

Fraud and Investigations Update

2024/25



Contents

1. Executive Summary.....	1
2. Fraud in Context: What it Means for Halton.....	2
3. Transparency Code reporting requirements	3
4. Counter-fraud work.....	4
4.1 Fraud referrals.....	4
4.2 National Fraud Initiative.....	5
4.3 National Fraud Initiative 'ReCheck'.....	6
4.4 Single Occupancy Discount Review	6
5. HR-related investigations.....	8
6. Whistleblowing.....	10
7. Corporate Complaints.....	11

1. Executive Summary

Background

Fraud and error continue to pose a significant challenge across the public sector. According to the National Audit Office (NAO), these issues cost UK taxpayers between £55 billion and £81 billion in 2023/24, with only around £13 billion detected and known about for investigation and recovery¹²³. The majority of losses remain undetected, highlighting the importance of robust preventative measures.

While the level of identified fraud in Halton remains low, it is essential that the Council maintains strong, regularly reviewed anti-fraud and corruption arrangements to minimise risk and uphold public trust.

The Audit and Governance Board plays a key role in overseeing the adequacy of these arrangements, which form an integral part of the Council's wider risk management, control, and governance framework. This annual report provides the Board with an update on the Council's counter-fraud and corruption activities and serves as a key source of assurance for the Annual Governance Statement.

The Audit & Investigations Team leads the Council's counter-fraud work and is responsible for:

- Investigating allegations of fraud
- Planning and participating in counter-fraud campaigns
- Delivering fraud awareness activities
- Maintaining and updating the Council's counter-fraud policies

In addition to its core fraud-related responsibilities, the team also undertakes:

- HR-related investigations
- Whistleblowing investigations
- Stage Two corporate complaint reviews

Key Activity in 2024/25

During the 2024/25 financial year, the team:

- Received and reviewed 124 allegations of fraud and other offences
- Opened 46 investigations into suspected fraud
- Submitted Council data for the National Fraud Initiative (NFI) and supported departments in investigating the matches received back
- Reviewed non-responses to the Single Occupancy Discount review (conducted by DataTank) and issued financial penalties where appropriate
- Completed 12 disciplinary investigations and 2 bullying and harassment investigations
- Investigated 4 whistleblowing allegations
- Investigated 9 Stage Two corporate complaints

2. Fraud in Context: What it Means for Halton

The Crime Survey for England and Wales (CSEW) estimated 3.9 million fraud incidents in the year ending September 2024 - a 19% increase compared to the 3.2 million incidents reported in the previous year. While this figure aligns with levels seen in March 2020, it highlights the persistent and evolving nature of fraud across the UK.

All organisations, including public bodies, are exposed to fraud risks in various forms. Recognising this reality is essential to developing and maintaining a strong and proactive anti-fraud response.

For Halton, minimising losses due to fraud and corruption is critical to ensuring that public funds are used as intended — to deliver essential services to residents and maintain public confidence.

As a unitary authority, Halton faces similar fraud risks to other councils delivering a wide range of services. The areas most vulnerable to fraud and corruption include:

- Adult Social Care – Financial assessments, financial abuse of vulnerable persons
- Council Tax – Single Person Discounts, Council Tax Reduction Scheme
- Business Rates
- Procurement and Supplier Invoice Fraud
- Blue Badges and Concessionary Travel
- Grants to individuals or organisations
- Payroll and Pensions
- Recruitment and Expenses
- Insurance claims against the Council
- Cash Handling
- Development Control
- Direct Payments
- School Admission Application Fraud
- Elections
- Ransomware and Cyber Threats

To stay ahead of emerging risks and support the wider Council, the Audit & Investigations Team actively shares intelligence and best practice with other local authorities and regional fraud groups. The team also receives regular updates and bulletins from trusted sources, including:

- Action Fraud
- Cabinet Office
- Chartered Institute of Public Finance and Accountancy
- National Anti-Fraud Network
- iCAN (Consumer Alert Network)
- Institute of Internal Auditors

3. Transparency Code reporting requirements

The Local Government Transparency Code requires councils to publish information about their fraud arrangements. The table below summarises these requirements alongside the corresponding details of the Council's current fraud-related activities. This information is also publicly available on the Council's website.

