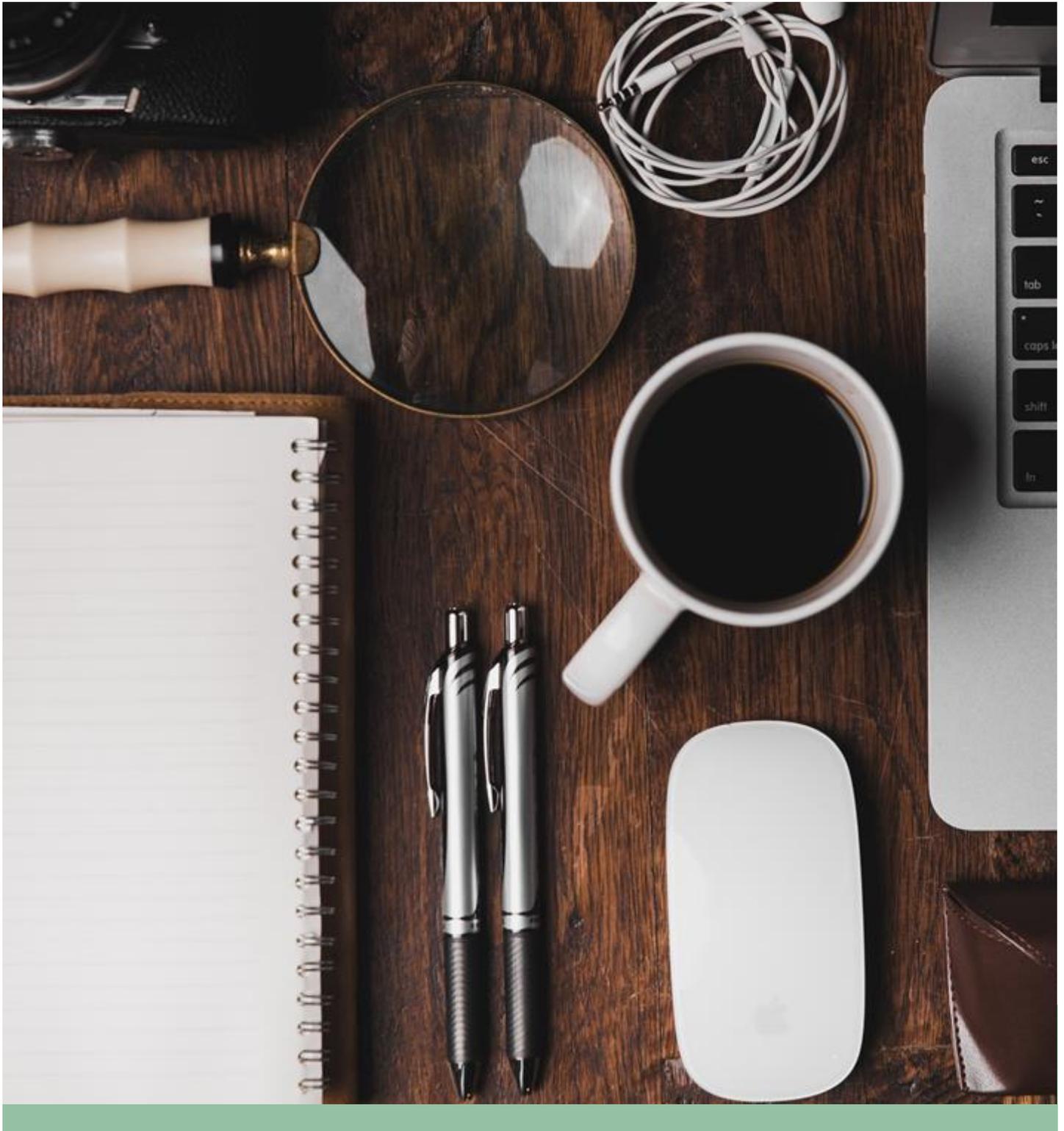


COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 28 September 2022

Annex 2

RYEDALE
DISTRICT
COUNCIL



BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year¹. Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. We employ qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 This report updates the Overview and Scrutiny Committee on counter fraud activity to date in 2022/23.

