



**Selby District Council**

**Counter Fraud Annual Report**

**2018/19**

**Counter Fraud Manager:**  
**Deputy Head of Internal Audit:**  
**Head of Internal Audit:**  
**Date:**

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30<sup>th</sup> July 2019

## **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 counter fraud service for Selby District Council. The service aims to prevent and deter fraud through maintaining a counter fraud policy framework, helping to maintain and improve controls, and raising awareness of fraud both internally and with the public. The counter fraud team proactively and reactively investigates any fraud or related criminality affecting the council. 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.

## **Counter Fraud work carried out in 2018/19**

- 4 Counter fraud work was undertaken in accordance with the approved plan. A summary of activity is included in annex A of this report. The counter fraud team detected £38.8k of loss in 2018/19. Investigations led to £22k of actual savings being produced for Selby District Council. Overall, 50% of investigations resulted in a successful outcome.
- 5 Across 6 local authorities in 2018/19 Veritau detected £594k of fraud against its clients and produced £539k in actual savings.

## COUNTER FRAUD ACTIVITY 2018/19

The tables below show the total number of fraud referrals received and summarises the outcomes of investigations completed in the last financial year.

	<b>2018/19 (Full Year)</b>	<b>2018/19 (Target: Full Year)</b>	<b>2017/18 (Full Year)</b>
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked).	50%	30%	44%
Amount of actual savings (quantifiable savings - e.g. CTS and CTAX) identified through fraud investigation.	£22,474	£14,000	£22,195

### Caseload figures for the period are:

	<b>2018/19 (Full Year)</b>	<b>2017/18 (Full Year)</b>
Referrals received	112	81
Referrals rejected	61	43
Number of cases under investigation	12	15 <sup>1</sup>
Number of investigations completed	20	41

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<sup>1</sup> As at 31/3/18

### Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2018/19 National Fraud Initiative began in the last financial year. A range of council data was gathered and sent to the Cabinet Office in October 2018. Over 950 matches have been released. The matches will be reviewed by the counter fraud team and council colleagues.</p> <p>The council participated in an NFI Business Rates pilot alongside regional partners in 2018. The exercise identified two businesses that were incorrectly receiving Small Business Rate Relief (SBRR) which resulted in savings for the council. A further two properties were sent to the Valuation Office Agency (VOA) for revaluation.</p> <p>The NFI are conducting a second pilot which will, for the first time, match HMRC data to council data. This became possible following the adoption of the Digital Economy Act 2017. The data from HMRC will provide information relating to possible undeclared income, capital, household composition and property ownership. These new matches will be issued in 2019/20.</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 in the last financial year included:</p> <ul style="list-style-type: none"><li>• <b>Council Tax Support fraud</b> – In 2018/19 the counter fraud team received 67 referrals for suspected CTS fraud. Eight investigations in this area were completed and fraud and error of over £13k was detected. Two people were issued with warnings relating to their conduct.</li><li>• <b>Council Tax/Non Domestic Rates fraud</b> – 38 referrals for possible council tax and business rates fraud were received in 2018/19. Six investigations were completed and fraud and error of over £9k was detected. One person was issued a warning last year.</li><li>• <b>Housing fraud</b> – The team received 4 referrals for investigation in the last financial year. One property was recovered following an investigation where a tenant was found to be illegally subletting a property, and one warning was issued relating to false information provided on a housing application.</li></ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"> <li>• <b>Internal fraud</b> – One case of possible fraud in this area was reported in 2018/19, but no fraud was identified.</li> <li>• <b>External fraud</b> – A successful mandate fraud was perpetrated against the council in 2018/19. This attack was found to have originated from abroad. The loss to the council due to this fraud was £17k, however £4k was recovered through the bank when the crime was detected.</li> <li>• <b>Parking Fraud</b> – One person was issued a warning after an investigation found a blue badge being misused by a third party in a Council car park.</li> </ul>
Fraud liaison	<p>The fraud team acts as a single point of contact for the Department for Work and Pensions (DWP) and is responsible for providing data to support their housing benefit investigations. The team have dealt with 139 requests on behalf of the council in 2018/19.</p> <p>Joint working with the DWP on certain benefit fraud cases began in the Yorkshire and Humber region in June 2019. No investigations have been instigated under the new arrangements yet.</p>
Fraud Management	<p>In 2018/19 a range of activity has been undertaken to support the Council's counter fraud framework.</p> <ul style="list-style-type: none"> <li>• In May 2018, the council's counter fraud transparency data was updated to include data on counter fraud performance in 2017/18 meeting the council's obligation under the Local Government Transparency Code 2015.</li> <li>• The council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in June 2018. The information provided has contributed to a recently released report which provides a national picture of fraud, bribery and corruption in the public sector and the actions being taken to prevent it.</li> <li>• Area specific fraud awareness training has been delivered to the HR and Benefits teams this year. In addition a short update on counter fraud work was delivered at an all staff briefing.</li> </ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"> <li>• During this year's National Fraud Initiative data gathering exercise, the counter fraud team has confirmed that, as part of the council's legal obligation, privacy notices are in place to facilitate data processing.</li> <li>• As part of International Fraud Week in November 2018, the counter fraud team raised awareness of fraud with staff via intranet articles published throughout that week.</li> <li>• In February 2019 meetings were held with the Department for Work and Pensions (DWP) to discuss joint working arrangements.</li> <li>• In March 2019 a message was included in the annual council tax and business rates billing encouraging residents to report any suspicions of fraud to the fraud hotline.</li> <li>• 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.</li> </ul>