Reporting requirement		HBC
1.	Number of occasions the Council have used the powers under the Prevention of Social Housing Fraud Regulations 2014 or similar powers *.	20
2.	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	3.8
3.	Number (absolute and FTE) of professionally accredited counter fraud specialists	3
4.	Total amount spent by the authority on the investigation and prosecution of fraud	£138k
5.	Total number of fraud cases investigated	124

** For example, the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 provide local authorities with powers to request information from specified bodies when investigating suspected fraud related to applications for, or awards of, council tax reductions. These powers support the detection and prevention of fraud and include the ability to impose penalties for false statements or failure to report changes in circumstances.*

Please note that the figures above also include time spent by the team on non-fraud related activities, such as HR investigations, whistleblowing cases, and corporate complaints.

4. Counter-fraud work

4.1 Fraud referrals

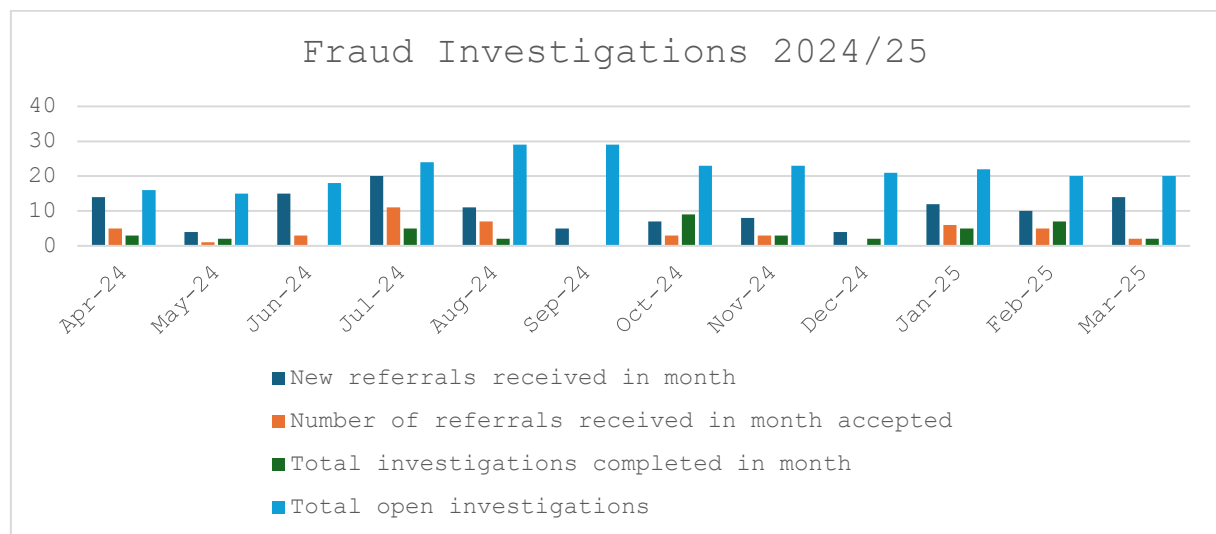
The Council received a total of 124 fraud referrals in the year ending 31 March 2025. As a result, the Investigations Team opened 46 new investigations, of which 26 were completed during the year. In addition, 14 investigations that had been opened in the previous financial year were also concluded during 2024/25.

