ROSSENDALE BOROUGH COUNCIL

AGENDA ITEM: D1

Report Title:	Annual Fraud Report 2025/26		
Report to:	Audit & Accounts Committee	**Date:**	29th July 2026
Report of:	Fraud & Compliance Officer	**Cabinet Portfolio**	Resources
Cabinet Lead Member	Councillor Walmsley	**Wards Affected**	All
Key Decision: ☐	Forward Plan ☐	General Exception ☐	Special Urgency ☐
Integrated Impact Assessment:	Required: No	Attached: No	
Contact Officer:	Carol Walker	**Telephone:**	01706 252582
Email:	carolwalker@rossendalebc.gov.uk		

Valley Plan Priorities	**Thriving Local Economy:** This involves securing new inward investment, creating a sustainable economy, matching local skills with future job opportunities, and supporting town centres as unique destinaions.	☐
	High Quality Environment: This includes having a "clean and green" local environment, reducing the borough's carbon footprint, improving waste and recycling rates, and delivering new homes with a good mix of housing tenures.	☐
	Healthy & Proud Communities: This priority focuses on improving the health and physical/mental wellbeing of residents, reducing health inequalities, ensuring access to better leisure facilities and health services, and fostering a sense of pride in the community.	☐
	Effective & Efficient Council: The aim is to provide good quality and responsive services, embrace new technology, be a financially sustainable council with a commercial outlook, and ensure sound governance.	☒

1. PURPOSE OF THE REPORT & EXECUTIVE SUMMARY

1.1 This report updates the Committee on the work undertaken in the previous financial year in relation to fraud and compliance activities, including the success that has been achieved in identifying fraud.

1.2 This work has resulted in a financial saving to the Council and partner organisations.

1.3 The Fraud and Compliance function provides assurance that if major fraud is attempted, there are systems in place to identify and prevent it.

2. RECOMMENDATION

2.1 Committee notes the contents of the annual update report.

3. BACKGROUND & REASON FOR THE DECISON

3.1 Local authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. There is a duty to have effective controls and procedures in place to prevent, detect, deter and investigate fraud and error in Council Tax Support, Council Tax, Business Rates and other areas of the Council as required.

PARTNERSHIP WORKING

3.2 The Fraud and Compliance Officer acts as Single Point of Contact (SPOC) for:

- The provision of information to the DWP.
- Liaising with the Police and other local authorities/agencies by dealing with requests for information under the Data Protection Act and other legislation.

3.3 This is work which would otherwise have been allocated to the benefit assessment team.

3.4 The Council is an active member of NAFN (National Anti-Fraud Network). NAFN's key services include:

- Acquiring data legally, efficiently and effectively from a wide range of information providers.
- Acting as the hub for the collection, collation and circulation of intelligence alerts to varying different teams within the Council, which could be targeted by providing them with fraud prevention information and details of the latest scams.

3.5 The Council works closely with Lancashire, Greater Manchester and some Cheshire local authorities and meets regularly with other counter fraud practitioners to discuss common counter fraud issues and best practice, including organising any specialised training required together, to save our respective local authorities money.

NATIONAL FRAUD INITIATIVE

3.6 The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office, to assist in the prevention and detection of fraud. Data is collected from around 1,200 participating organisations across public and private sectors including government departments. Data matching compares sets of data electronically, such as the payroll or benefit records, against other records obtained to see how far they match. The data matching focuses on identifying anomalies between the records, which could indicate fraudulent claims.

3.7 In February 2025, the NFI released its biannual set of data matches to all Councils for review and they will from time-to-time update these adding extra matches. In total NFI had released 261 matches to the Fraud and Compliance Office, over 20 report types.

3.8 Manual checks comparing each match against Council records was undertaken. The Fraud and Compliance Officer has checked all 261 matches. Of these 34 matches required further review. To date 18 matches are on-going, 16 have been closed, 10 with a positive outcome creating £22,980.34 in CTS adjustments, two CTS £70 civil penalties have been raised, plus a £26,926.13 Housing Benefit [HB] overpayment and a £50 Housing Benefit HB civil penalty was raised.

3.9 In one instance, a case had been referred to the DWP twice, once in the 22/23 batch of NFI matches and also more recently following the current matches. In both instances the match related to [different] student grant awards. A DWP Investigator advised the matches would not be investigated. Therefore, the Fraud and Compliance Officer dealt with the matter. The case resulted in the HB overpayment of £26,926.13 and a £50.00 HB civil penalty being added.

