



Selby District Council

Counter Fraud Progress Report 2020/21

Assistant Director – Corporate Fraud: Jonathan Dodsworth
Deputy Head of Internal Audit: Richard Smith
Head of Internal Audit: Max Thomas
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Background

- 1 Fraud is a 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 Selby District Council. A corporate 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 £17 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. Four 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.
- 6 The team has undertaken post assurance checks on successful grant applications to detect fraud and error. Seventy-two successful applications were reviewed, which represented 5% of each of three types of grant awards: the Small Business Grant Fund, Retail Hospitality Leisure Grant Fund 10k, and Retail Hospitality Leisure Grant Fund 25k. Seventy-one applications were verified as being correctly awarded and one has been flagged for further checks.

Counter Fraud Performance 2020/21

- 7 Up to 30 September, the fraud team detected £8.4k of loss to the council and achieved £8k in savings for the council. There are currently 17 ongoing investigations. A summary of counter fraud activity is included in the tables below.

COUNTER FRAUD ACTIVITY 2020/21

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

	2020/21 (As at 30/09/20)	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, properties recovered, and housing allocations blocked).	36%	30%	75%
Amount of actual savings (quantifiable savings - e.g. CTS and CTAX) identified through fraud investigation.	£8,052	£14,000	£16,728
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 30/09/20)	2019/20 (Full Year)
Referrals received	42	114
Referrals rejected	17	72
Number of cases under investigation	17	11 ¹
Number of investigations completed	11	24

¹ As at 31/3/20

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 is currently assisting the Council in gathering the required datasets which will be sent to the Cabinet Office for data matching. The team has reviewed privacy notices to ensure that the Council meets its obligations around the use of this data. Matches are expected to be released from February 2021 onwards.</p> <p>The NFI exercise 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="421 1027 2009 1198">• Covid-19 Grants – Four applications for Covid-19 grants have been investigated. One was found to be valid. Three were blocked before payment was made. One person received a written warning as a result of their application and they were asked to start paying business rates to the Council. There are two ongoing investigations.<li data-bbox="421 1246 2009 1369">• Council Tax Support fraud – To date the team has received 19 referrals for possible CTS fraud. Savings of £4.4k have been achieved. There are currently 2 cases under investigation.

Activity	Work completed or in progress
	<ul style="list-style-type: none"> • Council Tax fraud – Ten referrals for council tax fraud have been received in 2020/21. There are currently 6 cases under investigation. Fraud and error of £8k has been detected during the current financial year, with savings of £1.7k achieved. • NNDR fraud – Eight referrals for NNDR fraud have been received in 2020/21. £1.7k in savings have been achieved. Four cases are currently under investigation. • Housing fraud – The team has received four referrals for investigation in the year. Two checks on Right to Buy applications have been completed. There are currently 5 ongoing investigations in this area. • Internal fraud – No cases of internal fraud have been reported this year.
Fraud liaison	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 team have received no requests in 2020/21.
Fraud Management	<p>In 2020/21 a range of activity is being 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. • 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

Activity	Work completed or in progress
	<p data-bbox="517 253 1160 288">Government Transparency Code 2015.</p> <ul data-bbox="472 344 2000 464" style="list-style-type: none"><li data-bbox="472 344 2000 464">• 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.