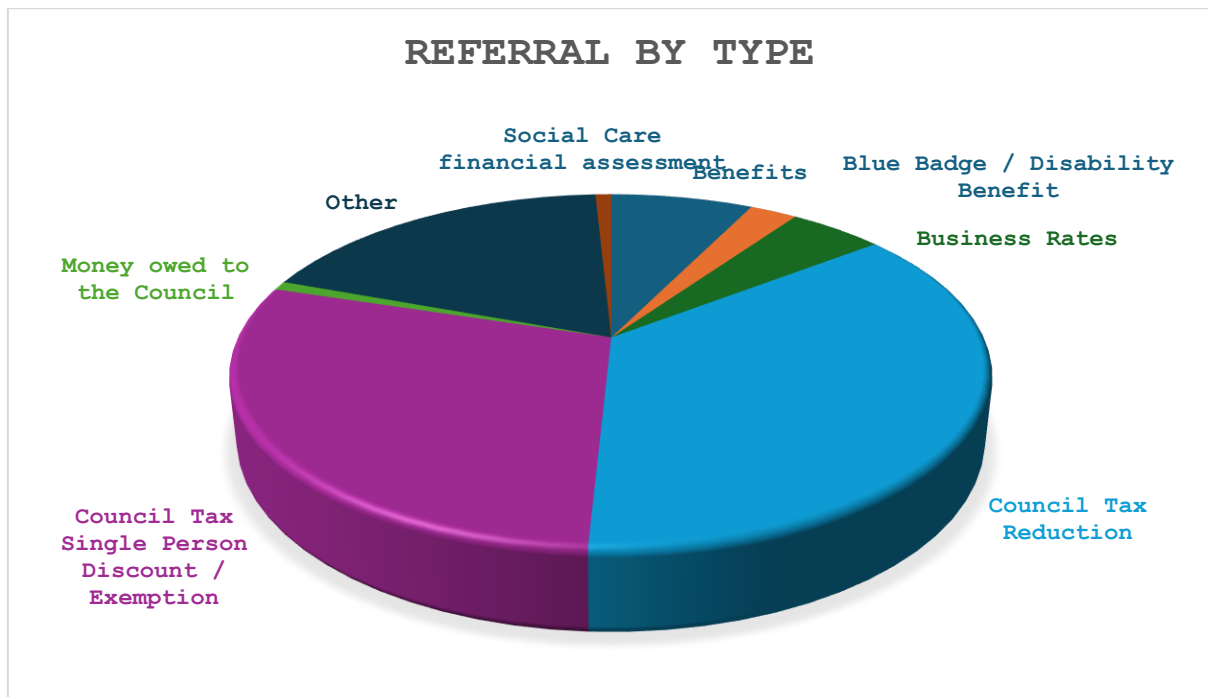
Through its counter fraud activity, Halton Borough Council issued financial penalties with a value of £3k and identified overpayments of £42k.

During 2024/25, the Investigations Team made effective use of the Fraud Sanction and Prosecution Policy, which was previously approved by the Board. The policy enables the Council to impose financial penalties where individuals have provided false information, failed to report changes in circumstances, or have not responded to requests for information relating to Council Tax. It also allows for a financial penalty to be offered as an alternative to prosecution.

During the year, 73 penalties were issued, with a total value of £6,460. Of this, £4,130 has been successfully recovered, while £2,330 remains outstanding. In addition, a balance of £1,897 remains unpaid from penalties issued in previous years.

The graph below illustrates the number of referrals received, along with the investigations that were opened and completed throughout the year.





Further details regarding the referrals and investigations are provided in Appendix A.

4.2 National Fraud Initiative

The National Fraud Initiative (NFI) is a UK-wide data matching exercise conducted biennially by the Cabinet Office to help prevent and detect fraud across the public sector. It involves comparing datasets from various public and private sector bodies to identify inconsistencies that may indicate fraud or error. Importantly, no assumptions are made about the presence of fraud or error until a full investigation is carried out.

The Cabinet Office conducts data matching under Part 6 of the Local Audit and Accountability Act 2014, which provides statutory authority for the use of data without requiring individual consent under the General Data Protection Regulation (GDPR) 2018. All data matching is carried out in accordance with a published Code of Practice, ensuring transparency and accountability.