FRAUD MANAGEMENT

- 4 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council. Preparation for Local Government Reorganisation (LGR) in North Yorkshire will be a focus for Veritau in 2022/23. The counter fraud team is working with all councils to ensure that strong counter fraud policies and procedures are in place when the new authority forms.
- 5 There is a significant risk of increased fraud in the run-up to LGR occurring. Criminals may try to take advantage of any confusion around LGR amongst staff and the public to commit fraud, particularly cyberattacks. The counter fraud team has produced an e-learning package for staff at all of the councils involved. The package focuses on threats that staff may experience before and after the new council is formed. It will be made available to members of staff at Ryedale District Council in September.
- 6 The counter fraud team raised awareness of whistleblowing on World Whistleblowers' Day in June. It is important that workers are aware that they should raise concerns in the public interest and that there are protections in place if they do. It is equally important that managers respond to whistleblowing concerns in the correct way. As well as raising awareness with members of staff, the counter fraud team provided training to managers attending the Ryedale Manager's forum.
- 7 In May the council's counter fraud transparency data was updated to include data on counter fraud work in 2021/22, meeting the council's obligation under the Local Government Transparency Code 2015.

¹ Fraud and Error (Ninth Report of Session 2022/23), Public Accounts Committee, House of Commons

MULTI-AGENCY WORK

- 8 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Cabinet Office. The 2020/21 exercise has now concluded and there is ongoing work in preparation for the 2022/23 exercise. Data will be securely gathered from council systems at the end of September, processed, and then securely sent to the NFI in October.

INVESTIGATIVE WORK

- 9 Ryedale District Council has recently prosecuted a business owner who falsely applied for and received a £10k Covid-19 small business grant. The fraud was detected shortly after the grant was paid in April 2020 and the payment was frozen and recovered at that time. The business owner failed to cooperate with the investigation and a decision to prosecute was made by the council in July 2020. The business owner pleaded guilty at their trial in July 2022. They were sentenced to a 20-week term of imprisonment, suspended for 18 months providing they perform 200 hours of unpaid work in the community. They were also ordered to pay the council £2.4k in legal costs.
- 10 The counter fraud team has received 31 referrals of suspected fraud during the year. These involve suspected council tax, business rates, and council tax support fraud. The team has helped the council save £7.2k as a result of counter fraud work during the year. There are currently 13 cases under investigation.
- 11 Further information about investigative work can be found in appendix A of this report.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2022/23

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2022/23.

	2022/23 (As at 31/08/22)	2021/22 (Actual: Full Yr)
Amount of actual savings (quantifiable savings e.g. repayment of loss) identified through fraud investigation	£7,198	£10,815
% of investigations completed which result in a successful outcome (e.g. payments stopped or amended, sanctions, prosecutions)	43%	53%

Caseload figures for the period are:

	2022/23 (As at 31/08/22)	2021/22 (Full Year)
Referrals received	31	48
Number of cases under investigation	13	13 ²
Number of investigations completed	7	16

² As at 31/03/22

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 has supported the council to prevent and detect fraud within Covid-19 related grants. In July 2022 a business owner was prosecuted by the council for falsely applying for a Covid-19 grant. Another Covid-19 related grant fraud case concluded with a person being issued with a formal warning. There is one investigation into Covid-19 grant fraud currently ongoing. • Council tax fraud – The team has received three referrals for potential council tax fraud – all relating to allegations of falsely claimed single person discounts. Two investigations have been completed this year with no fraud found. There are two cases ongoing. • Business rates fraud – One investigation has been completed in this area which resulted in no fraud being found. There are two cases ongoing. • Council tax support fraud – Six referrals for potential fraud relating to council tax support have been received. One investigation has been completed resulting in a person being issued with a formal warning. There are eight cases ongoing. • Internal fraud – No internal fraud cases have been reported in 2022/23 to date.