

COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 21 October 2021

Annex 2

RYEDALE
DISTRICT
COUNCIL





BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.¹
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (e.g. the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the council's counter fraud framework and associated policies.
- 3 This report updates the Overview and Scrutiny Committee on counter fraud activity between 1 April 2021 and 31 August 2021.



FRAUD MANAGEMENT

- 4 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council. The council's counter fraud framework was updated in January 2021. This included a revised strategy action plan, fraud risk assessment, and an updated counter fraud and corruption policy.
- 5 A key objective for the counter fraud team is to raise awareness of fraud amongst members of staff and the public. Fraud awareness training has been delivered to members of staff working within the revenues and benefits team this year. Awareness campaigns for all staff on cybercrime, anti-bribery and money laundering are planned for later in the year.
- 6 Veritau continues to support the council with Covid-19 related payments. The team works with officers to ensure that the council meets government mandated verification, investigation and recovery requirements for Covid-19 related grant payments.
- 7 In May the council's counter fraud transparency data was updated to include data on counter fraud work in 2020/21, meeting the council's obligation under the Local Government Transparency Code 2015.
- 8 Veritau attends the Yorkshire and Humber Fraud Investigation Group on behalf of the council to share best practice and information on regional fraud threats.

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill



MULTI-AGENCY WORK

- 9 Work on the 2020/21 National Fraud Initiative is ongoing. The counter fraud team is reviewing over 500 matches flagged during the current exercise, including matches relating to Covid-19 grant payments. Instances of suspected fraud are considered for investigation.
- 10 The council are required to respond to requests for information from the Department for Work and Pensions (DWP) who investigate Housing Benefit fraud. In cases where council tax support is in payment, the counter fraud team can jointly investigate with DWP counterparts. The team have responded to 11 requests for information to date.



INVESTIGATIVE WORK

- 11 In 2021/22, the counter fraud team has received 21 referrals of suspected fraud. These cover areas including council tax, council tax support, business rates, and Covid-19 support payments.
- 12 During the pandemic, the counter fraud team has established practices to conduct interviews under caution using video conferencing. This allows interviews to be conducted remotely when it is in the best interest of the council and the member of the public (for example where they are unable to attend council offices).
- 13 Up to 31 August, the team helped the council to achieve £6k in savings. There are currently 14 cases under investigation.
- 14 To date two fraudulent applications for Covid-19 grants have been blocked, one person was issued a warning, and overpayments were identified in a further three cases.
- 15 A detailed summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2021/22

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2021/22.

	2021/22 (As at 31/08/21)	2020/21 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£5,848	£34,549
Amount of savings identified relating to Covid-19 business grant related fraud	£20,000	£30,000
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions)	75%	64%

Caseload figures for the period are:

	2021/22 (As at 31/08/21)	2020/21 (Full Year)
Referrals received	21	57
Number of cases under investigation	10	13 ²
Number of investigations completed	8	11
Number of verification cases completed ³	14	n/a

² As at 31/03/21

³ Verification cases relate to reviews of applications for Covid-19 grants.

Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of 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"> • Covid-19 related fraud – The counter fraud team continue to support the council to prevent and detect fraud associated with Covid-19 related payments. Two investigations into fraudulent applications for Covid-19 grants to businesses have been completed. Payments were not made in either case. One of the cases was identified as a being part of a national scam that affected multiple local authorities in the UK. Details of the scam were passed to the National Anti-Fraud Network (NAFN) and circulated to councils across the country. In addition, fourteen applications have been verified as part of government mandated post assurance work – all were found to have been applied for and granted correctly. One investigation and four verifications are ongoing. • Council Tax fraud – Six referrals for possible council tax fraud have been received to date. Two investigations have been completed in this area and one is ongoing. One person has been issued with a formal warning relating to a false or incorrectly claimed single person discount. • Business Rates fraud – One investigation has been completed in this area which resulted in an overpayment of £6k of incorrectly claimed small business rate relief being identified. The debt has been fully repaid to the council. • Council Tax Support fraud – The team has received thirteen referrals for potential fraud relating to council tax support and there are currently eight investigations ongoing. • Internal fraud – No internal fraud cases have been reported in 2021/22 to date.