Locally, the Audit & Investigations Team manages the Council's participation in the NFI. For the 2024/25 exercise, the team:

- Uploaded all required datasets
- Managed the resulting data matches
- Supported service areas in investigating matches
- Independently reviewed a significant number of matches

Participation in the NFI supports the Council's efforts to prevent and detect fraud. For the 2024/25 National Exercise, the following datasets were submitted to the Cabinet Office for matching:

- Blue badges
- Creditors history
- Creditors standing
- Concessionary travel passes
- Council Tax

- Council tax reduction scheme
- Housing benefit claimants (provided by the DWP)
- Personal budgets (direct payments)
- Personal alcohol licence
- Taxi driver licences
- Payroll / Pensions
- Housing waiting lists
- Electoral register
- Housing tenants
- Students eligible for a loan (data provided by the Student Loans Company)

A total of 4,626 matches were identified following the submission of data for the National Fraud Initiative exercise. By the end of June 2025, the team had reviewed xx of these matches.

4.3 National Fraud Initiative 'ReCheck'

The National Fraud Initiative (NFI) 'ReCheck' is a data matching service that enables participating organisations to re-run data matching exercises on their own datasets. It complements the main NFI exercise by facilitating proactive checks against existing customer records and identifying changes in circumstances.

This exercise is conducted annually, with the aim of identifying cases where Single Occupancy Discount (SOD) may have been incorrectly awarded — specifically, where a second, undeclared adult may be residing at the property.

In December 2024, the team submitted the following datasets for matching:

- Council Tax Single Occupancy Discount
- Electoral Register

As a result, 8,940 matches were identified. By the end of June 2025, 1,977 matches had been reviewed, leading to the cancellation of SOD in applicable cases and recorded outcomes totalling £28,000.

4.4 Single Occupancy Discount Review

In February 2025, the Council engaged an external company, DataTank, to carry out a review of all Council Tax accounts in receipt of Single Occupancy Discount (SOD) but not receiving Council Tax Reduction (CTR). As part of the review, DataTank matched approximately 14,000 Council Tax accounts against financial and credit file data. This exercise identified around 2,600 accounts where a third party could be linked to the address, despite a Single Occupancy Discount being in place.

In mid-December 2024, review letters were issued to the liable persons on each of these 2,600 accounts. The letters requested further information regarding the linked individual and advised that a response was required within 14 days. They also warned that failure to respond could result in a financial penalty.

Reminder letters were issued in mid-January 2025 to those who had not responded, reiterating the potential for a financial penalty.

Where responses confirmed that the Single Occupancy Discount was no longer applicable, the discount was cancelled. This exercise has led to a forecast increase in Council Tax revenue of approximately £244,000, comprising backdated charges as well as projected revenue for the 2025/26 financial year.

A total of 540 account holders failed to respond to either the initial review or the reminder letter and were subsequently issued with a £70 financial penalty by the Corporate Fraud team at the end of January 2025. The accompanying letter again requested information about the matched individual and advised that failure to respond by 3 March 2025 would result in an additional £280 penalty. These letters were followed by formal invoices for the £70 penalty.

For those who did not respond to the £70 penalty letters, a second letter was issued in May 2025, advising of the £280 financial penalty. This was also followed by the issue of a penalty invoice.

A number of appeals against the financial penalties have been received. Each appeal has been reviewed by the Investigator, who completed a Template of Consideration and submitted it to the Senior Auditor and Head of Audit for a final decision.

Following review, some financial penalties were upheld, while others were revoked. All customers were notified of the outcome of their appeal in writing. Where an appeal was unsuccessful, the correspondence included details on how to escalate the matter further, including contact information for the Valuation Tribunal Service.

