



## **Governance Scrutiny Group**

**Thursday, 19 June 2025**

## **Annual Fraud Report 2024/25**

### **Report of the Director – Finance and Corporate Services**

#### **1. Purpose of report**

- 1.1 The purpose of this report is to summarise the incidence of fraud and fraud prevention activities at Rushcliffe Borough Council (“the Council”) during the year 2024/25.
- 1.2. This report has been prepared by BDO LLP (“BDO”) to summarise the fraud prevention and detection activities undertaken by the Council. For the avoidance of doubt, BDO has not undertaken a full fraud risk assessment or audited any information provided to it (as summarised within this report) by the Council’s officers.
- 1.3. This report is prepared under BDO’s service level agreement with the Council dated 4 April 2024 for internal audit services and it has been prepared strictly for use by the Council. BDO understands that it will be made available to relevant internal committees within the Council. In all other respects, this report is confidential and should not be used, reproduced, or circulated for any other purpose, in whole, or in part, without BDO’s prior written consent. BDO does not owe a duty of care to anyone other than the Council.

#### **2. Recommendation**

- 2.1. It is RECOMMENDED that the Governance Scrutiny Group considers the Annual Fraud Report for 2024/25.

#### **3. Reasons for Recommendation**

- 3.1. To provide an annual update to the Governance Scrutiny Group regarding the Council’s fraud prevention environment and report on any frauds, if identified.

#### **4. Supporting Information**

- 4.1. In August 2022, the government launched the Public Sector Fraud Authority (“PSFA”). A key objective of this body is to help ensure a consistent strong approach to counter fraud across the public sector, and to support public sector bodies to better understand and manage their fraud risks. The PSFA is also responsible for maintaining the Government’s Functional Standards for Counter Fraud (GovS 013), which details measures that public bodies should have in place to control fraud and assesses public bodies’ compliance with these.

- 4.2. In November 2023 the PSFA published its latest Annual Report<sup>1</sup>, which highlighted that the PFSA had surpassed its target of achieving £180 million of savings for the taxpayer in its first 12 months by preventing and recovering £311 million. Approximately 50% of the amount prevented and recovered was in relation to COVID and Bounce back loan schemes.
- 4.3. Part of the level of detected fraud in the public sector arises from the National Fraud Initiative (NFI) exercises, which this Council is actively involved with. Across England in 2022 to 2024, £73.0m<sup>2</sup> of fraud was detected and there was a 92% recovery rate. Significant issues that were identified included misuse of concessionary travel passes and blue badges, as well as incorrect council tax single person discount claims. Updated detailed results for the period since 2024 have not yet been released. Further commentary is covered in **Section 7** of this report.

## 5. Preventing and Detecting Fraud

- 5.1. Fraud and conduct issues can involve Council employees, elected members, partners, customers, and the public. Both conduct and fraud issues can be identified/raised in several ways, for example:
- a) Proactive detection work, undertaken internally or externally, for example as part of the NFI; and
  - b) Referral by employees, elected members, partner organisations, or members of the public, or identification by management.
- 5.2. In carrying out its functions and responsibilities, the Council is firmly committed to dealing with fraud or corruption and will deal equally with attempted and perpetrated fraud or corruption from inside or outside the Council.
- 5.3. The Council does not have a dedicated fraud prevention resource. However, it is the responsibility of managers within the Council's teams ("Management"), as part of the internal control environment, to ensure controls are in place to mitigate the risk of fraud. Officers with responsibility for monitoring and reporting levels of council tax fraud (under the NFI), as described in the report, are located within the finance directorate. These areas are therefore subject to oversight by the same managers and directors, ensuring a level of consistency in the fraud control framework. There have not been any changes to the control environment in 2024/25.
- 5.4. Whilst it is not their direct responsibility to detect fraud, Internal Audit may identify instances of fraud through its reviews and is available to support Council officers to consider next steps for investigating any allegations of fraud, in

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<sup>1</sup>[https://assets.publishing.service.gov.uk/media/6554919250475b000dc5b5e0/Public\\_Sector\\_Fraud\\_Authority\\_Annual\\_Report\\_2022-2023.pdf](https://assets.publishing.service.gov.uk/media/6554919250475b000dc5b5e0/Public_Sector_Fraud_Authority_Annual_Report_2022-2023.pdf)

<sup>2</sup> <https://www.gov.uk/government/publications/national-fraud-initiative-reports/national-fraud-initiative-report-2022-2024-html#:~:text=Outcomes%20from%20the%202022%2F23,council%20tax%20to%20deceased%20pilot.>

consultation with BDO's Forensic Investigations' specialists if required. During 2024/25 Internal Audit services were provided by BDO.

