



COUNTER FRAUD ANNUAL REPORT 2025/26

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BACKGROUND

- 1 Fraud and corruption present a significant and ongoing risk to local authorities. Fraud is the most common offence in the UK, accounting for 43% of all crime¹. A 2024 report by the National Audit Office estimated that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24, and that only a fraction of this is detected². Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 During the year, the Council's counter fraud arrangements underwent a significant transition. The service transferred from an in-house team to the Council's new partner, Veritau, in October 2025.
- 3 Veritau to provide a corporate fraud service which works to prevent, detect and deter fraud and related criminality. Veritau's qualified criminal investigators support Council services with fraud prevention. They also 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.
- 4 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.
- 5 This report provides the Governance and Audit Committee with information about the transfer of service to Veritau and explains updates to the reporting of counter fraud activities and outcomes. The report also summarises counter fraud activity completed since the transfer of service. Activity completed prior to the transfer was reported to the Committee separately in November 2025.

COUNTER FRAUD SERVICE

- 6 In October 2025, the Council transferred its counter fraud provision from an in-house team to Veritau. Six members of the former team moved to Veritau as part of this process.
- 7 In preparation for the transfer, Veritau worked closely with former team to manage the transition, including integration of databases and aligning processes, while maintaining continuity for Council services. Live investigations continued through the transfer period without loss of momentum or impact on service provision.

¹ [National Economic Crime Centre Annual Report 2024-2025](#), National Crime Agency, published July 2025.

² [An overview of the impact of fraud and error on public funds](#), National Audit Office, published November 2024.

- 8 The new service gives the Council access to 30 skilled counter fraud professionals. Officers in the Veritau Counter Fraud Team develop specialist knowledge of service areas to better target and prevent new and emerging fraud affecting local government. When fraud does occur, they are best placed to stop it, investigate it, and recover losses.
- 9 Veritau's counter fraud service balances reactive work (criminal investigations) with proactive exercises, like days of action, data matching, sharing national and regional intelligence reports, and providing advice and support to officers.
- 10 The Council will benefit from Veritau's membership of both regional and national counter fraud networks. Veritau provide counter fraud services to six authorities across the England and are well place to collate and share information affecting different authorities. We are active participants in national forums having led the conversation and publication of a report on adult social care fraud and currently being involved in the upcoming revised Fighting Fraud and Corruption Locally guidance for local government.

PROACTIVE COUNTER FRAUD WORK

- 11 Veritau delivers a programme of proactive work to promote the ongoing development of the Council's counter fraud arrangements and to increase awareness of fraud risks among officers. This supports the development of a robust and effective organisational response to fraud. Increasing the awareness of officers to fraud and those who perpetrate it, maximises the chances of identifying fraud and that it will be reported.
- 12 Since October, investigators have met with officers in revenues, benefits, housing, and social care to conduct a review of the forms used to apply for services. Recommendations will be made to strengthen processes and ensure that they are designed with fraud detection and deterrence in mind.
- 13 From 1 April 2026, the Council has administered a new Department of Work (DWP) and Pensions funded scheme – the Crisis Resilience Fund – which provides immediate support to low-income households facing unexpected financial problems. The counter fraud team provided support to project officers with advice on the application processes and counter fraud messaging for those accessing the scheme. Fraud training was delivered to officers who process applications, highlighting the signs of fraud. Veritau continues to provide support as the scheme rolls out and investigates any potentially fraudulent attempts to access public money. This also helps the Council meet the DWP requirements for locally managing fraud risk and sends the message that fraud will not be tolerated.
- 14 The counter fraud team are working with officers in school admissions to explore targeted data matching. This will help the service identify issues with applications that can be further investigated, supporting assurance and the integrity of the application process for local families.

- 15 In November 2025, the Council's Anti-Fraud, Bribery and Corruption Policy, and Anti-Money Laundering Policy were presented to the Committee for triennial review. Minor updates were made to each policy to reflect the transfer of the counter fraud service, and to reflect current legislation.
- 16 Further policy work is taking place alongside the Council's Monitoring Officer. Recommendations for updates to the Council's whistleblowing policy are under review. Changes include new legislative provisions affecting "protected disclosures" relating to sexual harassment, and the inclusion of Veritau as a suitable party to whom reports can be made. A new Counter Fraud and Corruption Prosecution policy has been drafted and discussed with Legal Services. It brings greater focus to the offences in scope of the counter fraud team's work, and sets out the considerations for alternatives to prosecution that are available to the Council.
- 17 Raising awareness of fraud amongst Council employees and the public is an important function of the Counter Fraud Team. Following the transfer of service to Veritau, a message was issued on the Council's intranet advising staff of the change, and the details to use when reporting fraud concerns. External webpages were also updated to provide the Counter Fraud Team's 0800 hotline and email address.
- 18 Details of how to report fraud was issued to all households and businesses in the annual council tax and business rates bills issued in March 2026.
- 19 Veritau's Counter Fraud Team provided bespoke fraud awareness training to officers working within revenues, benefits, social care, and housing management. The training covered how each service can be targeted by fraudsters, the role of the Counter Fraud Team, how Council officers can spot the signs of fraud, and report their concerns. These sessions have raised awareness of fraud threats with staff and highlighted the Council's new counter fraud arrangements.
- 20 The Counter Fraud Team produce a regular newsletter for employees working in Adult Social Care which focusses on recent frauds detected locally and nationally. The February 2026 edition reported examples of fraud including a service user's partner stealing £20k of Direct Payments provided by a council to support someone with care needs.
- 21 Veritau is an active participant in regional and national counter fraud groups. In April 2025, members of the team attended a meeting with the Public Sector Fraud Authority and Tom Hayhoe, the then Covid Counter-Fraud Commissioner. The meeting focussed on lessons learned from fraud involving Covid-19 schemes during the pandemic and the recovery of losses. The team continue to attend the Public Sector Fraud Authority's Community of Practice meetings that brings together officers working in both central and local government fraud teams.
- 22 Veritau now chair the East Midlands Fraud Group. This forum brings together local authority investigators and housing association officers from the region, providing an opportunity to discuss responses to fraud threats and wider best practice.