3.10 Of the 2022/23 NFI matches, there is one case outstanding, this has been jointly investigated with a Criminal Investigation Officer from the DWP. The case is currently awaiting its next court hearing at Burnley Crown Court, in May, 2027. The case is being prosecuted by the Crown Prosecution Service [CPS] on behalf of the DWP and the Council.

FRAUD AWARENESS TRAINING

3.11 Fraud awareness is mandatory for all staff.

3.12 Fraud awareness sessions occur on a rolling basis for Revenues, Benefits and One Stop Shop staff.

SURVEILLANCE

3.13 Surveillance is only authorised in appropriate cases where considered necessary and proportionate, in line with the Regulation of Investigatory Powers Act (RIPA). During 2025/26 no cases were identified for surveillance.

SPECIAL EXERCISES

3.14 No special exercises were conducted during 2025/26.

PERFORMANCE AND STATISTICS

3.15 During 2025/26 147 allegations of fraud were received from various sources. The number of referrals increased in all areas except for HB where they declined, this is due to HB claims transitioning onto UC. Other LA fraud, involves other areas of the Council which were targeted, other than Revenues and Benefits.

Fraud Area	Number of Referrals
Council Tax Support	76
Housing Benefit	4
Council Tax [single person discount/exemptions etc.]	67
Business Rates [grant fraud/small business rate relief fraud etc.]	6
Other LA Fraud	10

[Of note, some allegations refer to more than one type of fraud].

3.16 These referrals were received from

Source	Number of Referrals
Anon Referral	8
Assessment Team	8
Council Tax Team	4
DWP	0
LA Staff [Internal]	20
NFI	34
One Stop Shop	2
Online Referral Form	62
Other LA Staff	3
SAT Team	5
NNDR Team	1

3.17 The types of fraud relating to these allegations.

Allegation	Number of Referrals
C/Tax - Other	8
C/Tax - Property Not Listed For Rating	1
Ctax - Exemption fraud	3
C/tax - Liability Fraud	3
C/tax - SPD Fraud	59
CTS - Living Together	21
CTS - Not Resident	8
CTS - Other Fraud	5
CTS - Undeclared Capital	5
CTS - Undeclared Income	7
CTS - Undeclared Land/Property	2
CTS - Undeclared Non-Dependant	24
CTS - WWIR	9
HB – Undeclared Non-Dependant	1
HB - Not Resident	1
HB - Other Fraud	1
HB - Undeclared Capital	1
NNDR – Liability Fraud	1
NNDR - Undeclared business premises	4
NNDR – Empty Exemption	1
Other LA Fraud – Household Support Fund Fraud	8
Other LA Fraud – Employee Fraud	1
Other LA Fraud – Grant Fraud	1

3.18 During the 2025/26 year 44 cases were referred to the DWP for their consideration. This includes 16 cases identified from the NFI matches.

3.19 The DWP's Criminal Investigation Team issued 0 requests for information in relation to their investigations linked to HB fraud, however they gave feedback on 3 referred cases. There were 0 requests from the DWP's Compliance Team, however they gave feedback on one case referred. This is significantly less than pre pandemic years. This is mainly due to HB being phased out, in the majority of claims.

3.20 Following the Fraud and Compliance Officers involvement/investigations, the following overpayments/adjustments were identified

Area	Value	Number of cases
Council Tax Support adjustment	£25,030.14	13
Single Person Discounts withdrawn	£7,309.76	8
Council Tax Liability added	£5,321.53	2
Housing Benefit overpayment	£30,744.52	3
NNDR adjustment	nil	0

3.21 This year, 4 x £70 Council Tax, 5 x £70 CTS and 2 x £50 HB penalties were applied following fraud investigations.

3.22 An additional methodology to identify counter fraud performance is also in place. This is because when a claim for an allowance, discount, reduction, benefit or exemption ends or reduces as a result of an intervention by the Fraud and Compliance function, the value of the intervention is actually not just the amount of any overpayment that has occurred. It is recognised that there is also a “future” saving, resulting from preventing further incorrect payments being made. In these cases, the weekly amount of reduced entitlement that is applied following a counter fraud intervention is multiplied by 52. It is reasonable to believe that the award would have continued for an average of one year, had no intervention taken place. This was agreed as an appropriate performance measure by the Lancashire and Greater Manchester Fraud Investigators Group.

