

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	22 September 2025		
TITLE:	Full Year Fraud & Error Progress Report 2024-25		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	Cllr Morley, Finance		
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OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
<p>This report is aimed to provide the following in respect of the period from April 2024 to March 2025, for areas such as Council Tax, Council Tax Reduction Scheme, Business Rates, Housing Waiting List, Duplicate invoices, False payments, and Internal Fraud where it arises:</p> <ul style="list-style-type: none"> • Progress towards the anti-fraud and anti-corruption Key Performance Indicators (KPIs) assigned to the Internal Audit Service. • Statistical information in respect of fraud and error detection for applications and claims received by the Council deemed to have been false, incorrect, or where a relevant change in circumstances has failed to be declared resulting in a financial gain or where an error has been identified and amended. • Statistical information in respect of data matching activities undertaken through the National Fraud Initiative (NFI) and Norfolk Fraud Hub. • A look forward to the 2025/26 financial year and the strategy for the future.
KEY ISSUES:
<p>Section 5 of the Anti-Fraud & Anti-Corruption Policy outlines that the Council faces several different fraud and corruption risks over a large range of service areas and functions that it undertakes. The Policy sets out the approach that the Council uses to manage the risk of fraud and corruption and minimises the losses incurred.</p> <p>Appendix 3 of the Policy outlines that the Council has adopted the Cabinet Office's national "Report Calculations" for measuring fraud loss where appropriate and uses local calculation methodologies where it feels local weighting should be applied and to furthermore be consistent with other member local authorities of the Norfolk FraudHub.</p> <p>The attached report is presented to show performance against the Anti-Fraud & Anti-Corruption Policy for Audit Committee to review the effectiveness of the policy and how the Council measures against the national counter-fraud standards (as set out within the Anti-Fraud & Corruption Policy and the Fighting Fraud & Corruption Locally 2020 standards), including where appropriate details of corrective action where standards have not been met. The report includes details of the level of fraud loss and the activities being undertaken to raise the anti-fraud & anti-corruption culture across the authority.</p>
OPTIONS CONSIDERED:
<i>Not applicable</i>

RECOMMENDATIONS:
Consider the details of the report, taking into account the Council's Anti-Fraud & Anti-Corruption Policy and review the effectiveness of the anti-fraud & anti-corruption work in preventing and detecting fraud and corruption.
REASONS FOR RECOMMENDATIONS:
Fraud and Error reports are to be presented by Internal Audit to the Audit Committee on a half-yearly basis, to show how the Council is performing against the Anti-Fraud & Anti-Corruption Policy.

Full Year Fraud & Error Progress Report 2024 / 25

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1. Introduction

- 1.1 The “Annual Fraud Indicator 2023” produced by Crowe Clark Whitehall estimated that annual UK fraud losses could be £219 billion, with Public Sector fraud losses estimated to be £50.2 billion. The Government’s “Economic Crime Plan 2023-2026” states that Fraud accounted for an estimated 41% of all crime experienced by adults in England and Wales in the year ending September 2022. Fraud is now the most common offence in the UK and local authorities continue to face significant fraud challenges, exacerbated by the Covid-19 pandemic and the ongoing cost-of-living crisis.
- 1.2 Fraud and corruption pose significant risks to the financial integrity and reputation of the Borough Council of King’s Lynn and West Norfolk (the Council). This report outlines the Council’s proactive approach in identifying, preventing, and addressing fraud and corruption risks during the financial year 2024/25. Where people commit fraud against the public sector and public services, they take money away from the services on which the public depend, and damage citizens’ trust in the government. We cannot afford to be complacent, and we urge all our members, employees, contractors, and partners to assist us in fighting fraud by having regard to our policy and the risks of fraud when carrying out their duties, recognising that, if uncontrolled, fraud diverts much needed resources from our communities.
- 1.3 The purpose of this report is to provide an update on fraud and corruption risks, detection and prevention activities, key outcomes, cultural initiatives, and strategic plans for future improvements.
- 1.4 The Borough is made up of 75,620 residential dwellings with 23,183 (31%) receiving Single Person Discount (SPD) awards.
- 1.5 There are 6,693 Non-Domestic Rates hereditaments across the Borough, with approximately 4,600 of these receiving some type of relief or reduced bill. Reliefs / reduced bills are being awarded on 69% of all business rateable hereditaments in the borough.
- 1.6 There are 9,278 live Council Tax Reduction Scheme claims in payment across the Borough. With 4,157 (45%) claims in payment to customers of pension age and 5,121 (55%) claims in payment to customers of working age.
- 1.7 Total counter fraud related spend during 2024/25 was **£33,226.00**.