- 5.5. Internal Audit has confirmed that no incidents of fraud directly associated with the Council were identified during the course of its work in 2024/25.
- 5.6. Management is aware of frauds that occur across the sector and engages with Internal Audit and others as appropriate to discuss whether there is any material exposure to the Council from the issues noted in any relevant cases identified. Management is not aware of any incidents of fraud that have occurred in 2024/25, where specific action has been deemed necessary to manage material risks or exposure based on these discussions in year.
- 5.7. In 2023/24, the Council took proactive steps by preparing a comprehensive fraud risk assessment. This year, the Council has initiated a collaborative effort across teams, adopting a bottom-up approach to identify potential fraud risks. The focus has been to recognise any risks that are not currently managed through existing controls. Over the coming period, work will be performed to assess these risks thoroughly and implement effective mitigations to safeguard against fraud.
- 5.8. The Council's Anti-Fraud & Corruption Policy was reviewed during the year to ensure it is up to date and appropriate, and the updated policy was published in January 2025. The updated policy was shared with all Council staff via the internal staff matters communication.
- 5.9. The Council is a member of the Nottinghamshire Fraud Partnership, which was formed in 2023. This partnership aims to bring organisations together to protect individuals and businesses against fraud, respond to emerging threats and support victims through collaboration and sharing of information. The partnership meets quarterly and is facilitated by the Office of the Police and Crime Commissioner for Nottinghamshire<sup>3</sup>.
- 5.10. For the avoidance of doubt, no additional work has been undertaken by BDO in relation to fraud risks beyond the scope of this report and the activities described within it, and BDO has not undertaken a fraud risk assessment exercise for the Council for the purpose of this report.

## **6. Whistleblowing Policy**

- 6.1. It is important to any organisation that any fraud, misconduct or wrongdoing by workers or officers of the organisation is reported and properly dealt with. We understand that the Council's whistleblowing policy encourages all individuals to raise any concerns that they may have about the conduct of others within the Council.
- 6.2. The Whistleblowing Policy was publicised to staff in the internal staff matters communication in October 2024 and this is re-published biannually. Employees are made aware of the whistleblowing procedures during their end of week 2

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<sup>3</sup> <https://www.nottinghamshire.pcc.police.uk/Our-Work/Nottinghamshire-Fraud-Partnership.aspx>

induction with HR, this includes an overview of the policy and where to locate it on the staff intranet page. Managers also support an open culture and encourage their teams to discuss any concerns with them. In addition, staff are reminded of financial issues through internal newsletters.

- 6.3. The whistleblowing policy applies to all employees and contractors working for the Council, on Council premises, for example, agency staff. It also covers suppliers and those providing services under a contract with the Council on their own premises.
- 6.4. The Council's whistleblowing policy was reviewed during the year to ensure it is up to date and appropriate, and the updated policy was published in October 2024.
- 6.5. BDO has not reviewed the Council's whistleblowing policy for the purpose of this report. Our comments in relation to staff awareness and training are included at **Section 10** below.
- 6.6. There have been no whistleblowing concerns reported during 2024/25. It is not possible to determine the reason for the lack of reports, i.e., whether there is a genuine absence of concerns and therefore nothing to report, or whether the absence of reports is due to a lack of awareness of the policy within the employee base or a lack of willingness, for whatever reason, to make reports.

## 7. National Fraud initiative (NFI)

- 7.1. The NFI is a data matching exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. A national exercise is undertaken every two years, although electoral roll and council tax data is required to be submitted annually. Once the data-matching process for each exercise is completed, the NFI makes the output available to the relevant participating body for consideration and investigation via the secure NFI software. Participating bodies are responsible for investigating any matches.
- 7.2. The Council conducted a review in respect of single person discounts via the NFI in November 2023. The results of this exercise were as detailed below:

2024/25	2023/24	2022/23	2021/22	2020/21	
92	109	800	517	721	Number of cases identified by NFI
92	109	69	23	591	Number of live cases investigated
0	1	69	17	81	Number of cases where the discount was removed

£0	£18,915	£17,163	£2,146	£24,222	Value of extra Council Tax billed
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7.3. The number of cases investigated, and the additional council tax billed, are shown above. The cases identified by the NFI are split into two reports (one relating to rising 18-year-olds and the other a data match with the Electoral Register). Only the report relating to rising-18-year-olds was investigated by the Council in year. The Council undertook a Single Person Discount Review in 2023/24 and will undertake a further review during 2025/26.

