

# COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 21 April 2022

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.<sup>1</sup>
- 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: investigates allegations of fraud, plans and takes part in counter fraud campaigns (e.g. the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the council's counter fraud framework and associated policies.
- 3 This report updates the Overview and Scrutiny Committee on counter fraud activity to date, including recent actions following our last report to the committee.

## FRAUD MANAGEMENT

- 4 In December 2021, the Chancellor announced a new grant scheme to provide continued support to businesses affected by the Covid-19 pandemic. The new Omicron Hospitality and Leisure Grant (OHLG) has now opened to businesses in the area. The government also introduced an extension to the Additional Restrictions Grant (ARG) scheme.
- 5 Organised criminals have been quick to target the new grant schemes, with reports from councils receiving false applications nationally. The fraud team shares intelligence updates from work with other councils, and national contacts, to alert staff to potential identities and bank accounts used to commit fraud.
- 6 In March, training was delivered to the Finance Team to raise awareness of the latest cybercrimes being perpetrated against local authorities. In particular the threat of mandate or payment diversion fraud was raised due to an increase in instances recorded both regionally and nationally. Raising awareness of the increasingly sophisticated techniques used by criminal organisations to commit mandate fraud is essential to protect the council.
- 7 An awareness campaign informing staff of issues surrounding bribery and money laundering and how to report it was delivered on 9 December to mark International Anti-Corruption Day. It followed previous awareness raising campaigns for Cyber Security Awareness Month in October and International Fraud Awareness Week in November.
- 8 An anti-fraud leaflet was included with annual council tax bills issued to all domestic properties in spring 2022. The insert raises awareness of fraud with the public and provides information on how to report concerns to the counter fraud team.

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<sup>1</sup> Annual Fraud Indicator 2017, Crowe Clark Whitehill

## MULTI-AGENCY WORK

- 9 Work on the 2020/21 National Fraud Initiative (NFI) is almost complete. The counter fraud team has reviewed over 500 matches across a range of service areas. The team is currently looking at more recently released matches designed to highlight fraud within Covid-19 grant schemes.

## INVESTIGATIVE WORK

- 10 In 2021/22, the counter fraud team received forty-eight referrals of suspected fraud. These cover potential Covid-19 related fraud, council tax fraud, and council tax support fraud. To date the team has detected over £26k of fraud and error. There are currently fifteen cases under investigation.

## 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.

	<b>2021/22 (As at 28/02/22)</b>	<b>2020/21 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings e.g. repayment of loss) identified through fraud investigation	£8,978	£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 (e.g. payments stopped or amended, sanctions, prosecutions)	62%	64%

Caseload figures for the period are:

	<b>2021/22 (As at 28/02/22)</b>	<b>2020/21 (Full Year)</b>
Referrals received	48	57
Number of cases under investigation	15	13 <sup>2</sup>
Number of investigations completed	13	11
Number of verification cases completed <sup>3</sup>	15	n/a

<sup>2</sup> As at 31/03/21

<sup>3</sup> Verification cases relate to the review 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"> <li>• <b>Covid-19 related fraud</b> – The counter fraud team has supported the council to prevent and detect fraud within Covid-19 related grants. The team has investigated six cases of potential fraud which resulted in two fraudulent applications being blocked and no fraud being found in the remaining four. The team, as part of a government mandated exercise, is undertaking verification exercises on grants paid during the first lockdown in 2020. To date fifteen verifications have been completed all of which were found to be correct. One investigation and two verifications are ongoing.</li> <li>• <b>Council tax fraud</b> – The team has received eleven referrals for potential council tax fraud. Four investigations have been completed all relating to false or incorrect claims for single person discounts. All investigations resulted in invoices being issued for unpaid council tax and two people received formal written warnings.</li> <li>• <b>Business rates fraud</b> – Two investigations have been completed in this area. One resulted in a large overpayment of incorrectly claimed small business rate relief being identified. The debt has been fully repaid to the council.</li> <li>• <b>Council tax support fraud</b> – Twenty-eight referrals for potential fraud relating to council tax support have been received. One investigation has been completed this year which resulted in a warning letter being issued to a claimant who declared themselves to be single, but had been living with a partner for some time.</li> <li>• <b>Internal fraud</b> – No internal fraud cases have been reported in 2021/22 to date.</li> </ul>