrangements.
Identify the Fraud and Corruption Risks	Understanding the Council's exposure to fraud and corruption risks and maintaining effective arrangements to identify, assess and manage those risks.
Develop an Appropriate Counter Fraud and Corruption Strategy	Establishing policies, strategies and plans that support the prevention, detection and investigation of fraud and corruption.
Provide Resources to Implement the Strategy	Ensuring appropriate resources, skills, training and support arrangements are in place to deliver effective counter fraud activity.
Take Action in Response to Fraud and Corruption	Investigating allegations, applying appropriate sanctions, seeking recovery where appropriate and using lessons learned to strengthen organisational resilience.

7.2 Self-Assessment Against Recognised Good Practice

The assessment considered the Council's arrangements against the CIPFA principles and supplementary FFCL good practice criteria, covering governance and leadership, fraud risk management, strategic planning, resources, prevention activity, investigative capability, awareness and training, partnership working, performance monitoring and assurance arrangements.

The assessment confirmed that the Council has a range of well-established counter fraud arrangements in place, including:

- Dedicated and professionally qualified Counter Fraud resources.
- Clear governance oversight through the Audit and Risk Management Committee and Director of Finance.
- A comprehensive suite of counter fraud, anti-bribery, anti-money laundering and related policies.
- Established fraud investigation, referral and response procedures.
- Participation in the National Fraud Initiative and proactive counter fraud exercises.
- Mandatory fraud awareness training and annual fraud awareness campaigns.
- Established whistleblowing arrangements and reporting mechanisms.
- Engagement with regional and national counter fraud networks and intelligence-sharing arrangements.

These arrangements provide a strong foundation for the Council's counter fraud framework and support the prevention, detection and investigation of fraud and corruption across the organisation.

7.3 Areas for Further Development

The assessment also identified a number of opportunities to further strengthen arrangements and support the continued development of the Council's counter fraud framework. The most significant opportunities for improvement related to the formal identification, assessment, monitoring and reporting of fraud risks across Council services. Strengthening fraud risk management arrangements will help ensure that emerging fraud risks are consistently identified, evaluated and reported through the Council's governance framework.

The key areas identified for further development include:

- Completion of the Council's Fraud Risk Universe.
- Development and implementation of Fraud Risk Assessments across service areas.
- Strengthening the integration of fraud risk management within the wider corporate risk management framework.

- Review and refresh of the Counter Fraud Strategy and supporting policies.
- Enhancement of performance measures, benchmarking activity and assurance reporting arrangements.
- Review and refresh of fraud awareness, training and communications activity.
- Continued development of Failure to Prevent Fraud arrangements and associated third-party risk management.
- Ongoing review of investigation and governance arrangements to ensure continued alignment with recognised good practice.
- Continued review of counter fraud resource capacity to ensure arrangements remain proportionate to the Council's evolving fraud risk profile and growing regulatory expectations.

In response to the findings of the self-assessment, a Counter Fraud Action Plan has been developed to address the identified areas for enhancement and support the continued strengthening and maturity of the Council's counter fraud framework.

Progress has been made across a number of improvement themes during the year. Whilst some actions remain in progress and will continue into 2026/27, these activities form part of an ongoing programme of work to further strengthen and enhance the Council's counter fraud arrangements.

7.4 Summary of Self-Assessment Outcomes

Overall, the self-assessment identified a well-established operational counter fraud capability, supported by dedicated resources, established investigation processes and governance reporting. It also identified material areas for development, particularly the formal identification, assessment, ownership and reporting of fraud risks and the provision of independent assurance.

The strongest areas identified through the assessment related to governance arrangements, leadership oversight, investigative capability, counter fraud resources and partnership working. The assessment also identified opportunities to further strengthen fraud risk management arrangements, including the identification, assessment, monitoring and reporting of fraud risks across Council services.

The findings from the CIPFA and FFCL self-assessment will be used to inform future governance reporting and assurance arrangements, including consideration within the Annual Governance Statement where appropriate.

A targeted Counter Fraud Action Plan has been developed to address the areas identified and support the continued development of the Council's counter fraud arrangements. Progress against the Action Plan will be monitored through the Council's governance arrangements and reported periodically to the Audit and Risk Management Committee. A summary of the Action Plan is provided in Appendix B.

8. Failure to Prevent Fraud (Economic Crime and Corporate Transparency Act 2023)

8.1 Background

The Economic Crime and Corporate Transparency Act 2023 introduced the new Failure to Prevent Fraud (FTPF) offence, which came into force on 1 September 2025.

The associated Government guidance sets out principles for reasonable fraud prevention procedures and provides a framework for organisations to strengthen arrangements designed to prevent, detect and respond to fraud. The offence applies to organisations meeting the statutory definition of a large organisation. The Council falls within the scope of the offence. For these purposes, an associated person may include an employee, agent, subsidiary or another person who performs services for or on behalf of the organisation.

Historically, the Council's counter fraud arrangements have primarily focused on protecting public funds from fraud, bribery and corruption committed against the organisation. This includes activity designed to prevent, detect and investigate fraud affecting areas such as benefits, council tax, grants, procurement, payroll and other Council services.

The Failure to Prevent Fraud offence introduces an additional governance and compliance consideration by focusing on the risk of fraud committed by individuals or organisations acting on behalf of the Council. The offence is intended to encourage organisations to implement reasonable procedures to prevent fraudulent conduct by associated persons, including employees, contractors, agents, suppliers and other parties performing services on the organisation's behalf.