To date, the following financial penalties have been issued and not appealed:

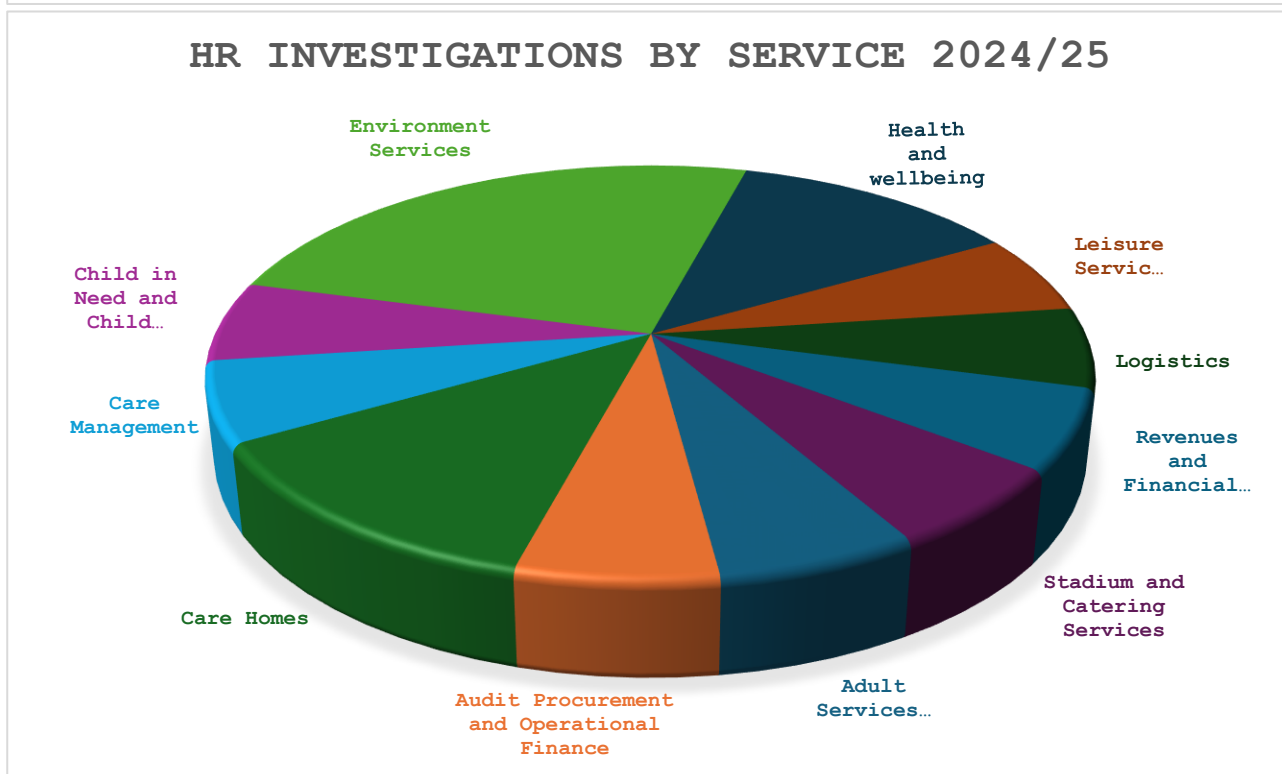
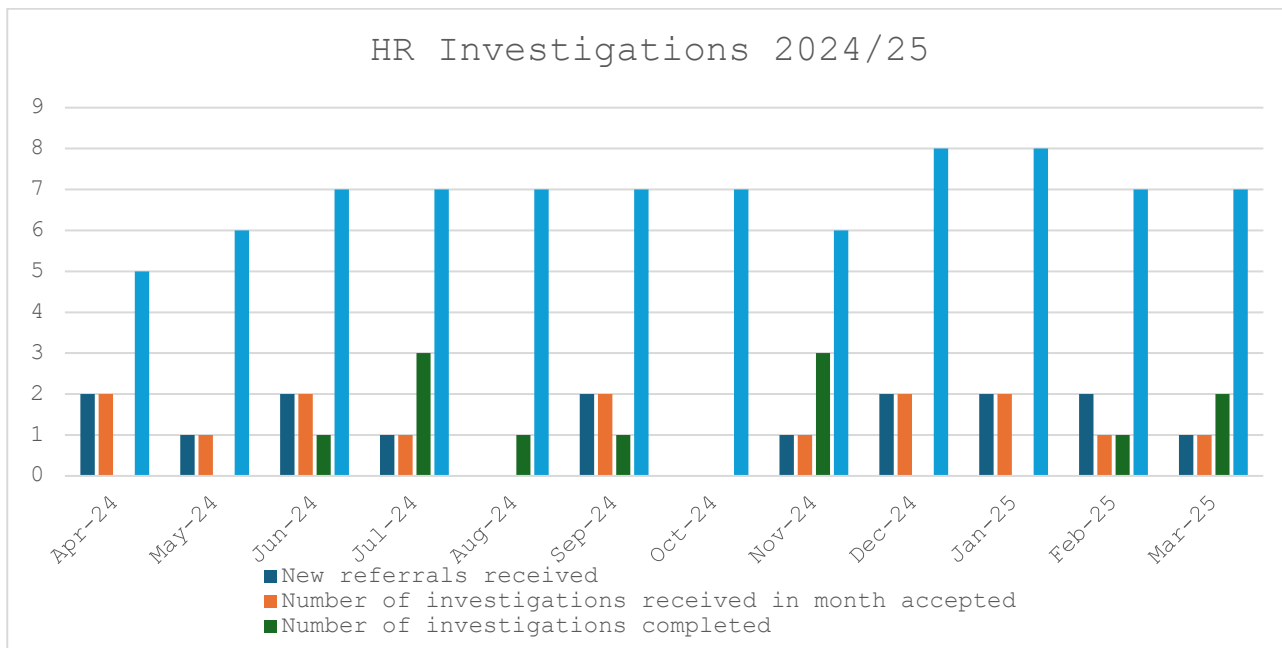
Financial Penalty	Number issued	Total value
£70	358	£25,060
£280	201	£56,280
Total	559	£81,340