2. Fraud and Corruption Risks to the Council

2.1 The Council is exposed to various fraud and corruption risks, including:

- Council Tax Fraud: Single Person Discount abuse, refund scams,
- Business Rate Fraud: False declarations, avoidance schemes,
- Procurement Fraud: Manipulation of procurement processes, bid-rigging, false invoicing,
- Employee and Supplier Fraud: Conflicts of interest, bribery, financial misconduct,
- Money Laundering Risks: Attempts to process illicit funds through Council services, and
- Emerging Scams: Targeting vulnerable residents, including Careline support services.

2.2 Identifying and assessing these risks allows the Council to develop targeted fraud prevention and detection strategies.

2.3 During 2024/25, we saw a surge in intelligence reports being received relating to scams and furthermore the organisation was subject to a Council Tax Refund Scam and vulnerable members of our communities who use our Careline support services were also targeted by scammers. Steps have been taken to issue communications across the organisation around scams to help spread awareness; furthermore, procedures have been produced to prevent Council Tax Refund scams.

2.4 A total of 38 Fraud Risk Assessment Questionnaires were issued covering 37 different service areas, all nine Directorates within the Council and the former Alive West Norfolk. A total of 36 responses were received representing 94.44% coverage of these areas; these responses were reviewed and have highlighted the need to introduce an Anti-Bribery Policy, which has now been drafted alongside an Anti-Fraud and Anti-Corruption Strategy for 2025-2028. These documents outline how the Council should address and mitigate identified vulnerabilities.

2.5 The Bribery Act 2010 and the Economic Crime and Corporate Transparency Act 2023 introduced specific standards and requirements in respect of anti-bribery measures and “reasonable fraud prevention procedures”. The standards require “adequate” (in terms of anti-bribery) and “reasonable” (in terms of fraud prevention procedures) controls to be in place. For the purposes of the Fraud Risk Assessment undertaken these terms were classed as one and the same.

2.6 The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on 26 October 2023 and will be formally enacted on 1 September 2025; this Act introduces “Failure to Prevent Fraud offences”:

- Corporations as well as individuals can commit fraud. The victims of corporate fraud could be individuals, the public sector or other businesses. For example, customers might be tricked into buying a product or paying an inflated price as a result of the company giving them deliberately misleading information. The Failure to Prevent Fraud offence gives law enforcement and prosecutors additional powers to hold corporations accountable for fraud, and encourages corporations to put preventative measures in place, thereby reducing the amount of fraud that happens in the first place.
- The offence holds an organisation responsible if an ‘associated person’ (for example, a company employee) commits fraud, intending to benefit the organisation, and the organisation did not have reasonable prevention procedures in place. It does not need to be proven that senior management within the organisation knew about or were involved in the fraud; this represents a key difference from existing powers to hold companies accountable for fraud. The Government is required to produce guidance on reasonable prevention measures before the offence comes into force (at the time of writing this report this had not yet been produced).

3. Fraud Detection and Prevention Activities

3.1 Fraud detection relies on effective data analysis, reporting mechanisms, and investigative capacity.

3.2 There are many different internal controls in place across the organisation to prevent and detect fraud. Some of the key internal controls include segregation of duties, staff training, financial controls, whistleblowing mechanisms, and other internal processes such as those included within the Anti-Fraud & Anti-Corruption Policy:

- Internal Control Systems
- Employee recruitment and conduct
- Joint working to prevent and combat fraud
- Use of technology
- The work of the Audit Committee.

3.3 The Council has implemented detection mechanisms such as:

- Data Matching (e.g., National Fraud Initiative, Norfolk FraudHub and internal records),
- Whistleblowing procedures,
- Proactive fraud detection projects.

