



Counter Fraud Service (CFS)

# Title of report: Anti-Fraud, Bribery & Corruption Annual Report

**Meeting: Audit and Governance Committee**

**Meeting date: 27<sup>th</sup> January 2026**

**Report by: Counter Fraud Manager**

## **Classification**

Open

## **Decision Type**

This is not an executive decision

## **Wards Affected**

(All Wards);

## **Purpose**

This report is to provide an overview on all counter fraud activity across the Council's services throughout the previous calendar year and represent an up-to-date account of the work undertaken, including progress and outcomes aligned with our strategy and core objectives.

## **Recommendation**

**That;**

- a) the annual fraud arrangements be reviewed and confirmed as satisfactory by the committee to provide members with an accurate account of the latest counter fraud activity across services.

## **1. Alternative Options**

- 1.1 There are no alternative recommendations. The report provides a factual annual report in accordance with the functions of the committee.

## **2. Key Considerations**

- 2.1 All counter fraud work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. The council's Counter Fraud Manager supports the Director of Finance (Section 151) in fulfilling their statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. It supports the Council's commitment to a zero-tolerance approach to fraud, bribery, corruption and other irregularity, including any Money Laundering activity.

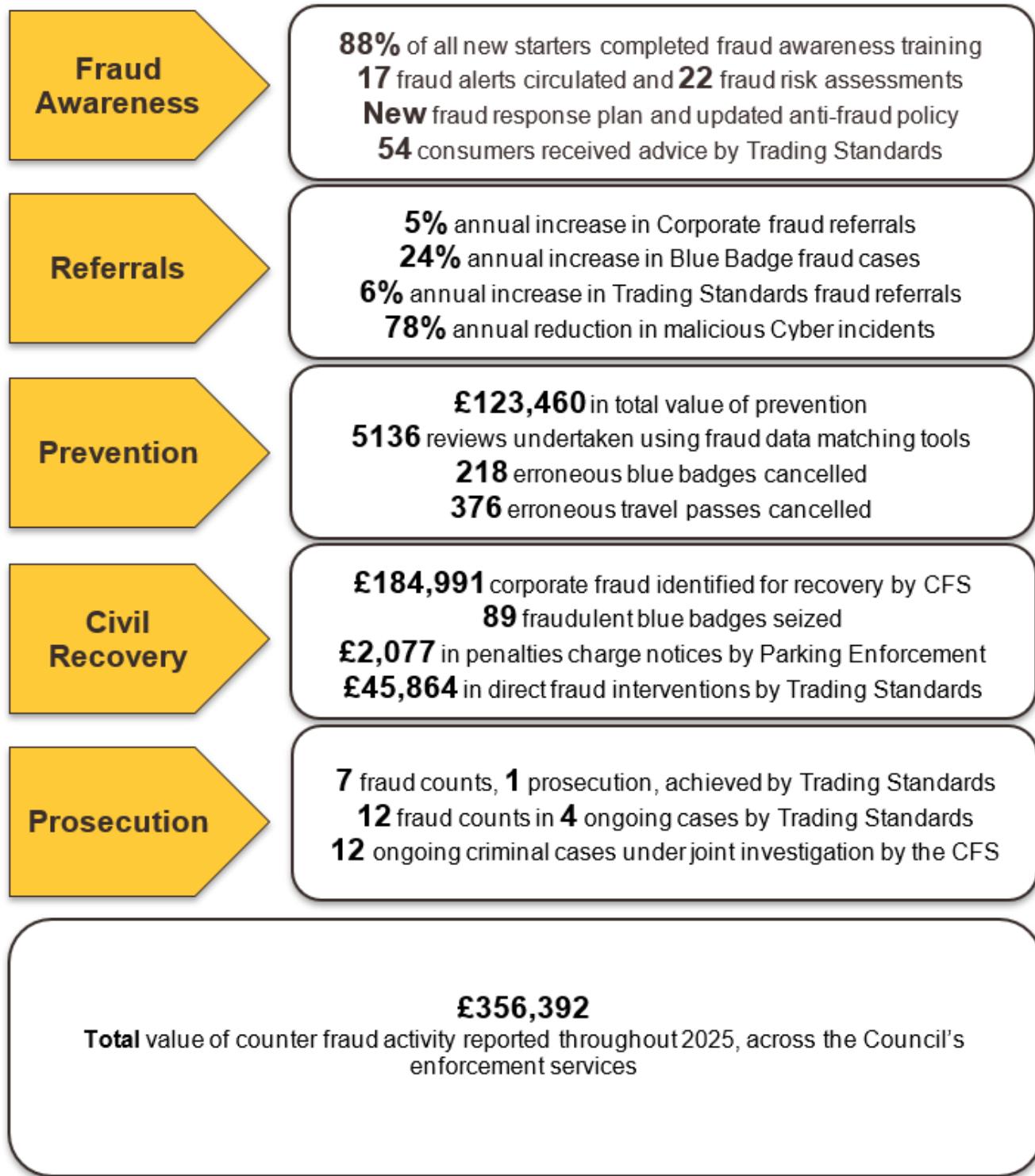
## **3. Transparency Code**

- 3.1 The Local Government Transparency Code requires the council to publish data regarding its fraud resources and arrangements. These are published on the Herefordshire Council website in the [open data principles](#) section.

