



East Herts Council

Anti-Fraud Plan 2018/2019

Recommendations

Members are recommended to:

1. Note the report
2. Review and approve the SAFS/EHC Anti-Fraud Plan 2018/2019.
3. Read and review the LGA Councillors Workbook on Fraud and Bribery Prevention 2017

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A. LGA Councillors Workbook- Fraud and Bribery Prevention

B. EHC Anti-Fraud Action Plan 2018/2019

1 Introduction and Background

Purpose of Report

1.1 To provide Members with information on:

- Progress on the SAFS/EHC Anti-Fraud Action Plan for 2017/2018
- A proposed SAFS/EHC Anti-Fraud Plan 2018/2019
- Transparency Code Data

Background

1.2 Several reports issued by Government and public sector organisations have highlighted fraud as a significant risk for local government. These reports are used by SAFS to ensure that the Council is aware of its own fraud risks and finds 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 (this report is based on 2013 data).
- *UK Annual Fraud Indicator 2017* published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian which estimates the risk of fraud losses for local government in excess of £8bn per annum.

- CIPFAs *Fraud and Corruption Tracker 2017* indicates that identified fraud had increased since 2016 but that the capacity within the sectors counter fraud capacity had reduced, and would continue to do so, placing local government at even greater risk of fraud.
 - The Central Governments *United Kingdom Anti-Corruption Strategy 2017-2022* includes the vision and priorities for dealing with and reducing the risk of corruption within the UK private, public & charity sectors and when working with organisations /companies/government agencies abroad.
- 1.3 The Cabinet Office, Department for Communities and Local Government, NAO, and CIPFA have also issued guidance, advice, and best practice directives 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 The Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Members have received detailed reports about the creation of SAFS and its progress and how this service works closely with the Shared Internal Audit Service. SAFS works across the whole Council dealing with all aspects of fraud from deterrence & prevention to investigation & prosecution.
- 1.5 It is essential that to support SAFS the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, and plans to deal with the investigation and prosecution of fraud.

- 1.6 In 2017 the LGA published its Councillors Workbook on Bribery and Fraud Prevention. A copy of the Workbook can be found at **Appendix A** and Members are invited to read and review this document.

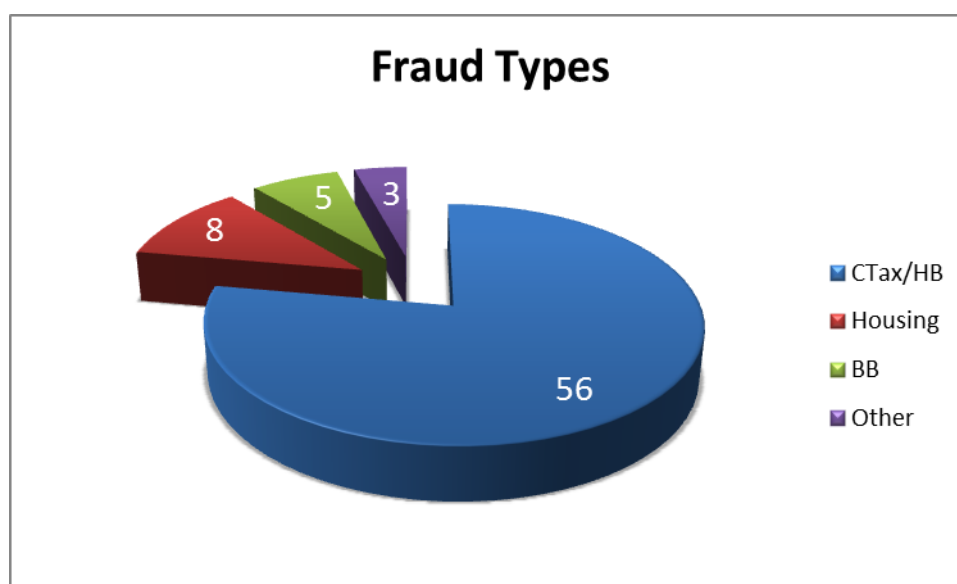
2. Plans and Reports 2018/2019

Anti-Fraud and Corruption Strategy

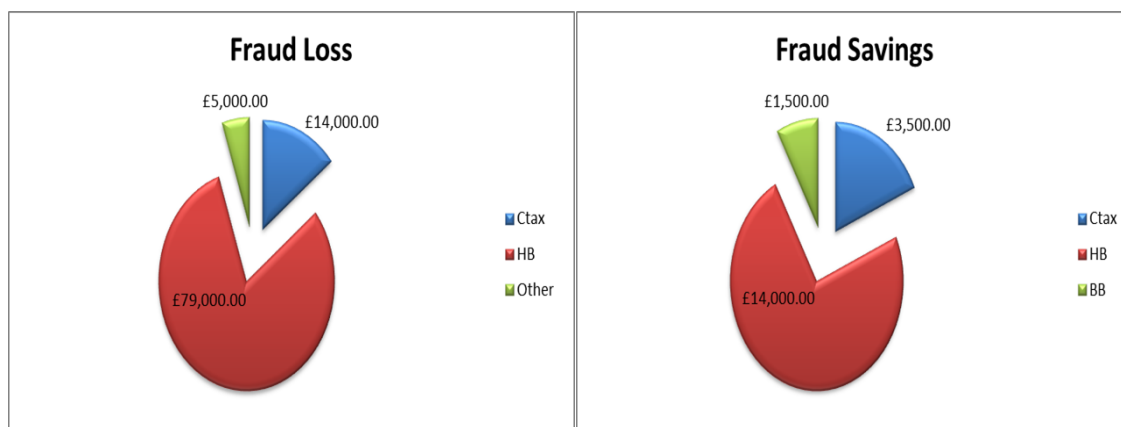
- 2.1 The Council has in place an Anti-Fraud and Corruption Strategy. This document lays out the Council's position and includes advice to Members, senior officers, and staff about how to deal with identified fraud and corruption. This document was reviewed in 2017 and it complies with best practice guidance from CIPFA.

