



East Hertfordshire District Council
Shared Anti-Fraud Service
Report
September 2016

Recommendation

Members are recommended to:

Note the Shared Anti-Fraud Service year-end data for 2015/16

Note the progress of the Shared Anti-Fraud Service in delivering the Council Anti-Fraud Action Plan 2016/17.

Note the anti-fraud activity undertaken to protect the Council

Introduction

This is the first report for the Council's Audit Committee providing progress against the Council's published Anti-Fraud Action plan adopted by this Committee in March 2016. The Committee are asked to note and comment on the progress against Plan for 2016/17.

Recent reports have been provided to Council 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.

UK Annual Fraud Indicator produced by PKF, Portsmouth University and Experian in May 2016 which 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).

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Appendices.

A. SAFS/EHDC Anti-Fraud Action Plan 2016/2017-



Adobe Acrobat
Document

B. Summary of Progress against Plan 2016/2017-



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Document

1. Background

- 1.1 According to reports from the former Audit Commission National Fraud Intelligence Bureau, The National Audit Office (NAO), Cabinet Office, and the Private Sector fraud loss across local government in England exceeds £2.billion each year with some reports indicating levels considerably above this .
- 1.2 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.
- 1.3 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.
- 1.4 East Hertfordshire District Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Members received a detailed report in September 2015 about the creation of SAFS and how this service would work closely with the Shared Internal Audit Service (SIAS) in a two year pilot. SAFS works across the whole Council dealing with all aspects of fraud from prevention to prosecution working with staff at all levels.

2. SAFS Activity

Staffing

- 2.1 The SAFS team is composed of nine 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 one officer to work exclusively for each Partner. This officer acts as the first point of contact for that partner's services, and will assist in developing relationships at a service level, delivering training, and working on local pilot projects.
- 2.3 For East Hertfordshire District Council, Raj Kumar (SAFS) is the Counter Fraud Officer working with the Council. Raj is a fully accredited criminal investigator with more than 20 years' experience working in the public sector. Raj is supported by intelligence officers working for SAFS, a financial investigator working for Trading Standards, service specialists working for the Council, local policing staff, and legal staff from the County Council.
- 2.4 Due to the success of SAFS in the use of data matching to identify fraud an additional temporary post has been created on the Team to look at ways to build on this early success.

Fraud Awareness and Reported Fraud

- 2.5 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.

- 2.6 SAFS ensures that fraud can be reported by both staff and the public and the Council's website and intranet both have options for reporting suspected fraud which link to the SAFS webpage.
- 2.7 The SAFS webpage – www.hertsdirect.org/reportfraud includes an online reporting tool and is being further developed as part of the County Council's new website. A confidential fraud hotline (0300 123 4033) and a secure email account are also available for reporting fraud – fraud.team@hertscgcsx.gov.uk. These contact details have been added to EHDC's own website. None of these functions replace the Council's own in-house Whistleblowing reporting procedures.
- 2.8 To 31st July 2016 SAFS had received 55 new allegations of fraud relating to EHDC services. SAFS also carried forward 37 live cases from 2015/2016. The details of reported fraud at EHDC are shown in the tables below.

Table 1. Types of fraud being reported (in year):

Council Tax Discount Fraud	Council Tax Support Fraud	Housing Fraud*	Other Fraud	Total
6	43	4	2	55

**for East Herts Council 'Housing Fraud' relates to housing application/ homelessness fraud*

***Other fraud includes 1 alleged Business Rate Fraud and 1 alleged Staff Fraud*

Table 2. Who is reporting Fraud (in Year)?

Fraud Reported by Staff	Reports from Public	Joint Working with DWP	Data-Matching	Other	Total
15	34	2	4	0	55

Table 3. Outcomes of cases closed (includes cases carried fwd. from 15/16):

Closed No Action Required	Referred to Another Agency	Closed Fraud Proved/ Advice Provided	Closed Fraud 'Not Proved'	Total
17	6	11	2	36

Table 4. Status of cases still under investigation (includes cases carried fwd.)

Pre-Investigation Checks	Pending Investigation	Live Investigations	Pending Decision	Total Live Cases
17	12	23	4	56

- 2.9 The number of cases closed as 'No Action' is one of the lowest for any SAFS Partner. This would indicate that the quality of referrals passed for investigation is of good quality allowing SAFS to focus on those areas of highest risk/value.

- 2.10 Of those cases closed with a positive outcome 3 related Council Tax Discount frauds where civil penalties were subsequently applied, the first time that such penalties have been used by the Council. The cases pending decisions include two prosecution cases jointly investigated with the DWP.- Fraud and Error Service,
- 2.11 In the first quarter of 2016/2017 SAFS recorded fraud loss & savings across the Partnership of £605k. For EHDC fraud losses of £15k and savings resulting from prevention totalling £47k were identified against a quarterly target of £25k for the two combined

Table 6. Fraud Losses

Housing Benefit	Council Tax Support	Council Tax Discounts	Other	Total Live Cases
£12k	£2.5k	£.5k	0	£15k

Table 7. Fraud Savings

Business Rates	Council Tax Support	Council Tax Discounts	Other	Total Live Cases
£38k	£2.5k	£.5k	£6k	£47k

Pilot Projects

- 2.12 SAFS have worked with the Council's local taxation team to identify potential fraud around discounts and exemptions. The Council is now able to level civil and financial penalties for false claims for discounts and exemptions and has started to do so where appropriate and in line with the Prosecution and Sanctions Policy.
- 2.13 SAFS have arranged specialist free training events for staff, covering areas including Anti-Money Laundering, Business Rates Avoidance and Housing Fraud. SAFS work very closely with EHDC's HR Service providing assistance in disciplinary matters, with reviews of HR policies and in promoting anti-fraud training. SAFS have also worked with the recruiting team in HR to deliver anti-fraud measures at the point of recruitment.
- 2.14 SAFS are providing the project lead on the procurement of a county-wide data matching exercise to identify Council Tax fraud, particularly around discounts and exemptions, empty homes, and council tax support schemes. This will be introduced in the late summer of 2016 for all districts, and will be funded by EHDC and all participating districts.
- 2.15 SAFS will lead on the National Fraud Initiative submissions to the Cabinet Office for EHDC this year and will be assisting with the data upload for this in October 2016 with results being produced in February 2017.

3. Progress against the 2016/2017 Anti-Fraud Action Plan

- 3.1 The Council has in place an Anti-Fraud and Corruption Strategy. This document lays out the Council's position, and includes advice to Members, senior officers and staff about how to deal with identified fraud. This document will be reviewed in 2016 but at present it meets the best practice guidance from CIPFA.
- 3.2 A copy of the 2016/2017 Anti-Fraud Action Plan, approved by this Committee in March 2016, 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 it benefits from a positive return on its investment from the SAFS Partnership.
- 3.3 Progress against the plan is shown at **Appendix B**. At present all milestones and/or targets are being met or are on course for delivery and there are no significant issues outstanding or late.
- 3.4 SAFS will provide a final report to this Committee in March 2017 on the performance against the Anti-Fraud Action Plan for 2016/2017 and a proposed Action Plan for 2017/2018. This will then form a rolling programme from 2017 onwards.