



**East Herts Council  
Shared Anti-Fraud Service  
Report  
November 2017**

**Recommendation**

**Members are recommended to:**

**Note the progress of the Shared Anti-Fraud Service progress against the Anti-Fraud Action Plan 2017/2018.**

**Note the action taken by the Council to prevent and deter fraud and protect public funds.**

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## Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's Anti-Fraud Action plan for 2017/2018. The Committee is asked to note this work.

Recent reports have been provided to officers and are being used by SAFS to ensure that the Council is aware of its own fraud risks and finding ways to mitigate or manage these effectively wherever possible.

These reports include:

*Fighting Fraud and Corruption Locally 2016–2019 Strategy*, Produced by CIPFA in March 2016 and supported by CLG. The new strategy estimates annual fraud losses in local government at around £2.1bn.



CIPFA Fighting Fraud  
Strategy

*UK Annual Fraud Indicator*. Produced by PKF, Portsmouth University and Experian in May 2016, estimates the risk of fraud losses for local government in excess of £7bn per annum (this does not include fraud in local taxation or care services).



UK National Fraud  
Indicator

## 1. Background

- 1.2 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office and the Private Sector, fraud risk across local government in England exceeds £2billion each year, with some more recent reports indicating levels considerably higher.
- 1.3 The Cabinet Office, Department for Communities and Local Government, NAO, and CIPFA have also issued advice and best practice guidance to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for councils to be vigilant in recognising their fraud risks and to invest resources in counter fraud activities that deliver savings.
- 1.4 It is essential that, to support this service, the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, as well as plans to deal with the investigation and prosecution of identified fraud.
- 1.5 East Herts Council is a founding Partner of the Shared Anti-Fraud Service (SAFS). SAFS works across the whole Council dealing with all aspects of fraud, from prevention to prosecution, working with staff at all levels across all services.

## 2. Activity 2017/2018

### Staffing

- 2.1 The SAFS Team is composed of fourteen staff based at the County Council offices in Stevenage.
- 2.2 Each SAFS Partner receives dedicated support and response from the Team. At present the most effective way to do this is by allocating officers to work exclusively for each Partner. These officers act as the first point of contact for that Partner's services and will assist in developing relationships at a service level, deliver training, and working on local pilot projects. SAFS officers have access to Council offices, officers and systems to conduct their enquiries.

### Fraud Awareness and Reported Fraud

- 2.3 One of the key aims for the Council is to create an 'Anti-Fraud' culture that will deter fraud; encourage senior managers and Members to consider the risk of fraud when developing policies or processes to prevent fraud occurring; encourage staff and the public at large to understand the impact of fraud on the Council; and to report fraud where it is identified.
- 2.4 The SAFS webpage – [www.hertfordshire.org/reportfraud](http://www.hertfordshire.org/reportfraud) includes an online reporting tool for staff and public alike. A confidential fraud hotline (0300 123 4033) and a secure email account are also available for reporting fraud – [fraud.team@hertscg.gcsx.gov.uk](mailto:fraud.team@hertscg.gcsx.gov.uk). These contact details have been added to the Council's website. These functions compliment the Council's own in-house Whistleblowing reporting procedures.

- 2.5 To compliment National Fraud Awareness Week (commences 13.11.2017) SAFS will be delivering its county-wide annual ‘Spot the Cheater’ campaign at the same time. The themes this year include fraud affecting Council Tax Discounts/ Housing/ Blue Badge/ Schools Admissions. The Councils own Communication Team have been fully briefed and will assist with the delivery of the campaign to East Herts residents to highlight the risk of fraud to themselves personally and the Council as local taxpayers.
- 2.6 By 30.9.2017 46 allegations of fraud against Council services. SAFS also carried forward 58 live cases from 2016/2017.

**Table 1. Types of fraud being reported (17/18)**

Council Tax Discount Fraud	Blue Badge Abuse	Housing Fraud	Cyber Crime	Total
35	4	6	1	46

**Table 2. Who is reporting Fraud (17/18)**

Fraud Reported by Staff	Reports from Public	DWP/Joint Working	Total
20	21	5	46

- 2.7 61 cases have been investigated and closed in year, 43 cases are still under investigation at present, of the live cases 10 are awaiting sanctions of other criminal disposal. 28 reported matters were closed without requiring investigation or were referred to other agencies such as the DWP, Police or Action Fraud. SAFS issued Warning Letters or Advice Files in 18 cases. Fraud was identified in 7 cases and ‘Not Proved’ in a further 8 matters.
- 2.8 The Council has issued 3 financial penalties as alternatives to prosecution. A further 6 cases are awaiting similar disposal and 1 case is awaiting prosecution led by the DWP
- 2.9 The following data breaks down the financial benefits to the Council of the SAFS activity in 2017/18 and details the types of savings associated with the work of the Service and the related amounts. The ‘value’ of identified fraud falls broadly into three categories.

a) Fraud Loss

This is the value of actual fraud losses that HCC can take action to recover; It includes:

- Financial fraud committed by third parties (this includes ‘payment scams’)
- Council Tax or Housing Benefit Fraud
- Contract/Procurement Fraud

b) Cashable Savings

This is the value/funds not paid out as a result of investigations or where fraud has been prevented at point of ‘application’.

c) Non-Cashable Savings

This is the value of prevented loss where there may be notional rather than real savings. This could relate to a fraudulent housing application that is detected prior to the applicant being housed or ongoing misuse of a Blue Badge that is stopped.

