



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	25 July 2018
REPORT OF THE:	RESOURCES AND ENABLING SERVICE LEAD (S151)
TITLE OF REPORT:	COUNTER FRAUD FRAMEWORK UPDATE
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The council approved a counter fraud and corruption policy and strategy (with associated action plan) in July 2016. This report updates the committee on progress against the actions set out in the strategy and adds new actions for the current financial year.
- 1.2 The report also updates the council's annual fraud risk assessment for review by the committee.

2.0 RECOMMENDATION(S)

- 2.1 Members are asked to
 - a) approve the updated counter fraud and corruption strategy action plan
 - b) comment on and note the analysis of current fraud risks faced by the council.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 To help ensure the council maintains robust counter fraud arrangements.

4.0 SIGNIFICANT RISKS

- 4.1 The risk of fraud against public bodies is growing. It is essential that the council maintains up to date counter fraud arrangements to minimise financial losses and safeguard public money.

5.0 POLICY CONTEXT AND CONSULTATION

Seeking to minimise losses to fraud helps to ensure that resources are directed to delivering services and supports the achievement of overall council aims.

6.0 BACKGROUND:

- 6.1 Fraud continues to be seen as a significant risk to public sector finances in 2018/19. In 2017 annual losses to the public sector were estimated to be £40.4 billion, a 7.5% increase from the previous year.¹

¹ Annual Fraud Indicator 2017, Identifying the cost of fraud to the UK economy, Crowe Clark Whitehill, University of Portsmouth, Experian.

- 6.2 The anti-fraud organisation Cifas reports that one in every two crimes in the UK relates to fraud or cybercrime.² Cybercrime remains an area of concern for local government following high profile cyber attacks against public institutions, for example Parliament and the NHS, in recent years. Attacks on local government can result in an inability to provide key services as well as the theft of sensitive data.
- 6.3 Cipfa undertake an annual survey of councils to assess the extent of fraud (and trends) in the local government sector. The latest survey CFaCT 2017 (Counter Fraud and Corruption Tracker) survey, contained in appendix 1, highlighted that council tax was the largest area of fraud detected by local authorities by volume (76% of cases). This includes council tax discounts like single person discounts and council tax support payments. Cipfa also reported a rise in the number and financial value of business rates fraud cases detected nationally.
- 6.4 These national trends are echoed in the investigative work undertaken by Veritau across North Yorkshire. The counter fraud team has seen twice the number of business rate fraud referrals reported to the team in 2017/18 compared to the previous financial year. The region's first successful business rates fraud prosecution was achieved in April 2018. The team has also experienced a 38% increase in council tax referrals across North Yorkshire in the last year. A number of council tax offenders have been successfully prosecuted, including one individual who falsely claimed single person discount for 17 years.

7.0 COUNTER FRAUD FRAMEWORK:

- 7.1 The council's Counter Fraud and Corruption Strategy 2016-19 was approved in July 2016. The strategy takes into account both Cipfa's Code of Practice on Managing the Risks of Fraud and Corruption (2014) and the national counter fraud strategy for local government, Fighting Fraud and Corruption Locally. No changes are required to the main body of the strategy, however the associated action plan, in appendix 2, has been updated to indicate progress on tasks as well as new objectives for 2018/19.
- 7.2 It is recognised good practice for councils to assess their risk of fraud on a regular basis. A counter fraud risk assessment was first produced for the council in 2016. The risk assessment included in restricted appendix 3 is an update of that document. A number of specific actions are included in the risk assessment. These include work to be undertaken by both the internal audit and the counter fraud teams as part of their 2018/19 plan of work for Ryedale District Council.
- 7.3 As part of this review the council's Counter Fraud Policy has also been reviewed but no changes are required.

8.0 IMPLICATIONS

- 8.1 The following implications have been identified:
- a) Financial
None
 - b) Legal
None
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

Anton Hodge
Chief Finance Officer (s151 officer)

² Cifas – Fraudscape 2017.

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Background Papers:

- None

Appendices:

Appendix 1: Cipfa CFaCT 2017 (Counter Fraud and Corruption Tracker) survey
Appendix 2: Counter Fraud and Corruption Strategy Action Plan
Appendix 3: Fraud Risk Assessment 2018 (Restricted)