3.23 The weekly figure for the Council is £182.57, giving estimated “future” savings from 2025/26 activity of £9,493.64. It should be noted that “future” savings can only be estimated, but do help demonstrate another benefit to the Council of undertaking counter fraud work. This saving is only calculated against Council Tax Support.

3.24 The “Analyse Local” System is used to identify properties that are missing from the rating list or are undervalued. Typically, the cases identified through Analyse Local are those in remote locations, unreported alterations to existing sites and internal changes which have an effect on rental value. They tend to be scenarios which are not picked up through the general property inspection regime. During 25/26 the use of Analyse Local to assist in business rates forecasting generated a total additional ratable vale of £34,000 including backdating, the estimated rate yield from these cases is £34,431. There are an additional two cases where proposals have been made to the VOA in 25/26 where the VOA assessment of additional rateable is still outstanding.

3.25 Of note, the majority of Housing Benefit customers have now transferred over to Universal Credit. This should not impact on the number of referrals received, as most allegations also affect Council Tax Support. However, this has started to impact on the value of overpayments raised.

3.26 Of note, the Council’s current CTS scheme includes that all customers in receipt of Universal Credit [UC] will have their CTS claim assessed based on their UC entitlement. Should an allegation of fraud be received and the CTS is entitlement is based on UC, Benefits are reliant on the customer being honest and notifying UC of a change in their circumstances. Generally, the only way for the UC to be reviewed following an allegation of fraud, is for the DWP’s fraud team to conduct an investigation and report their findings to UC. It is important to note, that currently UC will not consider accepting the findings and any evidence from a Local Authority Fraud/Compliance Officer’s investigation, whereas other DWP Benefit Teams, for example Employment Support Allowance [ESA] will. This is having an impact on CTS allegations suitable for investigation, particularly now HB customers have moved over to claiming UC for their housing costs. It is hoped that the CTS scheme will be amended in the future, to include that customers may have their UC decision overridden, when the Council knows their UC entitlement isn’t correct.

3.27 This year the Fraud and Compliance Officer has started investigating several joint working cases with a Criminal Investigator from the DWP. These investigations are complex, time consuming and will take several years [in some cases] from start to completion. Together we are using legislation available to obtain evidence, with the aim of proving the allegation. We are intending to conduct joint interviews under caution. These cases should yield high value overpayments if proved. The aim is to take prosecution action on cases on suitable cases and obtain publicity for both organisations. This should act as a deterrent for others.

RECOVERY

3.28 Capita actively recover any HB overpayments, CTS adjustments, discounts and exemption removals raised because of fraud activities.

3.29 Fraudulent HB overpayments attract a 40% subsidy, this means that any monies collected over 60% of the overpayment, is additional income for the Council. If 100% of the overpayment is recovered then the Council would retain 140% of the original overpaid.

3.30 Fraudulent overpayments are not separately recorded from other recoverable overpayments such as council error. In 2025/26 £159,785 of recoverable overpayments were raised and £194,886 collected at a collection rate of 121.97%. Ongoing overpayment collection is reported quarterly as a key performance indicator. Of note, these figures exclude overpayments raised and collected during quarter two, due to a DWP exercise which distorted the figures.

3.31 Similarly, no separate recovery figure for council tax and NNDR adjustments is available. In year collection rates for all council tax was 95.4% in 2025/26 with 98.8% for NNDR.

OTHER LOCAL AUTHORITY FRAUD AND PREVENTION ACTIVITY

3.32 During 2025/26 9 referrals were received relating to Household Support Fund applications and 1 relating to adaptations/grants. These were reviewed and one customer was interviewed. Advice was given to the Officers who deal with these, including strengthening the questions on the application form to tighten up the application process; specifically to include a strong declaration around fraud; the repayment of fraudulent grants paid including further action such as prosecution; to compare mobile and email addresses to those held on the Council Tax system; querying any anomalies; advice on how to spot fake/counterfeit bank statements and redacted samples of Universal Credit notifications were given to assist in spotting genuine/fake documents.

3.33 Also referred was a case against a member of staff [MOS] who had recently left the Authority. It was identified that the MOS may have conducted fraudulent activity implicating the Authority. The MOS of staff had been using his RBC PC to generate invoices payable to himself/family members, using his RBC email address and work mobile number. The invoices generated contained reference numbers normally generated by the Civica invoice system. Following checks, it was identified that the Authority hadn’t been defrauded, however, it did identify other fraudulent issues which were reported Action Fraud.

