



Ryedale District Council

Counter Fraud Progress Report

Period to 31 December 2020

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Chief Finance Officer (s151)

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Background

- 1 Fraud is 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 corporate counter fraud service for Ryedale District Council. A counter fraud service aims to prevent, detect and deter fraud and related criminality affecting an organisation. 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.

Covid-19 Grant Fraud

- 4 The Covid-19 pandemic has created a number of issues, and unplanned work, for the counter fraud team. New procedures have had to be implemented to replace activities which involved face to face contact with the public, e.g. interviews under caution and visits to properties. While normal areas of work for the team have been hampered, new work has emerged relating to Covid-19 grants. The Council has paid over £26 million to local businesses on behalf of central government to support them during the crisis. These grants have been the focus of fraudulent applications by organised criminal gangs.
- 5 The counter fraud team has supported the Council through investigations of suspected fraudulent Covid-19 grant applications. Two investigations have been completed to date and £30k of payments have been prevented. The team is also sharing intelligence with regional partners and national organisations such as the National Investigation Service (NATIS) and the National Anti-Fraud Network (NAFN). This work has helped prevent public money from falling into the hands of criminals.

Counter Fraud Performance 2020/21

- 6 Up to 31 December, the fraud team detected £11.5k of loss to the council and achieved £16.8k in savings for the council. There are currently 14 ongoing investigations. A summary of counter fraud activity is included in the tables below.

COUNTER FRAUD ACTIVITY 2020/21

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

	2020/21 (As at 31/12/20)	2020/21 (Target: Full Year)	2019/20 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions).	67%	30%	55%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£16,822	£20,000	£32,641
Amount of savings from the prevention of Covid-19 grant fraud (to be returned to Central Government).	£30,000	n/a	n/a

Caseload figures for the period are:

	2020/21 (As at 31/12/20)	2019/20 (Full Year)
Carried forward at start of financial year	63	75
Referrals received	34	41
Referrals rejected ¹	39	32
Number of investigations completed	9	21
Active cases and awaiting investigation ²	49	63

¹ This figure represents new referrals rejected and previously accepted cases that have been removed from backlog

² As at 15/12/19 and 31/3/19 respectively.

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2020/21 National Fraud Initiative (NFI) is underway. The counter fraud team has assisted the Council to send a range of data to the Cabinet Office for datamatching. The team has reviewed privacy notices to ensure that the Council meets its obligations around the use of this data. Results of the exercise are expected to be released by the Government from February 2021 onwards.</p> <p>The NFI will also conduct data matching exercises on Covid-19 grant payments to detect fraud and error.</p>
Fraud detection and investigation	<p>The service continues to use criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"><li data-bbox="434 906 2016 1034">• Covid-19 Grants – Three applications for Covid-19 grants have been investigated. Two were blocked before payment was made and one payment was recalled when fraud was found. There is one ongoing investigation.<li data-bbox="434 1058 2016 1225">• Council Tax Support fraud – To date the team has received 21 referrals for possible CTS fraud and £11.1k of savings has been identified through fraud investigation in the current financial year. One person was formally cautioned for an offence in this area. There are currently nine cases under investigation.<li data-bbox="434 1249 2016 1327">• Council Tax fraud – Eight referrals for council tax fraud have been received in 2020/21. There are currently two cases under investigation.

Activity	Work completed or in progress
	<ul style="list-style-type: none"> • NNDR fraud – One referral for potential NNDR fraud has been received to date and there are two ongoing investigations. • Internal fraud – There have been no reports of internal fraud against the council this year.
Fraud liaison	<p>The fraud team acts as a single point of contact for the Department for Work and Pensions for fraud issues and is responsible for providing data to support their housing benefit investigations. The DWP's fraud investigation service was assigned to other duties due to the pandemic and no requests for information have been received to date.</p>
Fraud Management	<p>In 2020/21 a range of activity has been undertaken to support the Council's counter fraud framework.</p> <ul style="list-style-type: none"> • 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. • Throughout the Covid-19 pandemic, the counter fraud team have provided support to the council in preparing for and administering government funded grant schemes. This has included reviewing government guidance and advising on best practice. • In May, the Council's counter fraud transparency data was updated to include data on counter fraud performance in 2019/20, meeting the Council's obligation under the Local Government Transparency Code 2015. • The Council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in September 2020. The information will contribute to a CIPFA national report detailing the extent fraud against local authorities.

Activity	Work completed or in progress
	<ul style="list-style-type: none"><li data-bbox="483 256 2011 379">• In October, the counter fraud team ran a cybercrime awareness week, delivering cybercrime awareness information to council employees through a number of bulletins provided over the course of the week.<li data-bbox="483 419 2011 499">• In November, the counter fraud team raised awareness of fraud internally and amongst the general public as part of International Fraud Week.