## **4. Introduction**

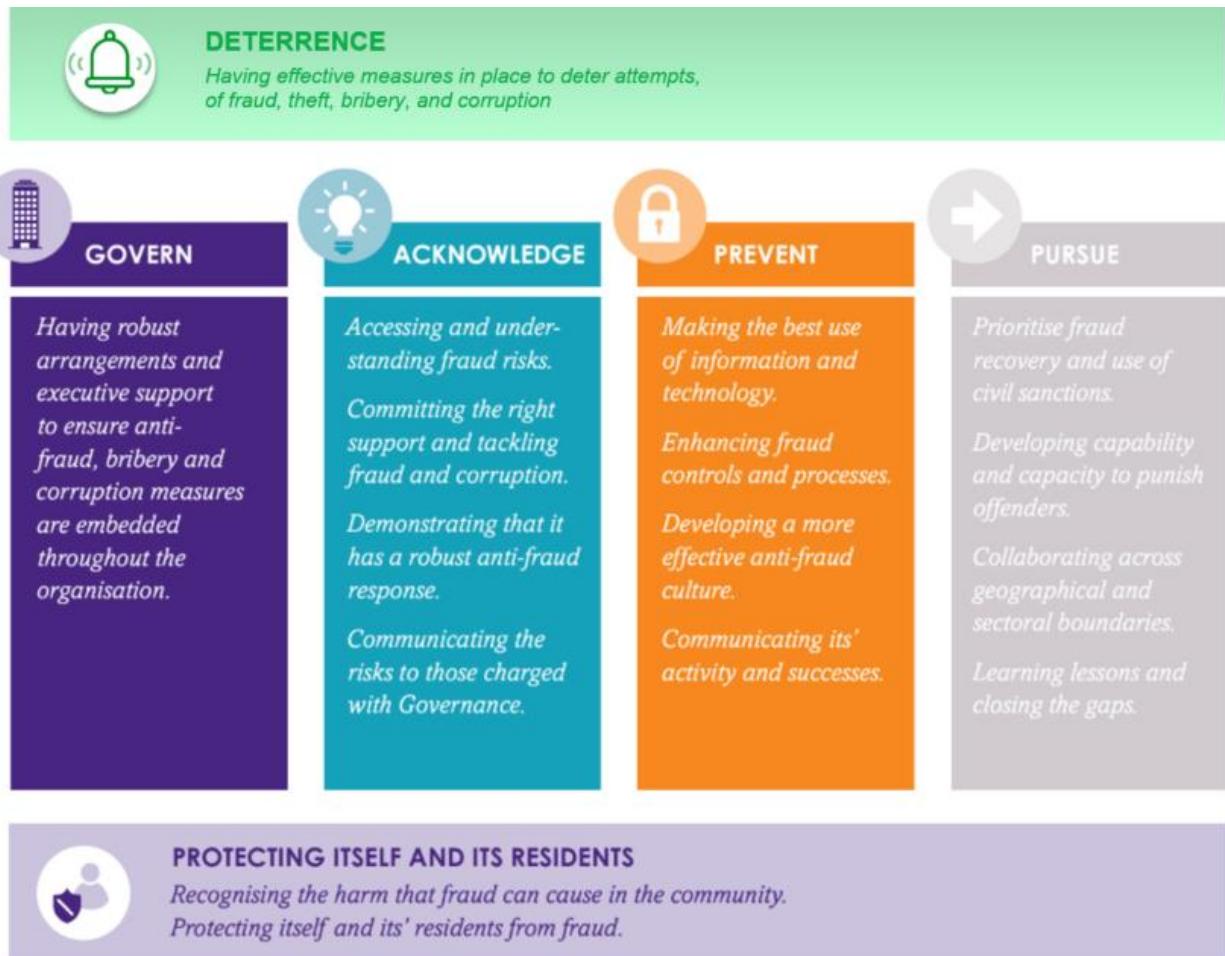
- 4.1 It is commonly known that fraud is now the most prevalent crime in the UK, and according to the Office for National Statistics (ONS), fraud represents 41% of all criminal activity. It is important that this figure, nor the nature of fraud itself be minimalised, and specifically in the public sector, fraud remains a major concern with annual losses estimated to be in the region of £7.8 billion across local government.
- 4.2 Fraud against public bodies can too often be seen as a victimless crime, however this is simply not true. Behind every story of fraud, there are real individuals, families and local communities whose lives will have been impacted. At a time where budgets across local government are being stretched to deliver essential services, any money that is obtained by fraudsters has a negative impact on the Council's budget and this can adversely affect the local community, as it takes away funds which are meant to be spent on legitimate public services.
- 4.3 In 2025 the National Anti-Fraud Network (NAFN) undertook an extensive online survey during which 129 Local authorities across England, Scotland, Wales and Northern Ireland participated in providing information on their counter fraud arrangements. The survey showed that for every £1 authorities spent on counter-fraud arrangements, that Councils detected an estimated £3.65 in fraud value. This figure alone evidences a strong return on investment.
- 4.4 In unison with the national picture presented in the NAFN 2025 survey, Herefordshire continues to see fraudsters trying to exploit vulnerabilities in the Council Tax and in the benefits systems. In addition, Adult Social care has also remained a high-risk area of fraud, due to the fact it is generally means tested and it is a high spend area for most local authorities.
- 4.5 As fraud becomes more complex and widespread, particularly in the digital space, it is important that Herefordshire Council continues to promote awareness of fraud, alongside activity to prevent and detect fraud working collaboratively across Council services, and that it is responsive to new and emerging risks.