3.4 The Council has undertaken various initiatives, including:

- ✓ Reviewing Council Tax Single Person Discount claims
- ✓ Investigating flagged anomalies from NFI and Norfolk FraudHub matches
- ✓ Strengthening whistleblowing procedures and reporting channels
- ✓ Enhancing staff and member fraud awareness training via e-learning
- ✓ Reviewing key policy documentation such as the Anti-Fraud & Anti-Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy
- ✓ Introducing Council Tax and Business Rates Refund Fraud Procedures
- ✓ Drafting an Anti-Bribery Policy and an Anti-Fraud & Anti-Corruption Strategy to further mitigate against the risks of fraud and corruption that we face.

4. Performance and Outcomes

4.1 Measurable outcomes help demonstrate the effectiveness of fraud prevention efforts.

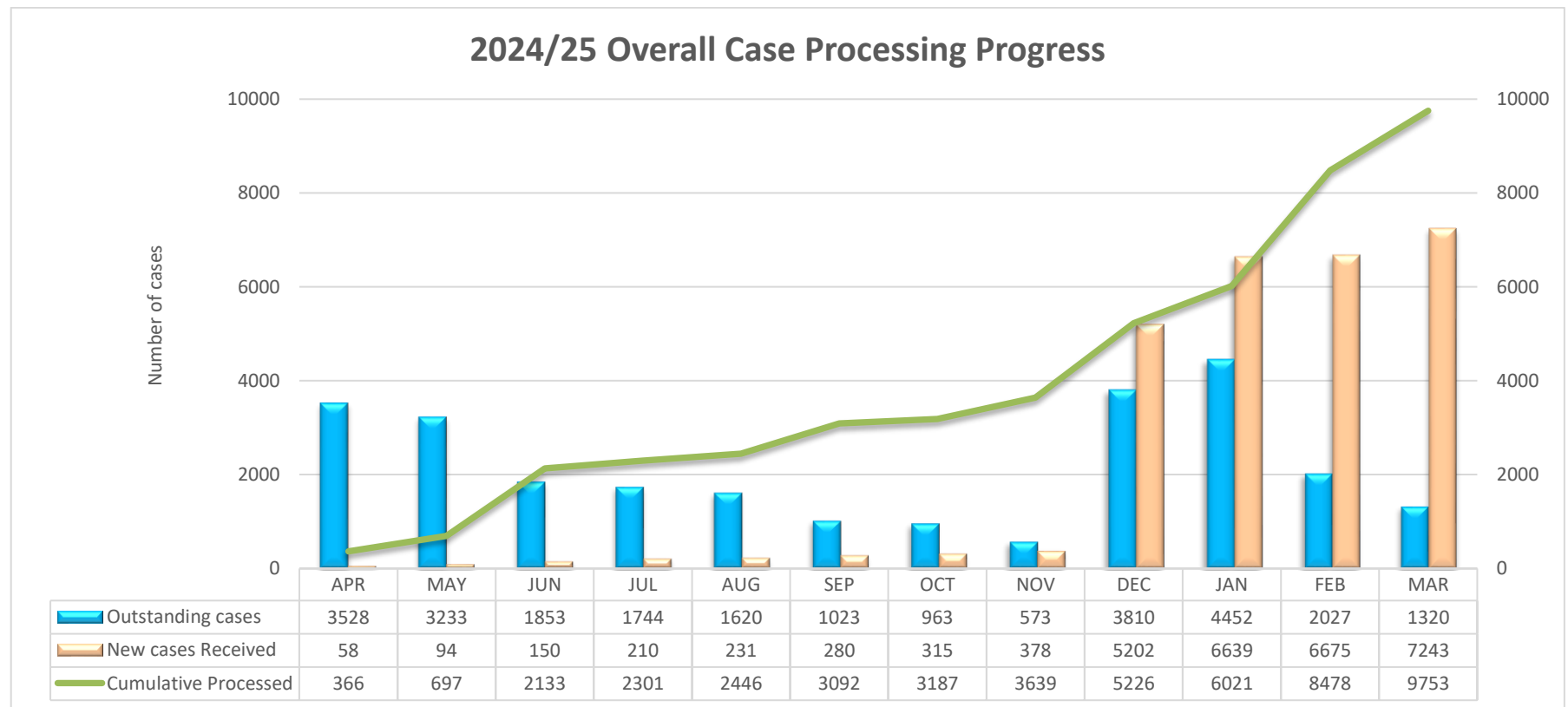
4.2 An annual Key Performance Indicator (KPI) was set for 2024/25 as follows:

- **“Number of completed fraud/corruption investigations (including data matching exercises) = 5,000 per financial year”.**
- Additional monitoring is undertaken to outline the number of fraud/corruption cases detected and the value of fraud/error detected.