5. HR-related investigations

During the 2024/25 financial year, 16 investigations were commissioned by management — an increase of five compared to the 11 investigations conducted in 2023/24. Of these:

- 3 investigations were conducted under the Bullying and Harassment Policy
- 12 investigations were conducted under the Disciplinary Policy
- 1 investigation was later withdrawn by management

At the end of the year, six investigations remained ongoing, including one carried over from the previous year. Of the five investigations that were already ongoing from previous years, four were completed during 2024/25.



A total of 12 investigations were completed during the year, with a summary of outcomes given in the table below.

Outcome	Number
Dismissal	2
Final written warning	2
Resignation / retirement	4
Informal action	3
No further action	1

Further details relating to the investigations can be found in Appendix B.

6. Whistleblowing

Whistleblowing refers to the act of raising concerns about suspected fraud, criminal activity, danger, or other serious risks that could affect customers, colleagues, the public, or the organisation's reputation.

The Council's Whistleblowing Policy outlines how such concerns can be raised, how they will be handled, and the protections available under the Public Interest Disclosure Act 1998. The policy is accessible to all staff via the Council's Intranet and is also referenced in the mandatory fraud awareness e-learning module.

All allegations and concerns raised under the Whistleblowing Policy are formally recorded by the Audit & Investigations Team. Depending on the nature of the concern, cases may be:

- Investigated by management
- Investigated by internal audit
- Progressed through internal procedure
- Referred to the police
- Referred to the external auditor
- The subject of an independent enquiry
- Dealt with via any other appropriate procedure, for example, child protection, abuse of vulnerable adults' procedure etc.

