



Selby District Council
Counter Fraud Annual Report
2019/20

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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 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 2019/20

- 4 Counter fraud work was undertaken in accordance with the approved plan. Investigative work led to £17k of savings during the year which is in line with the annual target. The counter fraud team completed 21 investigations for the council in the financial year. The target for the number of investigations resulting in a successful outcome (30%) was also exceeded as 75% of completed cases resulted in some form of action. A summary of the work undertaken in 2019/20 is contained in annex A of this report.

COUNTER FRAUD ACTIVITY 2019/20

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

	2019/20 (Full Year)	2019/20 (Target: Full Year)	2018/19 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked).	75%	30%	50%
Amount of actual savings (quantifiable savings - e.g. CTS and CTAX) identified through fraud investigation.	£16,728	£14,000	£22,474

Caseload figures for the period are:

	2019/20 (Full Year)	2018/19 (Full Year)
Referrals received	114	112
Referrals rejected	72	61
Number of cases under investigation	11	12 ¹
Number of investigations completed	24	20

¹ As at 31/3/18

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	The 2018/19 National Fraud Initiative is now complete. An additional pilot exercise, matching HMRC records to the 2018/19 data also took place last year, looking at areas such as benefits and housing. However, no fraud of significance was identified. A new exercise will take place in 2020/21.
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 data-bbox="421 624 1998 767">• Council Tax Support fraud – Council Tax Support fraud occurs when discounts are falsely applied for or changes in people’s circumstances are not reported. The counter fraud team completed eleven investigations in this area in 2019/20. Two people received warnings for failure to declare income or capital to the council and a further seven cases identified underpayments of council tax.<li data-bbox="421 810 1998 954">• Council Tax/Non Domestic Rates fraud – Council Tax fraud relates to false applications for discounts and avoidance of premium charges. Whilst the value of individual Council Tax investigations are relatively low the volume of fraud can be very high. Eight investigations were completed in the course of the financial year of which five produced savings for the council.<li data-bbox="421 997 1998 1214">• Housing fraud – Housing fraud is a significant area of risk for local authorities that own housing stock. Reduced rents and discounts under the Right to Buy scheme make social housing fraud attractive to fraudsters. Fraud in this area includes false applications for housing, illegal subletting, and right to buy fraud. Four housing fraud investigations were completed in 2019/20. One person was prosecuted for illegally subletting their property, one false application for a Right to Buy was blocked, and a warning was issued for a false application for housing.<li data-bbox="421 1257 1998 1326">• Internal fraud – Internal fraud cases occur when a member of staff is suspected of committing fraud or serious misconduct. One internal fraud investigation was completed in 2019/20 with no fraud found.

Activity	Work completed or in progress
Fraud liaison	<p>The counter 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 dealt with 81 requests on behalf of the council in 2019/20. This work helped identify £29k of housing benefit fraud and error in the last financial year.</p> <p>In May 2019, the DWP began new joint working arrangements with councils in the Yorkshire and Humber region. Joint working involves council fraud investigation officers working with DWP counterparts to investigate benefit fraud that affects both organisations. No joint working investigations took place in 2019/20.</p>
Fraud Management	<p>In 2019/20 a range of activity was 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 2018/19, meeting the council's obligation under the Local Government Transparency Code 2015. • The council participated in the annual Cipfa Counter Fraud and Corruption Tracker (CFaCT) survey in June 2019. The information will contribute to a Cipfa national report detailing the extent fraud against local authorities. • In September, the counter fraud team helped deliver a cybercrime awareness week, delivering cybercrime awareness information to council employees through a number of bulletins provided over the course of the week. • In November, the counter fraud team and the council's communications team worked together to raise awareness of fraud internally and with the public during International Fraud Awareness Week. • In March, a leaflet was included in annual council tax billing which encouraged residents to report their suspicions of fraud.