## 5. Key Performance Summary



## 6. Strategic Approach

6.1 Herefordshire Council's Counter Fraud and Corruption Strategy sets out six core pillars as detailed below, as a blueprint to assist the Council and which are aligned to nationally recognised standards. These key principles underpin the Council's strategic approach to support the management of fraud risk and counter fraud activity.



## LINK TO STRATEGY: DETER

### 7. Deterrence Arrangements

- 7.1 The CFS is an essential function of the Council that by mere presence, has a significantly positive impact for the Local Authority in deterring the fraudulent loss of public funds. Herefordshire Council has an effective fraud response plan and policy embedded within its services, which creates a robust and lasting anti-fraud culture across the organisation. Furthermore, the Council remains in strategic memberships with the National Fraud Initiative (NFI) and the Credit Fraud Avoidance System (CIFAS).
- 7.2 Joint working arrangements continue to be in place between the CFS and enforcement bodies such as the Department for Work and Pensions (DWP), NHS and the police. As our joint working criminal cases continue to progress through investigation, any successful prosecutions resulting from these will be publicised to act as a deterrence measure against further fraud attempts.
- 7.3 During 2025 the Council's cyber security practices noted a significant **78%** reduction in malicious software attempts across Local Authority and Hoople services. This decrease further emphasises that through the implementation of robust controls and the open presence of a strong enforcement function, that deterrence measures can be effective. Please refer to section 22 of this report for further details on cyber fraud.

### 8. Media Engagement

- 8.1 Media engagement is recognised as a useful tool to help raise awareness of fraud risks and scams across the Council's enforcement teams. By circulating public fraud alerts in real time through media outlets and on the Council's dedicated fraud awareness webpage, the authority has directly communicated and informed residents of emerging fraud risks.
- 8.2 During International Fraud Awareness Week (IFAW), which commenced on the week between 16<sup>th</sup> and 22<sup>nd</sup> November 2025, both the Council and Hoople proactively took part in a social media campaign to help raise awareness of fraud to the local community.

## LINK TO STRATEGY: GOVERN

### 9. Council Policies

- 9.1 The Counter Fraud Service (CFS) developed a new Fraud Response Plan which was approved by the Audit & Governance Committee in July 2025. This Response Plan was developed to ensure that the Council's procedures for responding to fraud are clearly detailed. In addition, an updated Anti-Fraud, Bribery and Corruption Policy were approved, and together both documents provide a clear framework to follow, which further strengthens the Council's Governance arrangements on fraud, bribery and corruption.
- 9.2 The Council continues to have effective arrangements in 2025/26 to support governance, which includes the following policies, which are in place to support counter fraud measures:
- i. Anti-fraud, Bribery and Corruption policy
  - ii. Fraud Response Plan
  - iii. Whistleblowing policy
  - iv. Anti-Money Laundering policy
  - v. Debt Recovery policy
  - vi. Information Security Policy
  - vii. Employee Interests, Gifts and Hospitality policy
  - viii. Employee Code of Conduct policy

### 10. Counter Fraud Maturity

- 10.1 Effective governance and improvement within the organisation is measured through reviews of the council's counter fraud maturity. A follow up review was undertaken by SWAP internal audit in March 2025 during which the Council was reported to have strong arrangements in place across the assessed areas. Please refer to Appendix 2.
- 10.2 Work completed by the Council's external auditors in 2025 considered how the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The External Auditor's Annual Report, presented to A&G Committee in September 2025, confirmed that the Council's arrangements are effective with a green rating noting that: "arrangements for fraud prevention include a defined strategy, policy, and privacy notice. The Annual Counter Fraud Report was presented to the Audit and Governance Committee in January 2025, consistent with established practice, which provides Members with assurance on the Council's approach to fraud risk"

## LINK TO STRATEGY: ACKNOWLEDGE

### 11. Risk Management

- 11.1 Throughout 2025 the CFS has undertaken a total of **22** fraud risk assessments across the Council. By maintaining and updating these risk assessments, the local authority has been able to proactively identify emerging risks, as well as review the effectiveness of controls and scoring in previously identified fraud risk areas. Direct engagement from the CFS, has helped to further promote fraud awareness within services, by prompting healthy debate and discussion about the specific fraud risks officers may encounter in their respective roles.

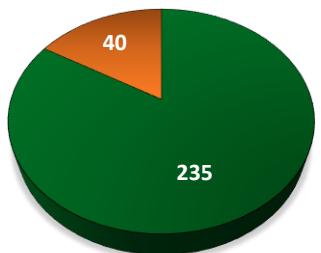
### 12. Training

- 12.1 The Council's bi-annual fraud awareness training module was rolled out to all employees in 2024, therefore during 2025, completion of the module was only required by new starters as part of the Council's Induction process.

A combined **88%** of all new starters completed the fraud awareness training.