Anti-Fraud Action Plan 2017/2019

- 2.2 The Council's Anti-Fraud Action Plan for 2017/2018, approved by Members in March 2017, covered all areas recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its responsibility to combat these risks, and takes appropriate action to prevent/deter/pursue fraud. Progress against the plan was provided to Members in September 2017 and a final report for 2017/2018 will be provided to this Committee in November 2018.
- 2.3 In the first three quarters of the current financial year 72 cases were reported to SAFS for investigation (32 from staff, 31 from public and 9 from other sources), including allegations of fraud affecting areas such as tax liability, housing applications, blue badge use, housing benefit and business rates.



- 2.4 Of 26 cases where action has been taken, and investigations closed to the end of the 3rd Quarter, financial savings of £19k and fraud losses of £98k have been identified, a further £78k in social security benefit fraud has been identified through joint working with DWP. In 7 of the most serious cases sanctions, including fines totalling £2,100, and prosecutions have been applied, several cases are currently awaiting court hearings. As noted above, a full report will be provided to this committee later in 2018 as a number of significant cases are still awaiting financial reporting in the 4th quarter.
- 2.5 For EHC 'Financial Loss' is where a fraud has occurred resulting in a debt to the Council that can be recovered through civil/statutory routes. 'Financial Savings' reflects fraud that has been prevented or an ongoing 'Loss' that has been stopped. In the case of Council Tax Discounts a fraud may be identified in December 2017 that started in April 2017, in this example the loss is any underpaid council tax between April and December, and the saving would be the future revenue from December 2017 to the end of the billing year (March 2018).



2.6 In the table above for housing benefit 'Loss,' which can recovered in full through civil and legislative routes, in addition the Council will receive 40% subsidy from the DWP for identifying and seeking to recover these losses. Todate this additional subsidy will be £31.6k (40% of £79k) for 2017/2018 for EHC.

2.7 Work at EHC in 2017/2018 has been focused the opportunity to work jointly with the DWP through the National Pilot which the Council is one of five sites in England. This pilot permits investigators from SAFS (working for Council) and the DWP to work together to share data and evidence where fraud impacts on local welfare schemes such as Council Tax Support or Housing Benefit and national schemes such as Income Support and Job Seekers Allowance or Universal Credit. The following are some examples of this work in 2017/2018 todote.

A Buntingford man who failed to declare that he was in work between 2015 and 2016 received a 68 week custodial sentence in 2017 for fraudulently claiming more than £16,000 in various benefits.

A Hertford Woman who claimed more than £50k (final figures still to be assessed) in various benefits between 2009 and 2017 by

claiming to be a single parent when her partner, who was in full time work, lived with her throughout. This case is being prepared for court.

A woman from Ware who failed to declare she had married in 2015 and continued claiming benefits until 2018 as a single parent. This person has only been interviewed recently, making full admissions and the estimated loss is expected to exceed £12k

A Hertford resident who failed to declare that they were in full time work between 2012 2017 has been overpaid £24k, more than £17k of which was claimed in HB alone. This case is pending court action.

- 2.8 As can be seen joint working with the DWP is going very well and 9 cases in total are at various stages of preparation for court hearings to commence. This work could not have been so successful without the co-operation of staff working in the Councils Revenue and Benefit Service and at the DWP local Fraud and Error Service.
- 2.9 SAFS have planned more internal awareness across the Council which will be delivered in March 2018 and staff have also been involved in a fraud awareness survey, the result of which are being collated at present.

Anti-Fraud Plan 2018/2019

- 2.10 The plan for 2018/2019 uses similar format to that used in previous years taking into account changes in guidance from CIPFA and/or changes in fraud risks for the Council. See **Appendix B** for a copy of the plan.
- 2.11 Adherence to the proposed plan for 2018/2019 will ensure compliance with the Council's own Strategy, and the best practice guidance issued by the CLG, NAO, LGA, and CIPFA.

Transparency Code Data 2017/2018

- 2.12 SAFS will also provide data to meet the requirements of Transparency Code for publication by the Council in May 2018 on its activity on Counter Fraud for the whole of 2017/2018.

Appendices



LGA Workbook

- A.** LGA Councillors Workbook.



EHC Anti Fraud Plan
2018 2019

- B.** Proposed SAFS/ EHC Anti-Fraud Plan 2018/2019-