Stevenage
BOROUGH COUNCIL

Fraud Sanctions Policy

Stevenage Borough Council

2026

Date created	June 2026
Approved by	Audit Committee
Owner	Director Finance & Deputy S151 Officer
Version	V1
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Business Unit and Team	Finance
Policy Review Date	June 2028
Equality Impact Assessment Date	June 2026

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1. Purpose

1.1 Stevenage Borough Council (the Council) is committed to protecting public funds and operating to the highest ethical and legal standards. The Fraud Sanctions Policy outlines how the Council responds proportionately, consistently, and decisively to fraud, theft, bribery, corruption, and financial irregularity. This policy replaces the 2025 Fraud Sanctions Policy and reflects significant updates in national counter-fraud standards, emerging fraud risks, and strengthened enforcement frameworks across the UK public sector.

The purpose of this policy is to:

- Set out the sanctions available to the Council when fraud or related misconduct is identified.
- Ensure sanctions are applied fairly, consistently, and transparently.
- Reinforce a zero tolerance stance against fraud and emphasise that the Council will use all lawful measures to prevent, detect, and respond to wrongdoing.
- Reflect updated best practice, including the heightened expectations on public bodies established through recent government counter-fraud strategies and guidance.
- National counter-fraud strategies now require more proactive, prevention-driven work and higher assurance standards across public sector bodies.
- Updated enforcement guidance emphasises greater transparency, proportionate penalties, and faster case resolution across sanctions regimes.

1.2 The Fraud Sanctions Policy aims to ensure that Stevenage Borough Council responds to fraud, corruption, bribery, theft, and financial irregularity in a clear, consistent and proportionate manner. Its objectives are to:

- **Protect public funds** by ensuring that all identified fraud losses are addressed and, wherever possible, recovered. This aligns with strengthened national expectations that public bodies take more decisive action to prevent and recover public sector fraud losses.
- **Deter wrongdoing** through a transparent and structured sanctions framework, reflecting the national shift toward a more proactive, prevention-first approach set out in updated government counter-fraud strategy.
- **Promote consistency and fairness** in sanction decision-making, ensuring all cases are assessed using a clear set of criteria and informed by current enforcement expectations, including the emphasis on proportionality and clarity found in updated OFSI penalty and enforcement guidance.
- **Reinforce a strong anti-fraud culture** across the organisation by demonstrating the Council’s zero tolerance approach and commitment to robust action where misconduct occurs. This is consistent with sector-wide findings highlighting the need for stronger organisational fraud resilience across local government.
- **Support improved fraud prevention and risk management**, ensuring sanctions work hand-in-hand with strengthened fraud risk assessment practices, as required

under the updated 2026 Full Fraud Risk Assessment guidance issued by the Government Counter Fraud Profession.

Overall, the policy aims to protect services, uphold public trust, and contribute to a resilient, prevention-led approach to countering fraud.

1.3 This policy replaces the Fraud Sanctions Policy approved in 2025, which set out the previous framework for applying sanctions in response to fraud and related misconduct.

The 2026 version incorporates:

- Updated best practice and strengthened requirements from the Government Counter Fraud Functional Strategy 2025–26, reflecting new standards on prevention, data-driven risk assessment, and cross-government working.
- Enhancements arising from the 2026 OFSI enforcement updates, which introduce improved penalty transparency and expectations around proportionality and cooperation.
- Guidance and expectations from the Public Sector Fraud Authority's 2025/26 Delivery Plan, which emphasises increased recovery of public funds, expanded enforcement use as a core deterrent, and proactive fraud prevention.

The 2026 policy therefore replaces and modernises the 2025 version to reflect current legislative, regulatory, and professional counter fraud standards and to strengthen the Council's sanctions framework accordingly.

2. Scope

2.1 This policy applies to:

- All Council employees (permanent, temporary, agency).
- Elected Members.
- Contractors, consultants, partners, and suppliers acting on behalf of the Council.
- Residents, tenants, leaseholders, and any external individuals or organisations interacting with the Council.

It governs all instances of suspected fraud, bribery, corruption, theft, misappropriation of assets, or financial irregularity involving Council resources. Fraud in social housing, Council Tax, business rates, grants, procurement processes, employment, and digital services all fall within scope. A step-by-step guidance on how to report suspected fraud or corruption is set out in the Council's Anti-Fraud and Corruption Policy.

2.2 This policy supports the Council's wider counter-fraud framework and underpins related policies including Anti-Fraud and Corruption Strategy, Whistleblowing, Anti-Bribery, Financial Regulations, Housing Management, and Data Protection.