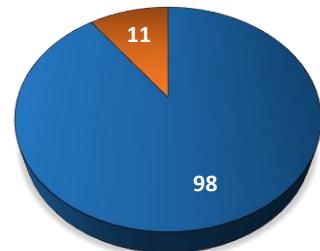
- **Completion figures for New Starters in 2025**

**85% Completion Rate for Herefordshire Council New Starters**



■ Completed ■ Not Completed

**90% Completion Rate for Hoole New Starters**



■ Completed ■ Not Completed

- 12.2 The training department will be implementing a new process in 2026 with the aim of increasing new starter completion rates, consisting of a weekly reminder and chasing process for new joiners to complete all their training within the required timescales after induction.
- 12.3 The CFS has made significant updates to the fraud awareness training module during 2025, ready for its next distribution to all workers in 2026, which includes a new section specifically on the new corporate Failure to Prevent Fraud offence.
- 12.4 Bespoke training sessions have been developed during 2025 by the CFS and Trading Standards teams, with the aim of delivering these training sessions to officers across the Adult Social Care teams, scheduled in early 2026.

## LINK TO STRATEGY: **PREVENT**

### 13. Fraud Prevention Summary

13.1	<b>85</b> erroneous Council Tax CTR / HB	N/A	<b>£65,896</b> future
	<b>1</b> external mandate fraud attempt	<b>£7,516</b> actual	N/A
	<b>1</b> fraudulent grant application	<b>£600</b> actual	N/A
	<b>1</b> fraudulent Insurance claim	<b>£3,550</b> actual	N/A
	<b>218</b> fraudulent or erroneous Blue Badges	N/A	<b>£31,610</b> future
	<b>376</b> erroneous Concessionary Travel Passes	N/A	<b>£14,288</b> future

\* The term 'actual prevention' refers to the actual value of the fraud attempted and stopped.

\* The term 'future prevention' refers to the estimated value that the fraud could have been, should it have been successful and gone undetected thereafter.

### 14. Fraud Awareness and Support

- 14.1 The CFS routinely supports the Council by providing recommendations to service areas following fraud investigations, which may include a lesson's learnt review and a fraud risk assessment. In addition, the CFS actively assists employees across the Council by offering general advice and guidance on any aspect of fraud, theft, bribery and corruption.
- 14.2 Circulation of intelligence alerts has proven to be an effective method of raising awareness across services and subsequently increases the chances of fraud being prevented or detected. In 2025 the CFS raised a total of **17** fraud intelligence alerts across the Council's services.

### 15. Partnerships and Collaboration

- 15.1 Collaborative working forms a vital part of the Council's new fraud response plan, with external partnerships being seen as a key strength in recent years. Joint working continues between the CFS, the NHS Integrated Care Board (ICB) and West Mercia Police.
- 15.2 Throughout 2025 the CFS has worked closely with the Department for Work and Pensions (DWP), in multiple ongoing benefit fraud investigations, often interviewing under caution together. It is anticipated that joint working with the DWP will continue to improve with positive emphasis being raised by central government on tackling welfare and benefits fraud.

### 16. Technological Advancement

- 16.1 Herefordshire Council and Hoople remain active members of the CIFAS fraud intelligence database, which is used to assist to prevent and detect crime across the organisation. During Q2 2025, the CIFAS system was integrated into the Direct Payments department within Adult Social Care. Furthermore, following recent approvals by government, the National Fraud Initiative (NFI) data matching exercise was extended to now included checks on Residential Placements and Direct Payments and the first data match for these datasets was undertaken in Q4 2025.

## LINK TO STRATEGY: PURSUE

### 17. CORPORATE FRAUD

There have been **195** corporate fraud referrals dealt with by the counter fraud department in 2025 relating to fraud against services provided by the council.