Four whistleblowing referrals were received during 2024/25, which are summarised below. This compares to seven referrals in 2023/24.

Concern	Outcome
Inappropriate wound care in a Care Home	Disciplinary investigation – resignation
Theft	Disciplinary investigation – dismissal
Failure to safeguard residents' finances in supported housing	Disciplinary investigation – resignation
Failure to implement policies and procedures in a Care Home	Disciplinary investigation – ongoing

7. Corporate Complaints

The Council operates a two-stage corporate complaints procedure, allowing individuals to express dissatisfaction with Council services. If a complainant remains dissatisfied after completing both stages, they may escalate the matter to the Local Government Ombudsman.

Stage One involves a review by the relevant service area, providing an opportunity to explain its actions and offer an appropriate remedy.

Stage Two allows the complainant to request an independent internal review, which may be carried out by the Audit & Investigations Team.

In 2024/25, a total of nine corporate complaints were referred to the Audit & Investigations Team for investigation. These required a combined total of 60 days to complete.

Service area	Outcome
Child in Need and Child Protection	Upheld
Housing Solutions	Upheld
Environmental Protection	Not upheld
Special Educational Needs & Disability Team	Upheld
Special Educational Needs & Disability Team	Upheld
The Brindley	Not upheld
Children in Care and Care Leavers	Partly upheld
Special Educational Needs & Disability Team	Partly upheld
Special Educational Needs & Disability Team	Partly upheld

At the conclusion of an investigation, the officer may make recommendations for service improvements to help reduce the risk of similar complaints arising in the future. Where Stage Two complaints are upheld, such recommendations are routinely made to address the issues identified.

The team also provides support in relation to previous Stage Two complaints that are under consideration by the Local Government Ombudsman.

Appendix A: Counter-fraud activity 2024/25

Summary of counter fraud work undertaken

Activity	Work completed
Data matching	NFI DataTank – single occupancy discount review
Awareness	National Fraud Awareness Campaign Launch of Fraud Prevention e-learning

Fraud investigations 2024/25

Status	2024/25
Previous year investigations brought forward	14
Referrals received	106
Number of investigations opened	45
Number of current year investigations completed	27
Number of previous year investigations completed	14
Number of investigation ongoing	18

Referral Source

Referral Source	Count
Anonymous	1
Benefits	5
Confidential Offence Report	13
Council Tax	8
DWP	4
Insurance Team	2
Joint Working Offer / DWP	1
MerseyGateway	1
National Fraud Initiative	9
Online Referral Form	1

Appendix A: Counter-fraud activity 2024/25

Outcomes

Fraud Type	Cases Investigated	Cases Proven	Financial Penalty Issued	Overpayment Identified
Council tax fraud	24	7	£1,820	£1,948
CTRS fraud	15	4	£1,389	£39,846
MerseyGateway fraud	2	0	£0	£0
Social care fraud	1	0	£0	£0
TOTAL	42	11	£3,209	£41,794

Appendix B: HR related investigations

As well as conducting fraud investigations, the Investigation Team also completes all the HR related investigations for the Council. During the year 16 investigations were commissioned by management which is four more than in 2023/24 (11).

The table below provides an overview of these investigations.

Service Area	Allegation	Outcome
Environment Services	Breach of management instruction in relation to absence reporting	Final written warning
	Breach of management instruction in relation to returning to the depot at the end of the working day	Case to answer – retired
	Foul and abusive language and aggressive behaviour	Informal action
	Aggressive and threatening behaviour towards a member of the public	Informal action
Care Homes	Inappropriate wound care	Case to answer – resigned
	Failure to implement policies and procedures and failure to report notifiable incidents	Ongoing
Health & Wellbeing	Failure to follow management instructions	Case to answer – resigned
	Working while off sick and conflict of interest	Incomplete – resigned
Child In Need & Child Protection	Bullying & harassment	Case to answer – resigned
Stadium	Theft of alcohol and consumption while on duty	Dismissal (reinstated at appeal)
Adult Services – Community	Failure to follow procedures for recording of tenants' finances	Case to answer – resigned
Care Management	Attending work when intoxicated with alcohol	Final written warning
Logistics	Bullying & harassment	Ongoing
Leisure Services	Failure to follow management instruction relating to persistent lateness	Withdrawn by management