3.34 During the year Council Tax was scammed as a refund was paid to a scammer [organised crime]. Following this incident, it was recommended considering the use of bank account checker software, to assist in identifying future attempts. There is a cost implication to the Authority to use this service.

3.35 The Exchequer Team continue to verify any changes to bank details they receive before amending details on their system. They never use the contact details supplied on the change request notification to verify the change, but will check for another contact via the internet etc.

3.36 NAFN issued intelligence alerts relating to criminals targeting various areas of Local Authority business, such as procurement impersonation fraud, corporate impersonation fraud, bank mandate fraud, Household Support Fund and staff salary mandate fraud, these are passed to the relevant teams to make them aware of impending threats.

SOCIAL MEDIA & ROSSENDALE BC WEBSITE

3.37 The Council’s Facebook page and website have been used to highlight scams to our residents.

JOINT WORKING WITH THE DEPARTMENT FOR WORK AND PENSIONS

3.38 The Council currently has four joint working cases with DWP. All investigations are complex and lengthy. These cases involve both Fraud Investigators obtaining evidence, conducting a joint interview under caution, then if the case is suitable for prosecution, preparing it jointly for the Crown Prosecution Service [CPS]. The investigation of cases is to a criminal standard therefore it is resource intensive, due to the amount of work required in collating and preparing the evidence, contacting witnesses, writing witness statements and completing the relevant paperwork required for the CPS. One case is listed for a court trial in May 2027, one is being prepared for a joint prosecution and two are at the evidence gathering stage.

FRAUD TRENDS

3.39 The new trend/target was identified in Rossendale and in many other Local Authority's during 2025/26 was the targeting of the Household Support Fund. The advice given the team and the NAFN fraud alerts issued, should assist in combating and identifying any future cases.

CONCLUSION

3.40 This report has been developed to provide performance information in relation to the activities undertaken by the Fraud and Compliance Officer and to demonstrate the joint working with other agencies on either a mandatory or voluntary commitment basis.

3.41 This work has resulted in fraud being identified and repayments to the Council and partners being made.

3.42 There would normally be scope within the workload for other proactive exercises to be undertaken, but due to the number of joint working complex cases and the release of the NFI data matches no proactive work was conducted.

3.43 To summarise, as a result of actions by the Council's Fraud and Compliance function during 2025/26 there have been -

- £25,030.14 Council Tax Support adjustments created.
- £30,744.52 Housing Benefits overpayments raised.
- £7,309.76 Single Person Discounts were withdrawn.
- £5,321.53 Council Tax liability added.
- 11 Civil Penalties added.

4. RISK

4.1 The objectives of the Fraud and Compliance function is to:

- In common with all other public bodies, Rossendale Borough Council is potentially vulnerable to fraud, either internally by its employees, or externally from members of the public. The Council has an on-going duty to protect public funds.
- Undertake fraud prevention measures.
- Detect and stop fraud, thus making financial savings to the Council.
- Conduct investigations, implement sanctions and recommend appropriate follow-on action in line with the Investigation, Sanction & Prosecution Policy, which is updated periodically.
- Ensure that investigations comply with the appropriate regulations.
- Increase fraud awareness.

5. SECTION 151 OFFICER COMMENTS (FINANCE)

5.1 The financial implications of failing to protect the Council are potentially substantial. The Council's strategy for tackling fraud provides an assurance that public funds are being protected from abuse. Fraud leaves the Council with less to spend on services for residents and costs taxpayers' money.

6. MONITORING OFFICER COMMENTS (LEGAL)

6.1 The work outlined herein supports good governance and demonstrates effective financial stewardship and strong public financial management. It is supported through other policies and procedures to include the Council's Whistleblowing policy.

7. INTEGRATED IMPACT ASSESSMENT IMPLICATIONS

7.1 No significant equality, socio-economic, or human rights impacts have been identified as a result of the Annual Fraud Report.

8. POLICY/STRATEGY FRAMEWORK IMPLICATIONS

8.1. Any policy implications are included in the body of the report. No equality implications.

9. LOCAL GOVERNMENT REORGANISATION IMPLICATIONS

9.1 The Annual Fraud Report has no significant impact on Local Government Reorganisation and supports continuity of good governance arrangements during any period of organisational change.

10. BACKGROUND PAPERS

10.1 Not applicable.