**47** cases carried forward from 2024

**141** new referrals received in 2025

**150** cases closed in 2025

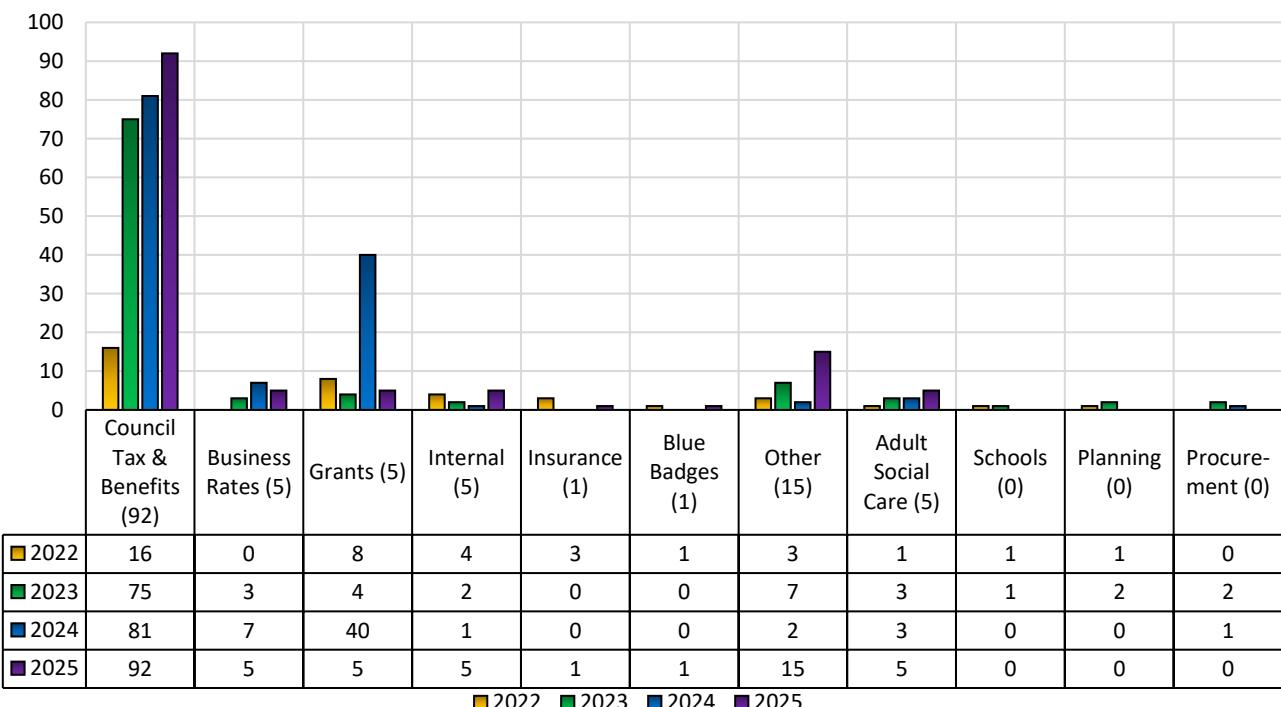
**45** on-going investigations

**12** referrals pending

**5%** increase in new referrals in 2025 compared to 2024

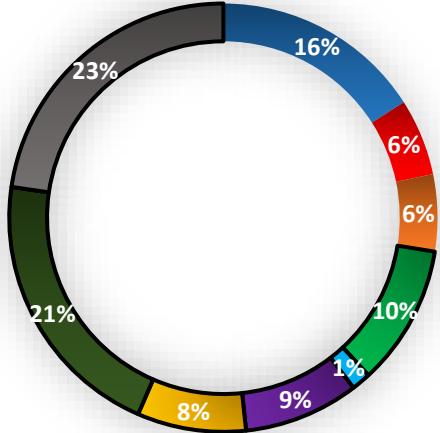
**253%** increase in new referrals over the period covering from 2022 to 2025

#### Multi-year referral analysis, from 2022 to 2025, categorised by service type



- 17.1 The data provided in the chart above shows the year-on-year referral trends for Herefordshire, excluding 2020 and 2021 due to Covid-19 data fluctuations. As a benchmark comparison, the 2025 NAFN Local Authority Counter Fraud Report showed that during a survey of 129 Local Authority respondents, **86%** of authorities identified Council Tax fraud to be the most investigated fraud category, followed by Grants, Procurement and Internal fraud types.
- 17.2 In Herefordshire Council, the highest area of new corporate fraud referrals during 2025 continued to be for Council Tax and Benefits fraud with an increase to 92 referrals, representing a **475% increase** in the 4-year period since 2022, when the external reporting platform first went live to the public. Since 2023, Council Tax referrals have shown a further year-on-year increase. Of the 92 new Council Tax referrals in 2025, there was a total of 17 allegations of Council Tax avoidance, 9 allegations of undeclared income, 55 allegations of undeclared circumstances, and 11 referrals relating to other types of allegations.

## 18. Summary of Corporate Fraud case outcomes in 2025



- 33 Civil Investigations (open) - 16%
- 12 Criminal Investigations (open) - 6%
- 12 Referrals Pending (open) - 6%
- 22 Civil Recovery (closed) - 10%
- 3 Prevented (closed) - 1%
- 18 Referred to Other Agencies (closed) - 9%
- 17 included in next SPD review (closed) - 8%
- 43 No Fraud (closed) - 21%
- 47 Insufficient Evidence (closed) - 23%

### 18.1 Ongoing Investigations

At the end of 2025 there were a total of 45 ongoing corporate fraud cases that remained open, with a further 12 referrals pending review. These cases are categorised as the following;

#### ■ 33 Civil Investigations (open) – 16%

- 33 cases are pending further civil investigation. Of these, 30 cases relate to Council Tax and Benefit allegations, 2 cases relate to Business Rates allegations and 1 case relates to Adult Social Care.

#### ■ 12 Criminal Investigations (open) – 6%

- 9 cases involve allegations of Council Tax and Benefit fraud and are part of joint working criminal investigations with the Department for Work and Pensions (DWP).
- 2 cases relate to allegations of financial abuse of Direct Payments with one being jointly investigated with the police, and the other under joint investigation with the NHS.
- 1 internal fraud case remains under joint working with the Police. Due to the sensitive nature of these we are unable to provide any further details at this stage.

#### ■ 12 Referrals Pending (open) – 6%

- 12 referrals are pending review and escalation. A summary risk review is undertaken at an early stage of a referral being received, to determine if it needs prioritisation.

### 18.2 Closed Investigations

During 2025 the CFS investigated and closed 150 corporate fraud referrals, categorised as;

#### ■ 22 Civil Recoveries (closed) - 10%

- 14 cases totalling £50,742 involved fraudulent applications or undeclared circumstances to Council Tax Reduction reliefs and/ or discounts and benefits. 5 cases totalling £17,056 involved Council Tax avoidance/ undeclared second home fraud and 1 case totalling £3,163 resulted from undeclared income whilst in receipt of Council Tax Relief. 1 Business Rates avoidance case totalled £4,953 and 1 Internal fraud case totalled £2,592.