- 23 Throughout the year, Veritau shared alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). The team regularly provided intelligence reports about fraud types and known criminals to affected Council service areas. This included potential attempts against local authorities that relied on impersonation of senior officers, and the identities used in polygamous working (also known as career polygamy) frauds.
- 24 Council employees and members of the public are encouraged to report any concerns they have about fraud affecting the Council. Veritau can be contacted on 0800 9179 247 or email counter.fraud@veritau.co.uk. Those who contact the team can do so anonymously. All reports of fraud against the Council are reviewed, and action is taken whenever possible.

CHANGES TO COUNTER FRAUD REPORTING

- 25 Prior to the counter fraud service transferring to Veritau, the Committee received statistical reports on counter fraud work that focussed on the number of interactions that led to notional saving. This methodology combined fraud investigations with intelligence provided to services for further enquiry and action. Veritau will provide the Committee with case data that better reflects investigative work completed by the new team.
- 26 Veritau's Counter Fraud Intelligence Team undertake work on referrals that do not progress to criminal investigation (eg due to a lack of evidence identified during referral triage) rather than referring these back to Council departments. If a debt was raised following the service's interaction, this data would be included in reports of counter fraud outcomes. Veritau's approach reduces the burden on services by providing an actionable report that they can use to review the service(s) being provided. Reports on successful outcomes will now more closely align to work completed by the counter fraud team.
- 27 Savings data previously reported to the Committee primarily recorded and reported overpayments generated for recovery combined with notional values agreed for different types of investigations. The Director of Finance has asked Veritau to revisit how counter fraud work and its impact is measured. This may mean that future figures are not comparable with previous years.

INVESTIGATIVE WORK

- 28 Differences in the fraud management systems used by the former in-house team and Veritau, prevent reporting directly comparable data across the year. The information below details activity during the current year from when Veritau began delivering counter fraud services, ie 1 October 2025 to 31 March 2026.

- 29 The counter fraud team received 80 referrals from the public, Council officers, external agencies, and proactive exercises. Referral numbers have continued to grow in 2026/27 following initial awareness work with officers. Each report of fraud is carefully reviewed by the counter fraud team to determine the appropriate course of action.
- 30 Twenty-five investigations have been concluded by Veritau. Two matters resulted in the Council undertaking a prosecution.
- A tenant was found guilty of subletting her Council property to a family member while attempting to purchase the home under the Right to Buy (RTB) scheme. During routine checks by the counter fraud team to verify the Right to Buy application, it was discovered that the tenant had links to an address out of area. Investigation confirmed that the tenant was no longer resident in Leicester, and that she had provided false information on her application to purchase the property. The court imposed an eight month custodial sentence, suspended for 12 months, and ordered the tenant to complete 150 hours of unpaid work.
 - A driver was prosecuted for misusing a disabled parking badge (blue badge) that belonged to his father, to park on double yellow lines. Misusing a blue badge when the holder is not present disadvantages other badge holders. The court found the driver guilty and ordered them to pay £240 in fines and costs.
- 31 The counter fraud team work closely with officers in Housing. An investigation into an alleged Council property being sublet ended with possession of it being regained by the Council. This home will now be provided to someone in genuine need from the Council's housing waiting list. The team also undertake proactive review of Right to Buy applications. One application was stopped as a result of the team's work. Loss of Council homes through false Right to Buy applications reduces the stock of properties the Council has to support those in need.

NATIONAL FRAUD INITIATIVE

- 32 The National Fraud Initiative (NFI) is a large-scale data matching exercise managed by the Public Sector Fraud Authority. Councils and a number of other public sector bodies in the UK must comply with a legislative requirement to participate.
- 33 The main exercise that requires a range of Council departments to supply data takes place every two years. Data was last submitted in 2024/25 which produced over 11,000 matches. Services undertake risk-based reviews of the matches, actioning changes where required.
- 34 Over 7,600 matches have been processed by Leicester City Council officers. The PSFA has calculated that this work has helped save the public purse £46.5k.

- 35 The NFI undertakes a second project annually that focusses on claims for Single Person Discount to reduce council tax liability. Matches compare discounts received against the Electoral Register to identify potentially undeclared residents that would invalidate a reduction in liability. The Revenues service review these matches on a rolling basis alongside routine checks on Single Person Discounts.
- 36 Where service areas identify potential fraud, the matter will be referred to the fraud team for further investigation. During the next main exercise beginning in late 2026/27, Veritau's Counter Fraud Team will work more closely with services to help identify and investigate potential fraud against the Council.