Fig. 1

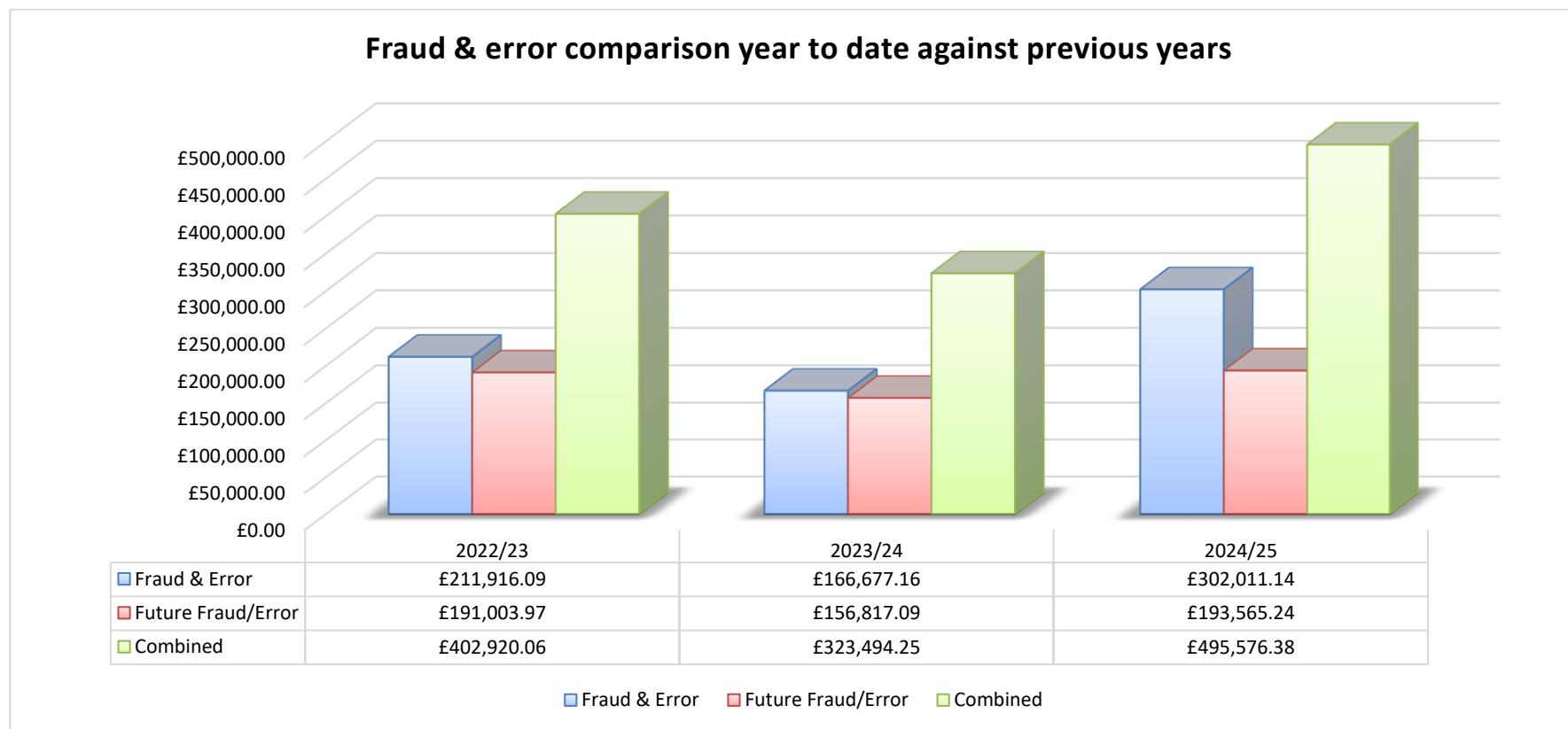
April 2024 to March 2025	
Number of fraud/corruption cases investigated	9,753
Number of fraud/corruption cases detected	501
Success rates of fraud/corruption detection	5.14%

Fig. 2



- A total of 3,836 cases were brought forward from the 2023/24 financial year to the 2024/25 financial year; a total of 7,243 cases were received during the 2024/25 financial year, with 9,753 being processed. A total of 1,320 cases were outstanding at the end of the 2024/25 financial year which have been carried forward to the 2025/26 financial year.