3. Legal Framework

3.1 The Council's approach to sanctions is based on relevant legislation and statutory guidance, including but not limited to:

- Fraud Act 2006
- Theft Act 1968
- Bribery Act 2010
- Prevention of Social Housing Fraud Act 2013
- Council Tax Reduction Scheme Regulations 2013
- Proceeds of Crime Act 2002
- Economic Crime and Corporate Transparency Act 2023
- Local Government Finance Act 1992
- Housing Act 1996
- Equality Act 2010 (Public Sector Equality Duty)
- Data Protection Act 2018 and UK GDPR

3.2 This policy also aligns with current national counter-fraud standards, including:

- UK Government Fraud Strategy 2026-2029 – Disrupting crime, supporting economic resilience, and delivering justice.
- Government Counter Fraud Functional Strategy (2024–27) and 2026 Progress Review, which emphasises proactive prevention, stronger partnership working, and the use of data analytics to detect fraud.
- Economic Crime and Corporate Transparency Act 2023, which reflects a shift towards faster, more proportionate, and consistent enforcement, where civil sanctions now sit alongside criminal routes.
- The Government Counter Fraud Profession (GCFP) Counter Fraud Investigator Standard (Version 1.3, 2022), which requires investigators to demonstrate competency in the application of sanctions, redress, and appropriate enforcement outcomes for fraud offences.
- GCFP Full Fraud Risk Assessment (2022) and the full Fraud Risk Assessment guidance issued by the Public Sector Fraud Authority in January 2026 which requiring public bodies to adopt structured, evidence-driven assessment methodologies including consideration of fraud risk controls relating to sanction and redress.
- OFSI's strengthened sanctions enforcement framework (2026), which introduces clearer penalty matrices, expanded enforcement powers, and new transparency requirements for penalty decisions.

3.3 The Council has also committed to exceed minimum standards where appropriate by adopting a robust, proactive fraud culture informed by national local-government research findings.

4. Equalities

4.1 Under the Equality Act (2010) the Council has a legal duty to fulfil the requirements of the Public Sector Equality Duty (PSED). Through this duty and in the application of this policy, the council will carry out its functions in a way that:

a. Removes discrimination, harassment, victimisation, and any other conduct that is unlawful under the Equality Act (2010)
b. Promotes equal opportunities between people who have a protected characteristic(s) and those who do not
c. Encourages good relations between people who have a protected characteristic(s) and those who do not

Further information on the Council's fulfilment of the Equality Act (2010) is set out in the Equality, Diversity and Inclusion (EDI) Policy (2022) and Reasonable Adjustment Policy (2024).

5. Data Protection

5.1 The Council regards respect for the privacy of individuals and the lawful and careful treatment of personal information as especially important to delivery of services.

5.2 The Council will ensure that it treats personal information lawfully and proportionately as set out in the General Data Protection Regulation (GDPR) and Data Protection Act (2018). For further information on the Councils approach to handling information please see [Data Protection Act (stevenage.gov.uk)]

6. Policy

6.1 **Zero Tolerance Approach**

The Council has zero tolerance for fraud and corruption. All allegations will be investigated by the Shared Anti-Fraud Service (SAFS) or an appropriately authorised officer. Where wrongdoing is proven, the Council will consider all appropriate sanctions. Decisions regarding sanctions will be taken in consultation with the Shared Anti-Fraud Service (SAFS), Legal Services and Human Resources, as appropriate to the nature of the case.

6.2 **Sanction Options**

The Council may apply one or more of the sanctions detailed below, and sanctions may be pursued individually or in parallel:

a) No Further Action

The Council may consider closing the case without taking any further action. This may occur where there is no evidence of fraud or misconduct, or where it is not in the public interest to take formal action.

b) Cease and Desist and Warning Notices

Where there is evidence of fraud or some other failure to comply with legislation, but the matter is minor or one off, and the loss caused is minimal the Council may issue cease and desist notices or warning letters to the persons suspected.

These notices will inform the person that they may have committed an offence but that no further action will be taken, however, should further evidence of repeat offending come to light the Council may then take action.

This type of notice should be reserved for allegations of fraud or theft involving external parties, and in areas where loss to the Council is minimal, and use of more serious sanctions would be ineffective or expensive.

c) Referral to Professional Bodies

Where there is adequate evidence that a person or entity has breached professional duties or responsibilities, the Council will refer the matter to the relevant professional body.

d) Disciplinary Action

If an allegation is made against a Council employee, The Head of the Shared Anti-Fraud Service (SAFS) will consult with the Council's Human Resources Manager and appropriate action will be taken in line with the Disciplinary Policy.