**Table 3. Fraud Losses**

Housing Benefit £,000	Council Tax Support/Discounts £,000	Other £,000	Total £,000
22.3*	3.8	0	26.1

*\*The Council will also receive 40% subsidy from DWP on this value (£9,000)*

**Table 4. Fraud Cashable/Non-Cashable Savings**

Housing Benefit £,000 (Cashable)**	Council Tax Support/Discounts £,000 (Cashable)	Blue Badge Abuse £,000 (Non-Cashable)	Cyber £,000 (Non- Cashable)	Total £,000
3	2	2	5	12

*\*\*As well as the HB/CTax Savings SAFS have identified additional Welfare Benefits fraud in excess of £23,000.*

SAFS/EHC Pilots & Projects

- 2.10 SAFS have worked with the Council's Shared Revenues & Benefits Service to identify potential fraud around discounts and exemptions. The Council is applying civil and financial penalties for false claims for discounts and exemptions, where appropriate, and in line with the Prosecution and Sanctions Policy.
- 2.11 Since April 2016 SAFS has been working with the DWP to investigate fraud affecting national benefits linked to local benefits such as Council Tax Support. East Hertfordshire Council is one of six pilot sites across the UK for this type of work. This provides additional assurance to the Council about its ability to deal with Housing Benefit fraud.
- 2.12 SAFS have delivered a county-wide framework to identify Council Tax fraud, affecting discounts and exemptions, empty homes, and Council Tax Support schemes. The Council has been able to make use of this framework from April 2017.
- 2.13 SAFS have completed the Council's response to CIPFAs *Corruption & Fraud Tracker* for 2016/2017, which will inform CIPFAs report on the local government response to the risk of fraud and how the Council is meeting the recommendations of the *Fighting Fraud Locally Strategy 2016-2019*.

- 2.14 The National Fraud Initiative data upload and submission to the Cabinet Office was completed by SAFS for the Council in October 2016. The Service is now reviewing all matches (1,700 across the Council) with relevant services including Housing Waiting List, Council Tax, Residential Parking Permits, Payroll and others, to ensure the Council complies with the statutory requirements to complete this exercise in 2017
- 2.15 Since early 2017 SAFS have worked closely with the Councils contracted Parking Enforcement Officers dealing with reported or suspected Blue Badge abuse in pay and display car parks across the District. This work has been very effective with a number of misused badges being seized and in more serious cases individuals are being prosecuted.

### **3. 2017/2018 Anti-Fraud Action Plan**

- 3.1 The Council has in place an Anti-Fraud and Corruption Strategy amongst other counter fraud policies and procedures. These documents set out the Council's response to fraud and corruption, and include advice to Members, senior management and staff about reporting suspected fraud. These documents are all under review at present but still meet much of the best practice guidance issued by CIPFA.
- 3.2 A copy of the 2017/2018 Anti-Fraud Action Plan is attached at **Appendix A**. The Action Plan covers all areas recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its own responsibility to combat these risks, and takes appropriate action to prevent/deter/pursue fraud. The Plan also includes assurance that the Council will benefit from a positive return on its investment in the SAFS Partnership.
- 3.3 Progress against the Plan at the end of the second quarter of the year can be seen at **Appendix B**.
- 3.4 SAFS will provide a final report to this Panel in March 2018 on the performance against the 2017/2018 Anti-Fraud Action Plan and a proposed Action Plan for 2018/2019. This is part of a rolling programme of counter fraud activity at the Council.

### **4 Transparency Code- Fraud Data**

- 4.1 The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.

The Code also recommends that local authorities follow guidance provided in the following reports/documents:

CIPFA: *Fighting Fraud Locally Strategy*

([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/118508/strategy-document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118508/strategy-document.pdf)).

The National Fraud Strategy: *Fighting Fraud Together*

(<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>)

CIPFA Red Book 2 – *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*

([http://www.cipfa.org/-/media/files/topics/fraud/cipfa\\_corporate\\_antifraud\\_briefing.pdf](http://www.cipfa.org/-/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf))

4.2 The Code requires that Local Authorities publish the following data in relation to Fraud. The response for East Herts Council for 2016/2017 is in **Bold**:

- 3 Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers. **Nil. East Herts Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and use the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf.**
- 4 Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud. **1.5 FTE Staff**
- 5 Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists. **1.5 FTE**
- 6 Total amount spent by the authority on the investigation and prosecution of fraud. **£75,000**
- 7 Total number of fraud cases investigated. **53 Cases investigated and closed in year**

4.3 In addition, the Code recommends that local authorities publish the following (*for East Herts Council Fraud/Irregularity are recorded together and not separated*):

- Total number of cases of irregularity investigated- **See 7 above**
- Total number of occasions on which a) fraud and b) irregularity was identified. **31 occasions where fraud/irregularity identified**
- Total monetary value of a) the fraud and b) the irregularity that was detected. **£98,000**
- Total monetary value of a) the fraud and b) the irregularity that was recovered. **Not recorded.**

#### Appendix.



Appendix A. EHC  
Local Anti-Fraud Plan



Appendix B.  
Progress against EHC