As a result, the Council's assessment of fraud risk now extends beyond the traditional risks of fraud committed against the organisation and includes consideration of circumstances in which fraudulent activity undertaken by an associated person could directly or indirectly benefit the Council. This requires a greater focus on fraud risk assessment, governance arrangements, awareness, due diligence, third-party oversight and the effectiveness of fraud prevention controls across the organisation.

The introduction of the FTPF offence therefore complements the Council's existing counter fraud arrangements by broadening consideration of fraud risks and reinforcing the importance of effective fraud prevention procedures across both internal operations and activities undertaken by associated persons on the Council's behalf.

8.2 Review of Council Arrangements

During 2025/26, the Council reviewed its existing counter fraud arrangements against the principles contained within the Government guidance. This work was informed by the Council's self-assessment against CIPFA's *Managing the Risk of Fraud and Corruption* principles, supplemented by consideration of the FFCL checklist and principles.

The review identified that the Council has a number of relevant controls and governance arrangements in place. Further work is required to demonstrate that these arrangements collectively provide a documented, proportionate and consistently applied framework of reasonable fraud prevention procedures.

8.3 Development Activity During 2025/26

The review identified strengths within the Council's existing counter fraud framework alongside opportunities for further development. Improvement activities commenced during the year and informed the development of the Counter Fraud Action Plan detailed in Appendix B.

8.4 Next Steps

Opportunities for further development identified through both the self-assessment and FTPF review have been incorporated within the Counter Fraud Action Plan. This includes work relating to fraud risk assessment, policy development, awareness training, performance reporting and ongoing monitoring arrangements.

The Council will continue to review its arrangements in accordance with evolving guidance and emerging good practice to support compliance with the principles underpinning the FTPF offence.

Progress against the Action Plan will continue to be monitored through the Council's governance arrangements and reported periodically to the Audit and Risk Management Committee.

9. Looking Ahead 2026/27

9.1 Counter Fraud Priorities

The focus during 2026/27 will be on delivering the Counter Fraud Action Plan and continuing to strengthen the Council's overall counter fraud framework.

Priority areas include:

- Finalisation of the Counter Fraud Strategy review and associated policies.
- Completion of the Fraud Risk Universe.
- Development of Fraud Risk Assessments across service areas.
- Refresh of fraud awareness training and e-learning arrangements.
- Continued delivery of proactive fraud detection activity.
- Further development of Failure to Prevent Fraud arrangements.
- Coordination of the National Fraud Initiative 2026/27 exercise.
- Continued engagement with regional and national fraud networks.

9.2 NFI

The Council will continue to participate fully in the NFI and support the delivery of the 2026/27 exercise.

During August 2026, Government communications confirmed that the Public Sector Fraud Authority, which leads the NFI, was in the process of transferring from the Cabinet Office to the Department for Work and Pensions. Existing statutory duties and operational arrangements remained unchanged during the transfer process.

Whilst the transfer is not expected to alter the Council's commitment to the initiative, it may result in changes to future reporting arrangements, guidance and performance measures issued nationally.

9.3 Organisational Development and Improvement

The Counter Fraud Team will continue to strengthen the Council's counter fraud framework through the delivery of targeted prevention, detection and awareness initiatives. Working collaboratively with services, the Team will support the development and embedding of robust fraud risk management arrangements, promote a strong anti-fraud culture, and ensure that fraud risks are identified, assessed and managed effectively across the organisation.

9.4 Future Reporting Arrangements

Progress against the Action Plan and wider Counter Fraud work programme will continue to be reported through future Counter Fraud Update Reports presented to the Audit and Risk Management Committee.

10. Conclusion

The Counter Fraud Team delivered a comprehensive programme of activity during 2025/26 that contributed to the protection of public funds and the strengthening of the Council's governance framework.

Through investigative activity, proactive fraud prevention initiatives, participation in national fraud exercises and partnership working, the Team continues to provide assurance over the Council's arrangements to prevent, detect and respond to fraud risks.

During the year, Counter Fraud Team activity identified financial outcomes of £384,955.23, which includes £103,666.00 of recoverable savings arising from National Fraud Initiative investigations. In addition, the NFI identified £505,984.92 of estimated savings, calculated using Cabinet Office methodologies to reflect the value of fraud and error prevented. These estimated savings do not represent direct cashable savings realised by the Council.

The accompanying Counter Fraud Action Plan provides a framework for the continued enhancement of arrangements during 2026/27, with particular focus on strengthening fraud risk management, performance reporting and assurance arrangements. Several improvement activities are already underway, with the remaining actions forming part of a structured programme of work aligned with recognised professional standards and best practice.

Resources were considered sufficient for the 2025/26 programme. The delivery of this Counter Fraud Action Plan, alongside increasing regulatory expectations and emerging fraud risks, will require ongoing consideration of Counter Fraud Team capacity and resources to ensure that arrangements remain proportionate to the Council's risk profile and organisational requirements.

The Council remains committed to maintaining effective counter fraud arrangements and promoting a culture where fraud, corruption and bribery are not tolerated. Progress against the Action Plan will be monitored through the Council's governance arrangements and reported periodically to the Audit and Risk Management Committee.