7.4. The NFI data relating to Housing Benefit awards are now completed every two years and were also reviewed in 2024/25:

2024/25	2022/23	2021/22	2020/21	
127	122	93	182	Number of matches reviewed
0	0	0	0	Number of frauds identified
0	1	3	3	Number of errors identified
£0	£473	£14,496	£2,374	Amount of Council Tax errors identified

7.5. All Council Tax discounts awarded (except single person discounts due to the large volume making it unfeasible) are reviewed on an annual basis and applicants are advised that they should inform the Council of any changes. In prior years this review has always been paper based, but this is now performed online. In addition, the Council is reviewing National Non-Domestic Rates (NNDR) reliefs, such as discretionary reliefs. The Council does not undertake any wider exercises to publicise measures taken against residents who have incorrectly claimed a discount to act as a deterrent, with the annual reminders instead relied upon to remind residents of their obligations.

7.6. Where it is discovered that a discount has been incorrectly claimed, the discount is removed on the billing system and the correct charge raised (these amounts are included in the value of extra council tax billed quoted in the tables above). The discount is removed from the customer's account from the date that they are no longer entitled to it. The charge is then recovered as unpaid Council Tax, subject to reminders/summons as per the Council's recovery policy.

## 8. Internal Investigations 2024/25

8.1. There have been no allegations of fraud reported in 2024/25. However, as noted in **paragraph 6.2** above, the internal whistleblowing hotline is not actively

promoted, which could potentially impact the reporting rate due to a lack of awareness.

## **9. Benefit Fraud Investigations conducted by the DWP Counter Fraud and Compliance Directorate**

- 9.1. The Council no longer investigates Housing Benefits frauds. These are undertaken by the DWP Counter Fraud and Compliance Directorate (“CFCD”).
- 9.2. The DWP has a suite of management information that allows local authorities (“LAs”) to monitor the progress of referrals made to CFCD and enables LAs to see the outcomes that CFCD is achieving on their behalf. Additionally, it enables LAs to make a comparison of the volume of referrals that they have made against the national average.
- 9.3. As was the case in the prior year, no data has been made available to the Council at the time of preparing this report.

## **10. Fraud awareness and strategy**

- 10.1. The Council communicates reminders about fraud risk at regular intervals via the internal staff matters publication. Fraud training was last delivered to Council employees during 2022/23, when a session was delivered by BDO. Staff in the Finance Team do however receive regular sector updates from partners and recommended process changes are considered. A fraud awareness training session is scheduled to take place in June 2025.
- 10.2. In 2024/25 a new Anti-Money Laundering Course was successfully uploaded to Learning Pool and managers have recently been enrolled on this course.
- 10.3. The Council should consider offering fraud awareness training to staff on a regular basis (every 3 years), which should include reminding staff of the whistleblowing arrangements. This will dovetail with regular messaging through the Council’s usual staff communication channels. Senior officers should also consider making use of employee engagement sessions to promote counter fraud messages.
- 10.4. The Council may also wish to test levels of awareness of counter fraud arrangements amongst staff by, for example, inclusion of questions relating to this area in staff surveys.

## **11. Risks and Uncertainties**

If recommendations are not acted upon there is a risk internal controls would be weakened, and the risk would materialise. No significant risks identified.

### **Implications**

## **12. Financial Implications**

There are no financial implications associated with the recommendations to this

report.

### 13. Legal Implications

There are no legal implications associated with the recommendations to this report.

### 14. Equalities Implications

There are no equalities implications associated with the recommendation to this report.

### 15. Section 17 of the Crime and Disorder Act 1998 Implications

There are no section 17 implications associated with the recommendations to this report.

### 16. Biodiversity Net Gain Implications

There are no Biodiversity Net Gain implications associated with the recommendations to this report.

### 17. Link to Corporate Priorities

The Environment	The detection and subsequent investigation of fraudulent activity supports the Council's ability to deliver services across its priority areas.
Quality of Life	
Efficient Services	
Sustainable Growth	

### Recommendations

It is RECOMMENDED that the Governance Scrutiny Group considers the Annual Fraud Report for 2024/25.

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<b>Background papers available for Inspection:</b>	None
<b>List of appendices:</b>	None