



**Ryedale District Council**

**Summary of Counter Fraud Activity**

**2018/19**

**Counter Fraud Manager:** Jonathan Dodsworth  
**Head of Internal Audit:** Max Thomas

**Circulation List:** Members of the Overview and Scrutiny Committee  
Chief Finance Officer (s151 Officer)

**Date:** 24 July 2019

## **Background**

- 1 Fraud is a significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom.
- 2 Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.
- 3 Veritau are engaged to deliver a counter fraud service for Ryedale District Council. The service aims to prevent and deter fraud through maintaining a counter fraud policy framework, helping to maintain and improve controls, and raising awareness of fraud both internally and with the public. The counter fraud team proactively and reactively investigates any fraud or related criminality affecting the council. Veritau deliver counter fraud services to the majority of councils in the North Yorkshire area as well as local housing associations and other public sector bodies.

## **Counter Fraud work carried out in 2018/19**

- 4 Counter fraud work was undertaken in accordance with the approved plan. A summary of activity is included in Appendix 1 of this report. Investigations this year have led to the £25k of savings being produced for Ryedale District Council. Overall, 60% of investigations resulted in a successful outcome.
- 5 Across 6 local authorities in 2018/19 Veritau detected £594k of fraud against its clients and produced £539k in actual savings.

## Counter Fraud Activity 2018/19

The table below shows the total number of fraud referrals received and summarises the outcomes of investigations completed during the year.

	<b>2018/19 (Full Year)</b>	<b>2018/19 (Target: Full Year)</b>	<b>2017/18 (Full Year)</b>
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, and housing allocations blocked).	60%	30%	42%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£24,659	£20,000	£55,161

### Caseload figures for the period are:

	<b>2018/19 (Full Year)</b>	<b>2017/18 (Full Year)</b>
Carried forward at start of financial year	54	47
Referrals received	63	71
Referrals rejected	27	31
Number of investigations completed	15	33
Active cases and awaiting investigation <sup>1</sup>	75	54

<sup>1</sup> As at 31/3/19 and 31/3/18 respectively.

### Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2018/19 National Fraud Initiative (NFI) began in October 2018 when data was securely sent to the NFI team. Data matching has identified over 570 matches so far across a range of areas with more matches expected. The counter fraud team is currently reviewing these matches. Any matches indicating fraud will be passed for investigation.</p> <p>The council participated in an NFI Business Rates pilot alongside regional partners in 2018/19. No fraud was detected, but the exercise did identify errors within the business rates database which were corrected.</p> <p>The NFI are conducting a second pilot which will, for the first time, match HMRC data to council data. This became possible following the adoption of the Digital Economy Act 2017. The data from HMRC will provide information relating to possible undeclared income, capital, household composition and property ownership. These new matches will be released in 2019/20.</p>
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity undertaken last year included the following:</p> <p><b>Council Tax Support fraud</b> – In 2018/19 the team received 27 referrals for possible CTS fraud. Over £9k in falsely or erroneously obtained discounts were detected and £12k in savings were achieved. One CTS recipient was successfully prosecuted, one person was fined and two people received formal warnings.</p> <p><b>Council Tax/Non Domestic Rates fraud</b> – 33 referrals for council tax or business rates fraud were received in 2018/19. £7.4k of savings were produced in this area and two warnings were issued.</p> <p><b>Internal fraud</b> – One report of internal fraud was received in 2018/19.</p>

Activity	Work completed or in progress
	<p><b>External fraud</b> - One report of external fraud was received in 2018/19.</p>
Fraud liaison	<p>In 2016 the council's remit to investigate and prosecute housing benefit fraud transferred to the Department for Work and Pensions (DWP). The counter fraud team now acts as a single point of contact for the DWP and is responsible for providing data to support their housing benefit investigations. The team dealt with 57 requests in 2018/19.</p> <p>Joint working with the DWP on benefit fraud cases began in the Yorkshire and Humber region in June 2019. No investigations have been instigated under the new arrangements yet.</p>
Fraud management	<p>In 2018/19 a range of activity has been undertaken to support the Council's counter fraud framework.</p> <ul style="list-style-type: none"> <li>• In May, the council's counter fraud transparency data was updated to include data on counter fraud performance in 2017/18 meeting the council's obligation under the Local Government Transparency Code 2015.</li> <li>• The council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in June 2018. The information provided has contributed to a recently released report which provides a national picture of fraud, bribery and corruption in the public sector and the actions being taken to prevent it.</li> <li>• Fraud awareness training was delivered to members of the benefits, council tax, customer services and housing teams in October 2018.</li> <li>• During this year's National Fraud Initiative data gathering exercise, the counter fraud team has confirmed that, as part of the council's legal obligations, privacy notices are in place to facilitate data processing.</li> <li>• As part of International Fraud Week in November, the counter fraud team raised awareness of fraud with staff via intranet articles published throughout that week.</li> <li>• In March a leaflet was included in annual council tax billing which encouraged residents to report their suspicions of fraud.</li> <li>• The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year.</li> </ul>

<b>Activity</b>	<b>Work completed or in progress</b>