The investigating officer may be a member of SIAS or SAFS or may be provided to the investigating officer appointed through the HR Disciplinary process. Sanctions may include warnings or dismissal and alongside this, additional sanctions may be considered including referral to professional bodies, civil proceedings, and criminal prosecutions.

If during an investigation or disciplinary action an employee suspected of fraud, theft or corruption chooses to resign, the Council will continue to pursue referral to professional bodies, civil proceedings, or criminal prosecution where appropriate.

In the event of an allegation against a Councillor in relation to fraud, theft, or corruption against the Council, this will be reported to the Monitoring Officer, who will agree the action to be taken with the Chief Executive. Depending on the circumstances of the case, criminal proceedings may also be considered.

e) Civil Proceedings
The Council may take civil proceedings where appropriate. Regardless of whether any other sanction action is considered, the Council will seek, where appropriate, to recover any overpaid, misused, stolen, unfairly gained monies or property that Council owns- including social housing stock.

The following measures may be considered in the pursuit of financial recovery:

- Consultation with the Council's Payroll and Pensions Teams to redress financial loss caused by employees. The Council will attempt to recover the loss from the capital value of the individual's accrued benefits in the Pension Scheme if they are a member, which are then reduced as advised by the actuary.
- Recovery of money through appropriate legal proceedings.
- Legal action such as freezing / restraint orders to preserve evidence and assets.

There will be overpayments which are not due to fraud, and the Council will determine appropriate recovery in these cases.

f) Criminal Prosecution
Where the Council considers it 'expedient for the promotion or protection of the interests of the inhabitants of their area; Section 222 of the Local Government Act 1972 empowers the Council to prosecute matters in the courts.

Section 223 of the Local Government Act 1972 allows a 'Local Authority to authorise any member if its staff to prosecute or defend designated matters in magistrates' court'.

In the most serious of cases, the Council will consider the prosecution of those offenders suspected to have committed fraud or theft. Where the Council considers there is sufficient evidence (based on the Code for Crown Prosecutors) to indicate a criminal act has taken place, a decision will be made whether to undertake a criminal prosecution utilising the Council's Legal Services (or contracted legal representatives) the police of another law enforcement partner (such as DWP or HMRC). This decision will be made by the Head of SAFS, the Head of Legal Services, and the relevant Director/Head of Service affected by the alleged offending.

Before a decision is taken whether or not to prosecute, the Council will be guided by the Code for Crown Prosecutors and will only initiate legal action if, following legal advice, it has satisfied the following two tests:

1) Evidential Test – the evidence must be:

- Clear, reliable, and admissible in court; and
- Strong enough for a realistic chance of prosecution. i.e. to prove a case 'beyond reasonable doubt;

2) Public Interest Test – the prosecution is in the public interest, considering:

- Seriousness and / or monetary value of the offence.
- Cost and proportionality of the prosecution.
- Age and health of the suspect.
- Culpability of the suspect.
- Circumstances of and harm caused to the victim; and
- Impact on the community.

Where a case has been referred to the Police to investigate, the final decision as to whether or not to pursue the case will be taken by the Police and the Crown Prosecution Service (CPS).

The Council will conduct the investigations in accordance with the Criminal Procedure and Investigations Act 1996 and the Police and Criminal Evidence Act 1984. Criminal proceedings may be brought for a suspected offence under the following legislation:

- The Theft Act 1968 (as amended);
- The Fraud Act 2006;
- Local Government Finance Act 1992;
- Housing Act 1996;
- Prevention of Social Housing Fraud Act 2013;
- Council Tax Reduction Scheme Regulations
- Proceeds of Crime Act 2002;
- Forgery and Counterfeiting Act 1981;
- Computer Misuse Act 1990;
- Identity Documents Act 2010;
- The Bribery Act 2010;
- Road Traffic Regulation Act 1984;
- Any other relevant provision in law.

Any criminal proceedings can include an attempt to recover money under the Proceeds of Crime Act 2002, Economic Crime and Corporate Transparency Act 2023, Prevention of Social Housing Fraud Act 2013, or Council Tax Reduction Scheme Regulations 2013.

g) Sanctions as Alternatives to Prosecution

The Local Government Finance Act 1992 allows the Council to consider financial penalties as alternatives to prosecution, and these should always be considered. However, in serious cases of fraud or where repeat offending occurs, the option to prosecute offenders will be kept under review.

h) Civil Penalties

Regulation 13. Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 and Schedule 3 Local Government

Finance Act 1992 permit ‘billing authorities’ to impose financial penalties where a person fails to report a material fact affecting their council tax liability or where a person fails, without good reason, to correct an error.