Fig. 3



- Fraud prevention efforts have delivered tangible financial savings and policy compliance improvements during 2024/25

- 4.3 The Single Person Discount (SPD) Canvass Review project (funded by Norfolk County Council) continues to highlight significant contributions to the counter fraud work conducted across the Council. We received funding for this project during 2024/25 totalling £65,623.06. This funding is used to support the Counter Fraud activities undertaken within the Internal Audit team and support the processing of identified cases within the Revenues Department. The table at Fig. 4 below outlines the results from the project to date:

Fig. 4

<i>Financial Year</i>	Council Tax Value Identified (£)	Additional Benefit Value Identified (£)
<i>Year 1 (2020/21)</i>	£130,200.27	£7,785.42
<i>Year 2 (2021/22)</i>	£129,190.22	£21,448.78
<i>Year 3 (2022/23)</i>	£386,850.49	£0.00
<i>Year 4 (2023/24)</i>	£233,647.04	£38,244.33
<i>Year 5 (2024/25)</i>	£392,123.67	£82,891.46
<i>SUB-TOTAL</i>	£1,272,011.69	£150,369.99*
<i>TOTAL</i>	£1,422,381.68	

**Year 3 Additional Benefit Value was not calculated*

- 4.3 Below is a table that outlines the number of matches we have received through the SPD Canvass Review project, and the corresponding number of errors identified during each year of the project.

Fig. 5

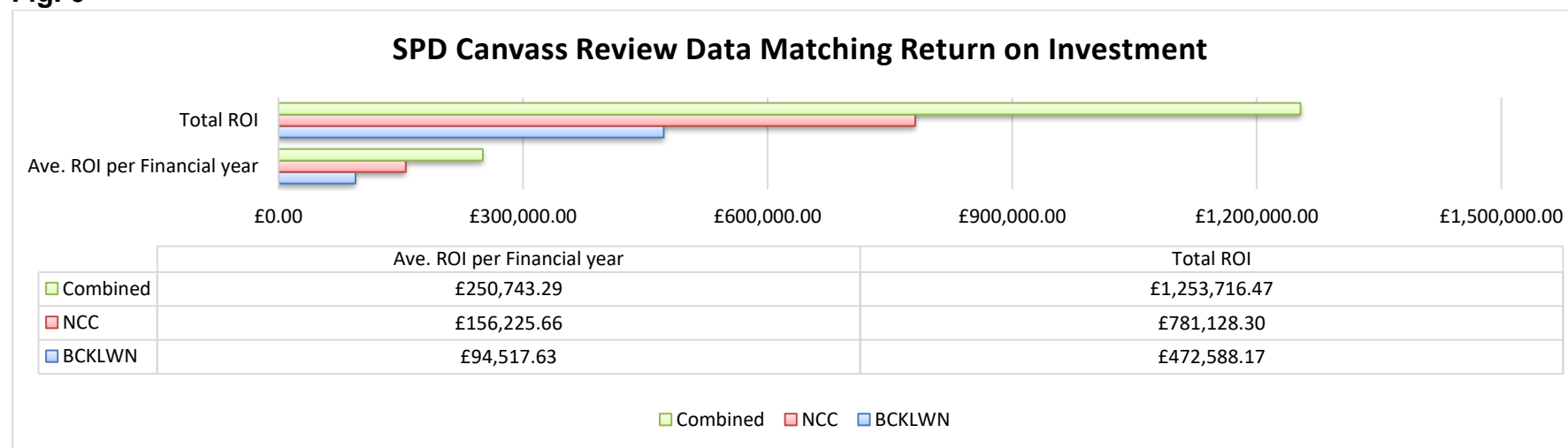
Financial Year	Matches Received	Errors Identified
Year 1 (2020/21 financial year)	4,564	254

Year 2 (2021/22 financial year)	5,856	180
Year 3 (2022/23 financial year)	1,901	532
Year 4 (2023/24 financial year)	5,246	292
Year 5 (2024/25 financial year)	2,700	489
Year 6 (2025/26 financial year)	3,390*	TBC
TOTAL	23,657	1,747

**Further matches are expected.*

- 4.3 The “Return on Investment” from the SPD Canvass Review project to date for both the Council and the sponsor (Norfolk County Council) is shown below.

