



Governance Scrutiny Group

Thursday, 18 June 2026

Annual Fraud Report 2025/26

Report of the Director - Finance and Corporate Services

1. Purpose of this report

- 1.1 The purpose of this report is to summarise any known incidence of fraud, and the fraud prevention activities undertaken at Rushcliffe Borough Council (“the Council”) during the year 2025/26.
- 1.2 This report has been prepared by BDO LLP (“BDO”). 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. However, where BDO do undertake internal audit work, if a fraud is suspected or identified, then it would be investigated; and reported to the Governance Scrutiny Group if a fraud was proven.
- 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 do 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 2025/26.

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 February 2026, the PSFA published its latest annual report¹, which highlighted that the PFSA had surpassed its target of achieving £250 million of savings for the taxpayer by protecting and recovering £329 million. Approximately 43% of the amount prevented and recovered was in relation to the National Fraud Initiative ("NFI") Web application.
- 4.3 The Council is actively involved with the NFI. Across England between 2022 to 2024, £73 million² of fraud was detected and there was a 92% recovery rate. Significant issues 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 paragraph 4.21 of the report.

Preventing and Detecting Fraud

- 4.4 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:
- (a) Proactive detection work, undertaken internally or externally, for example as part of the NFI; and
 - (b) Referral by employees, elected members, partner organisations, members of the public, or identification by management.
- 4.5 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.
- 4.6 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 this 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 2025/26.
- 4.7 Whilst it is not their direct responsibility to detect fraud, Internal Audit may identify instances of fraud through their reviews and are available to support Council

¹https://assets.publishing.service.gov.uk/media/699597dfbfdab2546272bf0c/Public_Sector_Fraud_Authority_Annual_Report_2024-2025_PDF.pdf

²<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>

officers to consider next steps for investigating any allegations of fraud, in consultation with BDO's Forensic Accounting specialists, if required. During 2025/26 Internal Audit services were provided by BDO.

- 4.8 Internal Audit has confirmed that no incidents of fraud directly associated with the Council were identified during the course of their work in 2025/26.
- 4.9 Management is aware of frauds that occur across the sector and engage 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 2025/26. No specific action has been deemed necessary to manage material risks or exposure based on these discussions in year.
- 4.10 In 2023/24, the Council took proactive steps by preparing a comprehensive fraud risk assessment. This year, the Finance team have identified areas of fraud opportunity and created an action plan to mitigate those risks. Other service areas have also discussed areas of fraud opportunity at their team meetings, although they are not yet in a position to document or track their actions.
- 4.11 The Council's Anti-Fraud & Corruption Policy was last updated, published and shared with all Council staff via the internal 'Staff Matters' communication in January 2025. The policy is currently being reviewed to incorporate the new 'Failure to Prevent Fraud' Offence which is a UK corporate criminal offence introduced under the Economic Crime and Corporate Transparency Act 2023. A local authority must be aware of the offence because it can now be held criminally liable if it fails to prevent fraud committed on its behalf, making effective fraud prevention controls essential.
- 4.12 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.³
- 4.13 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.

Whistleblowing Policy

- 4.14 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. BDO understands that the Council's whistleblowing policy encourages all individuals to

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

raise any concerns that they may have about the conduct of others within the Council.

- 4.15 The whistleblowing policy applies to all employees and those contractors working for the Council, on Council premises, for example, agency staff and builders. It also covers suppliers and those providing services under a contract with the Council on their own premises.
- 4.16 The Council's whistleblowing policy was last reviewed, updated and published in October 2024. It is next due to be updated in 2027.
- 4.17 BDO has not reviewed the Council's whistleblowing policy for the purpose of this report.
- 4.18 Articles promoting the whistleblowing policy were published in the 'Staff Matters' newsletter in June and December 2025 and they are diarised as six-monthly reminders. Employees are also made aware of the whistleblowing procedures on the staff intranet page and managers encourage an open culture and inspire their teams to discuss any concerns with them. In addition, staff are reminded of financial issues through these internal newsletters. Our comments in relation to staff awareness and training are included at paragraphs 4.33-4.34 below.
- 4.19 There have been no whistleblowing concerns reported during 2025/26. 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 or willingness within the employee base.

NFI

- 4.20 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 then responsible for investigating any matches.
- 4.21 The Council sent details of their entire single person discount caseload (17,478 cases) to NEC Software Solutions UK Limited ("NEC") in June 2025 to conduct a Single Person Discount review.⁴ All cases were risk assessed against existing data and 3,496 households were contacted in July 2025. Following the review, 216 discounts were removed as taxpayers confirmed they were no longer entitled to the discount. A further 217 discounts were removed as NEC did not receive any response from those taxpayers. This equated to an additional £289k in Council Tax and is positive for tax payers generally.

⁴ NEC is a Cloud software provider engaged by the Council to identify and remove fraud and error across their single person discount caseloads.

4.22 The NFI data relating to Housing Benefit awards are now completed every two years and were last 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	Value of Council Tax errors identified

4.23 All Council Tax discounts awarded (except single person discounts due to the volume) are reviewed on an annual basis and applicants are advised that they should inform the Council of any changes. 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 being relied upon to remind residents of their obligations.

4.24 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.

Internal Investigations 2025/26

4.25 There have been no allegations of fraud reported in 2025/26.

Benefit Fraud Investigations conducted by the Counter Fraud and Compliance Directorate

4.26 The Council no longer investigates Housing Benefits frauds. These are undertaken by the DWP Counter Fraud and Compliance Directorate (“CFCD”).

4.27 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 CFCD are 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.

4.28 As was the case in the prior year, no data has been made available to the Council at the time of preparing this report.

Fraud awareness and strategy

- 4.29 Fraud awareness training was delivered at the Leadership Forum (for Council middle managers and above) in June 2025. The CIPFA course 'Failure to Prevent' was circulated to everyone at Lead Specialist level and above.
- 4.30 In 2025/26 anti-money laundering e-learning was provided to everyone at Lead Specialist level and above, as well as to property, finance, revenue and benefits and customer services as these are key areas for identifying fraud. A completion rate of 95% was achieved.
- 4.31 The Finance team receive sector updates from partners which raises awareness of specific and new targeted fraud activity.
- 4.32 The Council also provides counter fraud updates at Leadership Forum, through the the 'Staff Matters' newsletter, and also in wider staff meetings.

Audit Conclusion

- 4.33 The Council should consider offering annual mandatory fraud training to all employees, not just those in key departments or senior positions. This training should include reminding staff about the whistleblowing helpline. The Council will expand e-learning training to all staff in this area over the next 6 months.
- 4.34 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. The Council will send out annual surveys to all staff on fraud awareness.

5. Risk and Uncertainties

- 5.1 If recommendations are not acted upon there is a risk internal controls are weakened, and the risk materialises.

6. Implications

Financial Implications

- 6.1 There are no financial implications associated with the recommendations to this report.

Legal Implications

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

Equalities Implications

- 6.3 There are no equalities implications associated with the recommendations to this report.

Section 17 of the Crime and Disorder Act 1998 Implications

- 6.4 There are no Section 17 implications associated with the recommendations to this report.

Biodiversity Net Gain implications

- 6.5 There are no Biodiversity Net Gains implications associated with this report.

Local Government Reorganisation

- 6.6 There are no Local Government Reorganisation implications associated with this report.

7. 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	

8. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group considers the Annual Fraud Report for 2025/26.

For more information contact:	Peter Linfield, Director - Finance and Corporate Services plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices:	None