The Head of the Shared Revenue & Benefit Service will make the decision about the imposition of any Civil Penalties. All penalties will be recovered by adding the debt to a person’s Council Tax liability for the current year and recovered only once that annual liability has been settled in full.

i) Administrative Penalties
Regulation 11 Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, provide for Administrative Penalties to be offered to persons as alternatives to prosecution. The legislation allows for Administrative Penalties amounting to 50% of the gross reduction can be offered. In all such cases of fraud the Council will seek to recover the excess award as well as any penalty.

The Head of the Shared Revenue & Benefit Service will make the decision about the offer of any Administrative Penalties on advice from the SAFS. The Head of SAFS will arrange for the administrative penalty to be offered to the person liable for it and any cooling off period required by legislation.

j) Parallel Sanctions

It is preferable for the appropriate sanctions to proceed simultaneously, but it is not necessary for anyone to await the result of another before concluding. However, due consideration must be given to all proceedings to ensure that one does not impact improperly upon another. The decision to run parallel sanctions will be determined on a case-by-case basis.

6.3 **Partnerships**
Where appropriate, the Council will work in partnership with other organisations such as the Police, other Local Authorities, Social Housing Providers, the Department for Work and Pensions, Her Majesty’s Revenue and Customs, the UK Borders Agency, and the Home Office, to bring joint proceedings or to assist those organisations in bringing their own proceedings

6.4 **Recording Decisions**
For an effective regime of sanctions to be successful, accurate records of all convictions, penalties and cautions must be maintained. This ensures that appropriate and proportionate decisions can be made, taking full account of the individual’s background and any previous history relevant to the case.

All sanctions will be recorded by both the Shared Anti-Fraud Service (SAFS) and the Council. Copies of all documents used to consider and issue the sanction must be retained in accordance with the Council’s relevant information retention policies.

In cases of prosecution, all successful convictions will be reported to the Police for recording on the Police National Computer (PNC) central database. Council will consider and of the options and parallel sanctions may be pursued.

6.5 **Publicity**
It is the Council's intention to positively promote this Policy, as well as the outcome of any prosecutions, to deter others from fraudulent activity and to reassure the public that the Council takes firm action against those committing fraudulent or corrupt acts.

Consideration will be given to whether the outcome of any case should be reported to the community through appropriate media channels. Publicity, where appropriate, will help ensure the profile of counter fraud activity remains visible and contributes to achieving the Council's key objective of preventing fraud.

7. Consultation

7.1 The policy has been developed in consultation:

- SAFS
- Finance
- Legal Services
- Human Resources
- Housing & Revenue benefits
- Corporate Policy, and any relevant service areas affected by specific fraud risks
- Sector-wide insights from NAFN (2025) and updated government strategies have informed this updated policy.

8. Monitoring and Review

8.1 This policy will be reviewed every 2 years or earlier if legislation or national guidance changes by the Director Finance (Deputy S151 Officer) and Monitoring Officer.

8.2 Where there is a request for the content of the policy to be reviewed in response to a complaint, the relevant Business Unit's Director will be notified. If the Director agrees that a review of policy is required, this will be discussed with the appropriate Portfolio Holder. The Director Finance will be responsible for implementing a subsequent policy review.

9. References and Resources

- UK Government Fraud Strategy 2026-2029 – Disrupting crime, supporting economic resilience, and delivering justice.

- Government Counter Fraud Functional Strategy (2024–27) and 2026 Progress Review, which emphasises proactive prevention, stronger partnership working, and the use of data analytics to detect fraud.
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- OFSI's strengthened sanctions enforcement framework (2026), which introduces clearer penalty matrices, expanded enforcement powers, and new transparency requirements for penalty decisions.

10. Acronyms and Definitions

EDI	Equality, Diversity, and Inclusion
GDPR	General Data Protection Regulation
PSED	Public Sector Equality Duty
SBC	Stevenage Brough Council
SAFS	Shared Anti-Fraud Service
POCA	Proceeds of crime Act 2002
OFSI	Office of Financial Sanctions Implementation
PSFA	Public Sector Fraud Authority

11. Appendices

Appendix D - EQIA

12. Version History

Date	Outlined Amendments	Author
June 2026	Updated legislations	Atif Iqbal (Director Finance & Deputy S151 Officer)