Fig. 6



**NCC calculation £1,272,011.69 (less Funding of Project (£236,993.40)) = £1,035,018.29 x 75.47% (Share of Council Tax) = £781,128.30*

**BCKLWN calculation £1,272,011.69 x 6.70% (Share of Council Tax) = £85,224.78 + NCC Funding of Project (£236,993.40) + Additional Benefit Value (£150,369.99) = £472,588.17*

- 4.4 Below provides an overview for all Data Matching and other sources of fraud and corruption referrals covered within the Internal Audit Department's current work programme of exercises being undertaken.

Fig.7

Source	Cases Processed	Errors Identified	Strike Rate	Value Detected
SPD & Premium	7,840	489	6.24%	£475,015.13
FraudHub	352	2	0.57%	£10,697.77
National NFI	1,420	0	0.00%	£0.00
Other sources	141	10	7.09%	£9,863.48
TOTAL	9,753	501	5.14%	£495,576.38

- 4.4 Outstanding matches and cases being carried forward into 2025/26.

Fig.8

Source	Outstanding	Percentage
SPD & Premium	599	45.38%
FraudHub	0	0.00%
National NFI	612	46.36%
Other sources	109	8.26%
TOTAL	1,320	100%

5. Anti-Fraud and Anti-Corruption Culture

- 5.1 Embedding a strong anti-fraud culture within the Council is essential for long-term success and sustainability against the fraud and corruption risks it faces.
- 5.2 A key part of this will be to embed the suggested improvement actions highlighted within the Anti-Fraud & Anti-Corruption Strategy 2025-2028.
- 5.3 Fraud awareness e-learning packages were rolled out to officers in November 2022 and formed part of Members' induction training following the May 2023 elections. A further fraud awareness e-learning package has also been rolled out for managers in November 2022. Periodic reminders are issued for staff and Members to refresh themselves with the e-learning packages available.
- 5.4 Regular staff briefings are issued providing staff with useful information and furthermore details of what anti-fraud tools are available to them.
- 5.5 Exhibitions were held earlier in the year showcasing the activities undertaken across the organisation for staff to learn more about the work undertaken by colleagues. Three exhibitions were attended by the Internal Audit team to showcase the Anti-Fraud and Anti-Corruption and Internal Audit services which were well received by staff which included details of roles and responsibilities across the organisation, as well as a fraud quiz.
- 5.6 Staff and Members and other stakeholders and partners are also encouraged to recognise and report fraud risks. The Fraud Risk Assessment undertaken during the 2024/25 financial year has assisted in identifying risks specific to each area of the organisation and has helped to develop the Anti-Fraud & Anti-Corruption Strategy 2025-2028. Initiatives that can be undertaken in the future include:
 - Staff and members are encouraged to undertake the available e-learning fraud awareness training at regular intervals.
 - Service areas are encouraged to effectively communicate fraud risks to raise awareness.
 - Where assets are held within service areas, it is encouraged to introduce inventory tracking and periodic inventory checks.
 - Where non-financial reporting is in place, ensure a consistent validation process to improve reliability and outputs are produced by trained staff to ensure accurate reporting.

- Raising awareness of illegal acts specific to service areas through policies, procedures with line managers promoting ethical culture aligned to the “*Seven Principles of Public Life*” and internal Codes of Conduct.
- Regular risk assessments within service areas for illegal activities, with mitigation strategies in place.
- Raising awareness of the whistleblowing reporting mechanisms across the council.
- The introduction of an Anti-Bribery Policy (a draft has now been produced).
- Introduce “Declaration of Interests” and “land ownership” declarations.
- The introduction of anti-bribery e-learning training across the organisation.
- Monitoring and compliance checks in respect of gifts, gratuities and hospitality.
- Maintaining separation of duties, financial oversight, and refreshing fraud awareness and whistleblowing training for staff.
- Conducting corporate wide fraud risk assessments on a frequent basis.
- Leadership actively promoting fraud awareness and ensuring the policies and procedures are maintained and integrated into the corporate governance framework.
- Networking and professional membership subscriptions to maintain working knowledge of relevant changes in legislation, regulations and emerging risks.