**£78,506** under civil recovery

■ **3 Prevented (closed) – 1%**

- Please refer to section 13 of this report for a full review of prevention activity. 3 fraud cases originating from corporate referrals were prevented in 2025. These 3 cases consisted of the following: 1 external mandate fraud attempt totalling £7,516 which was prevented by the robust controls implemented within the payroll department. 1 grant fraud case with a value of £600 was stopped prior to payment being made to a false applicant, and 1 insurance ‘crash for cash’ fraud totalling £3,550, was challenged and stopped prior to the claim being issued.

■ **18 Referred to Other Agencies (closed) – 9%**

- A total of 18 cases were referred to other agencies as they were out of the CFS remit to investigate. Where it is possible the CFS will often try to identify the most appropriate third-party avenue to investigate allegations. Of these, 5 allegations were referred to the Valuation Office Agency (VOA) for assessment. A further 6 benefit fraud allegations were referred to the Department for Work and Pensions (DWP). 1 allegation of Blue Badge fraud was sent to Parking Enforcement, 3 allegations were referred to the Trading Standards department, 1 referral was sent to the Human Resources department, 1 referral was sent to another Local Authority, and 1 allegation of tenancy fraud was referred to a Housing Association.

■ **17 Included in next SPD review (closed) – 8%**

- 17 referrals of alleged Single Persons Discount (SPD) fraud have been flagged for review under the next SPD assessment exercise.

■ **43 No Fraud (closed) – 21%**

- It should be emphasised that not every referral/ allegation will need to be investigated as some allegations can be false, misleading, or simply incorrect. Every referral is risk assessed by the CFS to determine next steps. A total of 43 referrals was closed, pending no further action after initial enquiries identified that no offence had occurred.

■ **47 Insufficient Evidence (closed) – 23%**

- A total of 47 referrals were closed pending no further investigation due to insufficient evidence. This can occur when the CFS is not able to obtain evidence to either prove or disprove the allegations, either due to no suitable lines of enquiry, or due to insufficient information being provided within the context of a referral.

**19. National Fraud Initiative (NFI)**

- 19.1 The NFI is a national data matching exercise led by the Cabinet Office which Local Authorities are mandated to partake in to assist in the detection of fraudulent and erroneous payments. In 2025 the CFM worked collaboratively with Revenues and Benefits, Talk Communities, Transport, Finance and Adults Social Care departments to undertake data matching reviews.

Service area	No. of reviews	Review outcome (fraud/ error)	Civil recovery	Prevention savings
Revenues & Benefits	1,018	85 benefits cases cancelled	£106,485	£65,896
Talk Communities	357	218 blue badges cancelled	N/A	£18,705
Transport & Parking	381	376 travel passes cancelled	N/A	£14,288
Finance	3,365	N/A	N/A	N/A
Adult Social Care	15	N/A	N/A	N/A
<b>Reviews closed</b>	<b>5,136</b>			
<b>Reviews open</b>	<b>131</b>			

## 20. Blue Badge Fraud

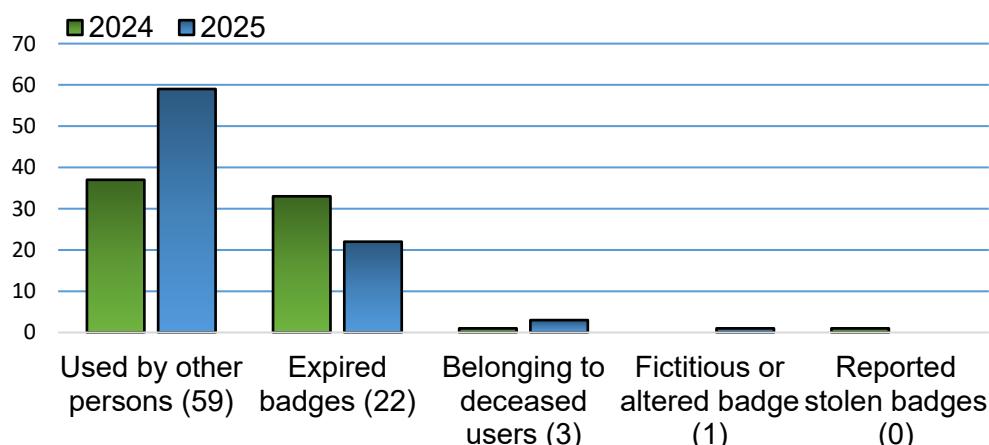
- 20.1 This section details investigations by the parking enforcement team of Blue Badge misuse and Disability Permit fraud. Blue Badges can only be used by the named badge holder, or by a person who has dropped off, or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a Blue Badge in any other circumstances.

