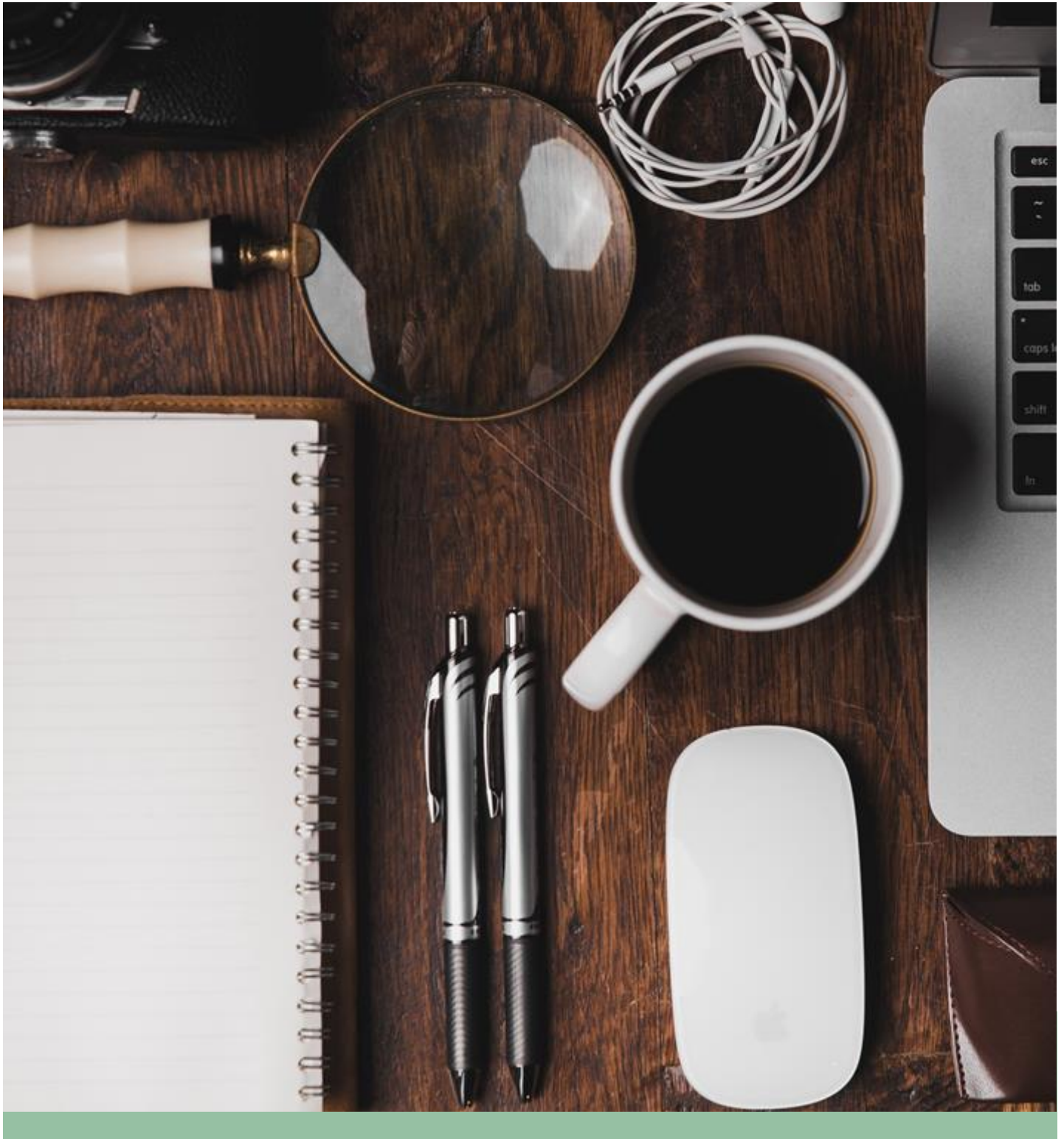


COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 16 February 2023

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 The purpose of this report is to update the committee on counter fraud activity 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 has been a focus for Veritau in 2022/23. The counter fraud team has worked with all councils to ensure that strong counter fraud policies and procedures are in place when the new authority forms. An e-learning package designed to prepare staff for the threat of fraud was released in September 2022.
- 5 Raising awareness of fraud issues within the council is an important part of the work of the counter fraud team. In July 2022 we shared details of the whistleblowing policy and procedures with all staff, including specific training for managers. In October, warnings about the latest methods and tactics used by cyber criminals were communicated to officers as part of Cybersecurity Awareness Month. In December we highlighted the importance of the council's anti-bribery and anti-money laundering policies.

MULTI-AGENCY WORK

- 6 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. Data covering a range of council services was securely sent to the Cabinet Office in October and November 2022. Data matching results are expected to be released in February and March 2023.

¹ [Fraud and Error \(Ninth Report of Session 2021/22\)](#), Public Accounts Committee, House of Commons

INVESTIGATIVE WORK

- 7 The counter fraud team has received 65 referrals of suspected fraud in 2022/23. This represents a 35% increase on the number of referrals received in 2021/22. These involve suspected council tax, business rates, and council tax support fraud. The team has helped the council recover £7.4k as a result of counter fraud work during the year. There are currently 12 cases under investigation. Investigations for the council will continue up to the LGR vesting date and any ongoing investigations will form part of work for the new North Yorkshire Council.
- 8 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 31/12/22)	2021/22 (Actual: Full Yr)
Amount of actual savings (quantifiable savings eg repayment of loss) identified through fraud investigation	£7,436	£10,815
% of investigations completed which result in a successful outcome (eg payments stopped or amended, sanctions, prosecutions)	50%	53%

Caseload figures for the period are:

	2022/23 (As at 31/12/22)	2021/22 (Full Year)
Referrals received	65	48
Number of cases under investigation	12	13 ²
Number of investigations completed	12	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 – There is one investigation into potential Covid-19 fraud ongoing. Earlier this year the council successfully prosecuted a person for falsely claiming a Covid-19 grant. Another grant recipient was issued a formal warning and they have been asked to repay £17k in grant payments. • Council tax fraud – The team have investigated five single person discount fraud cases, resulting in three people receiving formal warnings and invoices totalling £4k. Two further investigations resulted in no fraud being found. There is one case currently under investigation. • Business rates fraud – One investigation has been completed in this area which resulted in no fraud being found. There are three cases ongoing. • Council tax support fraud – Four investigations into potential council tax support fraud have been completed. One person was issued a formal warning and invoiced for £600 of unpaid council tax. There are eight cases ongoing. • Internal fraud – No internal fraud cases have been reported in 2022/23 to date.