Appendix B: HR related investigations

Service Area	Allegation	Outcome
Revenues & Financial Management	Sexual harassment	Ongoing
Audit & Operational Finance *	Bullying & harassment	No case to answer

* Note: the investigation within the Audit and Operational Finance service was carried out by a manager from another service to maintain independence.

Appendix B: HR related investigations

A further five investigations were ongoing from 2023/24, and the details are shown in the table below.

Service Area	Allegation	Outcome
Environment & Regeneration	Breach of management instruction - time recording	Dismissal
HR Operations	Unauthorised Zeus adjustments	Final written warning
Employment, Learning & Skills	Use of an inappropriate image	Informal action
Logistics	Working while under the influence of drugs	Dismissal
Highways	Failure to carry out highways inspections and record defects appropriately	Ongoing

Appendix C: Confidential Offence Reporting

The Council also operates a confidential reporting system through which members of the public can report any concerns relating to fraud, misconduct or other issues. Concerns can be reported either online or by telephone. The reporting system is actively promoted through the Council's fraud awareness activities.

In 2024/25, 71 referrals were received through the Confidential Reporting System, which compares to 92 referrals in 2023/24.

The confidential offence reporting system was replaced by a new fraud reporting form in January 2025 to provide a simplified method of reporting. A further seven referrals were received via this route, bringing the total for the year to 78.

Service / Function	No.
Council Tax / Council Tax Reduction	43
Housing Benefit / Disability Living Allowance / Universal Credit / Working Tax Credits	5
Business Rates	5
Environmental Health	1
Blue Badge	3
Other (not fraud / insufficient detail provided)	21
Total	78

All referrals received are assessed and investigations undertaken where sufficient information is provided. The outcomes of these investigations have been included in the 2024/25 fraud figures provided earlier in this report, where appropriate.

Appendix D: National Fraud Initiative

The table below sets out the number and type of matches received as a result of the NFI exercise.

Match Type	Matches
Housing Benefits	20
Payroll	69
Blue Badge / Concessionary Travel	542
Housing Waiting List	95
Council Tax Reduction Scheme	794
Creditors	2,857
VAT overpaid	194
Procurement	55
Multiple Occurrence	99
Total	4,626

The team is in the process of working through the matches, with progress and outcomes as at the end of June 2025 shown in the table below:

Total matches	4,626
Matches processed	473
Investigating	45
Cleared	453
Frauds	0
Errors	20
Total match level outcomes	£310
Total report level outcomes	£0
Total estimated savings *	£72,811
Total overall outcomes	£73,121

* this figure relates to the estimated value of removing individuals from the housing waiting list.

Appendix D: National Fraud Initiative

The number and type of matches received as a result of the 'ReCheck' exercise are shown below.

Report Title	Matches
Council Tax to Electoral Register	2,621
Council Tax rising 18s	5
Council Tax to Other Datasets	819
Council Tax to All Datasets	3,440
Council Tax to DDRI Deceased Persons	296
Council Tax to HMRC Household Composition	1,759
Total	8,940

The DataTank exercise referred to in Section 3.3 of this report took place prior to the 'ReCheck' matches being reviewed. As a result, only matches that did not also appear in the DataTank exercise have been reviewed in order to avoid duplication.

A summary of progress and outcomes as at the end of June 2025 is shown below:

Total matches	8,940
Matches processed	1,977
Investigating	9
Cleared	1,959
Frauds	1
Errors	17
Total outcomes	£11,345
Total estimated savings	£16,685
Total overall outcomes	£28,030