**89** new cases in 2025

**24%** increase in new cases

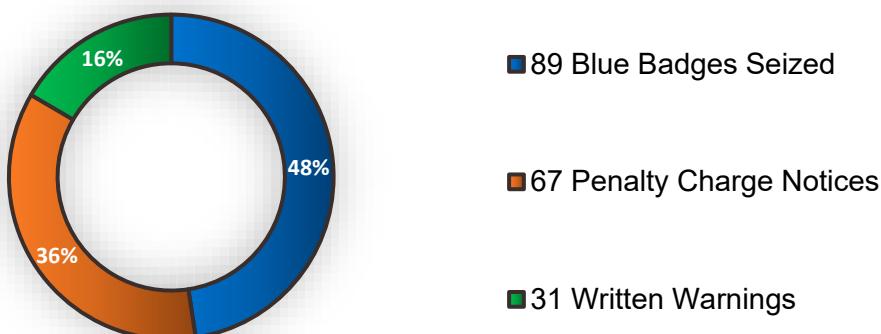
### Blue Badge fraud and misuse case types 2024-2025

During 2025 the Parking Enforcement team experienced a **24% increase** in blue badge cases, up from 72 cases in 2024. It is noted that there was a larger rise in the number of cases where people had used badges belonging to others, along with a small increase of the number of people using either fictitious or badges belonging to deceased users.



## 21. Outcomes of Blue Badge cases in 2025

- 21.1 A total of **89** badges were seized, **£2,077** in penalty fines were administered and **31** written warnings issued during 2025, demonstrating the Council's continued resolve to reduce Blue Badge fraud and misuse across the County.



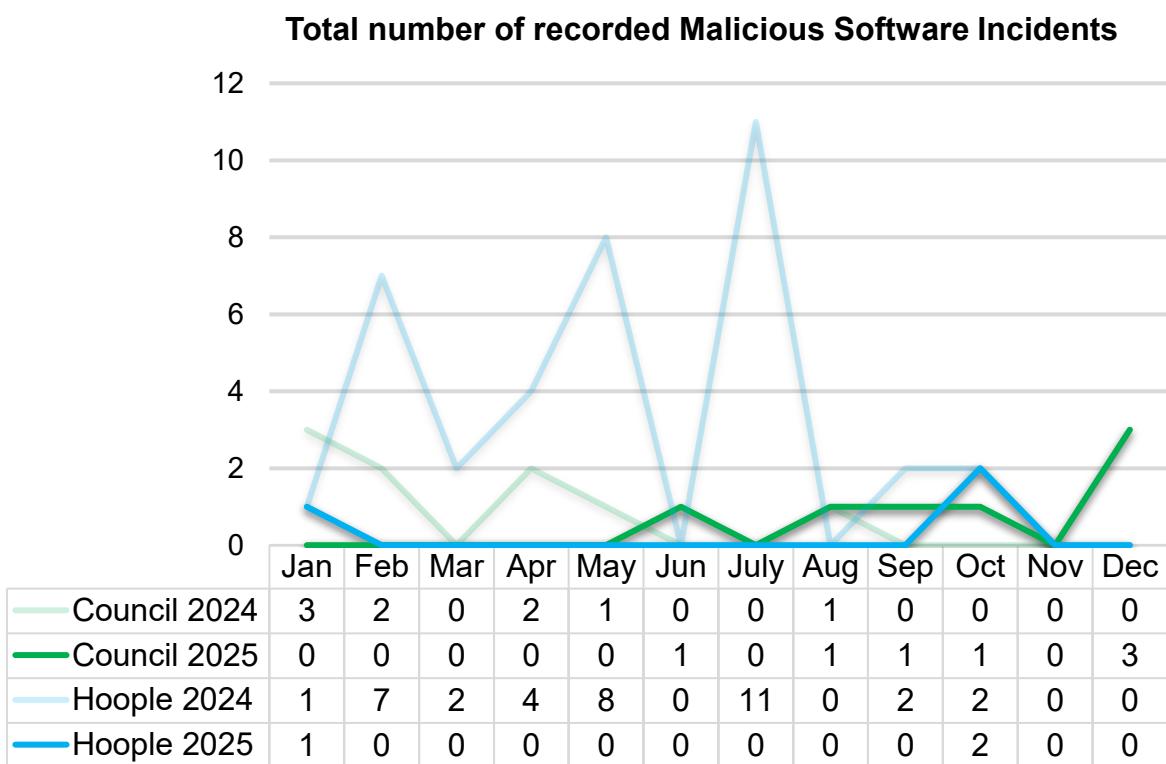
## 22. Cyber Fraud

- 22.1 This section relates to instances of cyber related fraud attempts against Herefordshire Council and Hoople services as recorded by the Information Security department. An example of cyber fraud could be a ransomware attack or a phishing email.