5.7 Following these steps can further enhance the anti-fraud & anti-corruption culture across the Council.

6. Compliance with the Anti-Fraud and Anti-Corruption Policy

6.1 The Council’s Anti-Fraud and Anti-Corruption Policy establishes governance for fraud prevention and response.

6.2 It is important to ensure adherence to the policy requirements, including regular audits and investigations.

6.3 In terms of policy effectiveness, both the Anti-Fraud & Anti-Corruption Policy and the Anti-Money Laundering Policy have now been revised during the early part of 2024 and the progress referred to above within Section 4 show that the policies in the whole are effective and performance has exceeded the targets set. A corporate wide Fraud Risk Assessment has been conducted and the following improvements in controls have also been made during 2024/25:

- An Anti-Fraud and Anti-Corruption Strategy 2025-2028 has been drafted.
- An Anti-Bribery Policy has been drafted.
- The Anti-Fraud and Anti-Corruption Policy has been reviewed and formally approved.
- The Anti-Money Laundering Policy has been reviewed and formally approved.
- The Whistleblowing Policy has been reviewed and formally approved.
- Procurement & Contract Management Strategy and Contract Standing Orders as well as processes have been reviewed and strengthened and updated to reflect the Procurement and Contract Regulatory changes introduced in February 2025.
- A Civil Penalty procedure has been developed for Council Tax Reduction Scheme purposes to introduce:
 - a) **Fixed Penalty:** £70 for negligence resulting in overpayment or potential overpayment.
 - b) **Penalties as Alternatives to Prosecution:** Minimum £100 (including attempted cases) to a maximum £1,000.
- A Council Tax & Non-Domestic Rates Refund Fraud Procedure has been produced to help prevent refund frauds that have become an emerging threat in the past few months.
- A new landing page is currently being developed for the Council's website in respect of Whistleblowing; additionally, quotes have been obtained for corporate training packages to be delivered across the organisation in respect of Whistleblowing.
- Regular staff briefings and publicity exercises have been carried out highlighting scam prevention tips for staff and local communities.

6.4 As part of further work relating to the anti-fraud and anti-corruption culture across the organisation, engagement has been undertaken with departments and service areas to help provide advice and gateways to access information that can assist them in the prevention of fraud and corruption, such as the promotion of tools and services available to us through the National Fraud Initiative and National Anti-Fraud Network. Training has been provided recently to staff across the Council and across other Norfolk Authorities in the use of the Norfolk FraudHub.

6.5 These improvements have enhanced policy adherence and governance transparency across the organisation and have furthermore identified vulnerabilities and mitigating controls that can be introduced to further strengthen the Council against the risks of fraud and corruption.

7. Forward-Looking Strategy

- 7.1 Fraud prevention requires continuous adaptation to emerging risks, trends and the introduction of new legislative and/or regulatory requirements.
- 7.2 When undertaking the recent Fraud Risk Assessment across the Council key areas including “reasonable fraud prevention procedures”, “anti-bribery measures”, “anti-money laundering risks” were factored into the assessment to help develop a future-proof strategy for fraud resilience.
- 7.3 Actions for progress during 2025/26 include:
- Implement the Anti-Fraud and Anti-Corruption Strategy 2025-2028, which outlines specific measures to combat fraud, corruption, and bribery risks.
 - It is important at the same time to maintain data analytics capabilities through continuing the NFI and Norfolk FraudHub Data Matching activities, and maintaining public reporting channels.
- 7.4 These actions will result in a robust fraud prevention framework ensuring sustained protection of Council resources.

GLOSSARY OF TERMS

DWP	Department for Work & Pensions	CTAX	Council Tax
NFI	National Fraud Initiative	LATC	Local Authority Trading Company
KPI	Key Performance Indicator	HB	Housing Benefit
SPD	Council Tax Single Person Discount	YTD	Year to Date
HMRC	His Majesty’s Revenues & Customs	CTRS	Council Tax Reduction Scheme