**7** recorded malicious software incidents for Herefordshire Council in 2025

**3** recorded malicious software incidents for Hoople in 2025

**78%** reduction in the number of malicious software incidents across Herefordshire Council and Hoople in 2025



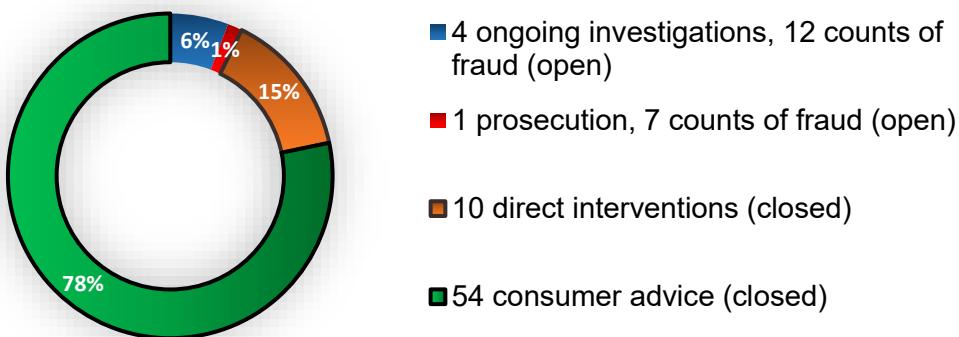
- 22.2 In 2025, the number of detected malicious software incidents has fallen significantly demonstrating that effective controls are in place. 7 incidents were recorded for Herefordshire Council and 3 for Hoople. Although this represents a notable reduction, primarily with Hoople seeing a **91%** reduction in 2025 compared to 2024, it does not eliminate the ongoing risks posed by cyber threats as this can fluctuate year on year.
- 22.3 The continued presence of malicious software, despite the decrease, suggests that attackers are likely adopting more advanced techniques through the use of AI and targeting both individuals and organisations more selectively. This underscores the importance of maintaining strong cybersecurity practices.
- 22.4 Staying proactive through regular system updates, continuous threat monitoring, and ongoing user awareness training remains essential, as malware developers continue to adapt to current security defences so must we look at ways to increase those defences.

## LINK TO STRATEGY: PROTECT ITS RESIDENTS

### 23. TRADING STANDARDS

23.1 This section outlines details by the Trading Standards department specifically relating to fraud and interventions undertaken to protect local residents. Herefordshire Trading Standards Service work in collaboration with many different partner organisations, to help protect consumers and businesses by providing advice and safeguarding known scam victims.

**69** referrals relating to fraud and unfair trading in 2025, of which **25** related to scams



#### 23.2 Consumer Advice and Direct Interventions

A total of **54** referrals were resolved with the provision of consumer advice on the law and potential methods of obtaining redress. The total money saved for consumers through direct intervention was **£45,864** across **10 vulnerable consumers**.

#### 23.3 Prosecutions

Herefordshire Council Trading Standards obtained a fraud prosecution during 2025, during which the defendant was local landscaper and builder who took several deposits 'up front' and carried out no work, subsequently spending the money on personal expenditure. In December 2025, he pleaded to **7 counts of fraud**. He is awaiting sentencing which is due in Q1 of 2026.

#### 23.4 Ongoing Investigations

- A £16,000 fraud on two local elderly residents who paid up front for roofing work which was never carried out. This roofing Investigation consists of 1 defendant with 1 alleged fraud charge.
- One local vulnerable disabled pensioner was forced by a rogue roofer to withdraw £500 from an ATM for worthless work. The trader has been charged with 1 alleged count of fraud.
- One £70,000 business to business fraud involving the clocking of the hour meters on tractors. The trader is facing 5 alleged counts of fraud at the Crown Court.

#### 23.5 Case Study - Loft Insulation Scam

This case has involved fraudulent trading by a company targeting the elderly throughout the UK from 2022 to 2024. Initially the investigation involving one local elderly resident, who had been defrauded of £11,000 for loft insulation work, led to multiple cases being uncovered. There were in total over 400 victims nationwide paying around £3Million over a two-year period. Herefordshire Trading Standards are prosecuting the director, company, the sub-contractor and salesman who defrauded the Hereford consumer. The four defendants have been charged with 5 alleged counts, for fraudulent trading, fraud, unfair trading and proceeds of crime.

## **24. Community impact**

- 24.1 Counter fraud activity supports the code of corporate governance principle which states that: Implementing good practices in transparency, reporting, and audit to deliver effective accountability. Herefordshire Council must ensure that those making decisions and delivering services are accountable for them. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner.

## **25. Environmental Impact**

- 25.1 The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
- 25.2 Whilst this is a decision on back-office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

## **26. Equality duty**

- 26.1 The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
- 26.2 The mandatory equality impact screening checklist has been completed for this activity, and it has been found to have a low impact for equality. Local authorities are responsible for tackling fraud in areas such as (but not limited to) benefits, council tax, and social care. In doing so, the Council applies the Equality Duty, meaning that anti-fraud investigations and enforcement does not discriminate against any individual or group based on protected characteristics. Additionally, decisions about investigations, sanctions, or prosecutions are evidence based.

## **27. Resource implications**

- 27.1 Counter fraud activity supports the best use of Finance, ICT, Human Resources and Property resources. The recovery of funds also prevents the financial support of illegal activities.
- 27.2 The Council's Section 151 Officer is responsible for ensuring that resources allocated to counter fraud, are sufficient to meet the demands of increased fraudulent activity.

## **28. Legal implications**

- 28.1 The Terms of Reference for the Committee includes monitoring the effectiveness and operation and the anti-fraud and corruption strategy (para. 3.5.12 of Constitution). There are no direct legal implications other than those already disclosed in this report.

## **29. Consultees**

- 29.1 None

## **30. Appendices**

30.1 Appendix 1 – Glossary of abbreviations and terms

Appendix 2 – SWAP Baseline Assessment One Page Summary

Appendix 3 - Equality Impact Screening Checklist

## **31. Background papers**

31.1 [Crime Survey for England and Wales \(CSEW\) 2024](#)

[National Crime Agency \(NCA\) National Strategic Assessment 2025](#)

[NAFN Local Authority Counter Fraud Report 2025](#)

[Auditors Annual Report on Herefordshire Council 2024.25](#)