



East Herts Council

## Shared Anti-Fraud Service Report

September 2019

### Recommendation

Members are recommended to:

Note the activity undertaken by the Shared Anti-Fraud Service to deliver the 2018/19 Anti-Fraud Plan for the Council

Note the other anti-fraud activity undertaken to protect the Council.

Note progress of the Shared Anti-Fraud Service on delivering the 2019/20 Anti-Fraud Plan.

## Introduction

1. Background
2. Summary of SAFS Activity at East Herts Council in 2018/2019
3. Update on the Anti-Fraud Plan 2019/20
4. Reporting & Transparency Code Data

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- B. EHC/SAFS Anti-Fraud Plan 2019/20
- C. Reported Fraud/ outcomes and values 2018/19
- D. Comparison of reported fraud and outcomes from 2015.

## 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 2018/2019. The Committee are asked to note this work.

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 is 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 (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 2018* indicates that identified fraud had increased since 2016 but that counter fraud capacity within councils 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. Background**

- 1.1 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector fraud risk across local government in England exceeds £2.billion each year with some more recent reports indicating levels considerably above this.
- 1.2 The Cabinet Office, Ministry for Housing Communities and Local Government, National Audit Office, 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 sufficient 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 Herts Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has previously received detailed reports about the creation of SAFS and how this service works closely with the Shared Internal Audit Service (SIAS). SAFS works across the whole Council dealing with many aspects of fraud from deterrence & prevention to investigation & prosecution.

## **2. SAFS Activity & Delivery of the 2018/19 Anti-Fraud Plan**

### Staffing

- 2.1 The SAFS Team (in April 2018) is Composed of 18 accredited and trained counter fraud staff and is based at Hertfordshire County Councils offices in Stevenage.
- 2.2 Each SAFS Partner receives dedicated support and response at present this is achieved by allocating officers to work exclusively for each Partner but also allowing all officers within the Team to work with different Partners from time to time. Providing the Service in this way allows officers to develop good working relationships with Council staff but also offers better resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
- 2.3 In 2018/19 SAFS deployed 1 member staff to work exclusively for the Council. This officer is supported by the SAFS Intelligence Team based at Stevenage (which includes expertise in open source intelligence, statutory data enquiries, data-analytics & financial investigations) and SAFS management.

SAFS KPI for 2018/2019

KPI	Measure	2018/19 Target	Achieved in Year
1	Provide an investigation resource to the Council to include fraud deterrence/prevention activities as well as proactive and reactive investigations.	<b>1 FTE on call at EHC</b> (Supported by SAFS Intel/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Access to NAFN for relevant HBC Staff Fraud training events for staff/Members*	<b>1 FTE</b> on call (supported by SAFS Intelligence/ Management)  All other areas met in full.
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board & Recovery of Social Housing Properties in the Borough	<b>£150k</b> From fraud identified and savings/prevention	<b>£188k</b> (£135k Fraud Loss & £60k Savings/Prevention)  <b>£167k</b> (Irregularities) Council Tax Revenue from SPD review.
3	Allegations of fraud Received. From all sources.	<b>100</b> Fraud referrals from all sources to SAFS	<b>96</b>
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	<b>50%</b>	<b>48%</b> (16 cases proved from 33 investigated) 9 further cases had some form of intervention or reviews
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	Data-Hub for local data matching. Access to NFI output. County wide Council Tax Review Framework.	<ul style="list-style-type: none"> <li>SAFS completed the NFI exercise for EHC and is working on output.</li> <li>Shared R&amp;B Service made use of CTax Framework.</li> </ul>

Fraud Awareness and Reported Fraud

- 2.4 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 report fraud where it is suspected.

- 2.5 The Council's website includes information on whistleblowing and fraud and how to report both, the latter to SAFS with contact details but the Council could also include a link to the SAFS webpage <https://www.hertfordshire.gov.uk/services/business/consumer-advice/safs.aspx> which could then be used to provide news and information about fraud to the public.
- 2.6 SAFS has delivered training to staff on site including general fraud awareness and document verification, as well as specialist training events on ID fraud and application fraud. This training was attended by officers from Revenues, Benefits, Customer Services, and Housing Services. SAFS have also provided some very simple ID checking devices to front line staff handling and copying original documents.
- 2.7 Working with HR SAFS have delivered an e-training package for staff and Members which will be linked to the Councils policies and fraud reporting tools to raise awareness of the risk of fraud & corruption, bribery and anti-money laundering.
- 2.8 Council staff can use the same methods to report fraud or they can report fraud directly to SAFS staff working at the Council.
- 2.9 During 2018/19 SAFS received 95 allegations of fraud affecting Council services.

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

Housing & Council Tax Benefits	Council Tax Discounts	Tenancy/Housing	Blue Badge	Other *	Total
45	30	10	6	4	95

*\*Includes staff/NDR*

**Table 2. Who is reporting Fraud**

Fraud Reported by Staff	Reports from Public	Data-Matching/ Proactive Investigations	Other Agencies**	Total
28	59	2	6	95

*\*Includes Police/DWP*

- 2.10 The volume of cases reported does fluctuate each year and overall reported fraud is lower in East Herts than in other SAFS Partners but the variance can quite dramatic- see **Appendix D** for year on year fraud referrals since 2015.
- 2.11 At this time many cases raised for investigation are still in the early stages. However, of the 33 cases investigated and closed in the year where fraud was established losses of £135,000 and savings, through prevention, or new revenue of nearly £60,000 was identified. See **Appendix C** for a breakdown of cases where fraud has been reported.
- 2.12 SAFS continues to work closely with the Shared Revenue & Benefit Service 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 where appropriate.

In 2018/19. Five penalties were applied raising £1,475 in additional revenue for the Council.

- 2.13 The Council also made use of the SAFS managed *Countywide Council Tax Review Framework* in 2018 which this resulted in 408 incorrect single person discounts being removed and £167,000 additional council tax being identified for collection.
- 2.15 East Herts Council was one of the pilot sites for joint working with the DWP Fraud & Error Service where fraud impacted on both housing benefit and council tax support. This highly successful pilot has since been rolled out by the DWP nationally and the excellent relationship between investigators at the DWP and SAFS has been maintained with a number of positive outcomes in 2018/19.

**Case 1:** *A report received by the DWP stated that a Stanstead Abbots resident was claiming various welfare benefits but had failed to declare that they were married or their husbands earnings.*

*An investigation conducted by SAFS & DWP confirmed that the alleged partner had been resident since 2015 and was in full time work. These facts had never been reported to EHC or the DWP. The subject attended an interview and admitted the offending and overpayments of benefits were calculated as – CTR £2,416, SPD £463, HB £8,541 and DWP welfare benefits £15,245.*

**Total value of the fraud = £26,665**

*The subject was arrested after failing to attend court and appeared before Hatfield Mags Ct in June 2019 and entered a guilty plea to all offences: Sentenced to 12 weeks imprisonment suspended for 12 months, 200 hrs unpaid work.*

- 2.14 SAFS works very closely with the Councils Civil Enforcement officers investigating abuse of Blue Badge in the Councils pay and display car parks. The LGA reported in 2018 that an increase in the theft of Blue Badges has seen an increase in the misuse of these by criminals to avoid congestion and parking charges and in 2018 issued new guidance for Councils on their role in enforcement of the Blue Badge scheme.

**Case 2:** *In February 2018, as part of a routine patrol officers, observed a female parking a vehicle at a Council carpark in Bishop Stortford. The driver parked in disabled bay and displayed a blue badge on her dashboard.*

*When challenged by officers the driver claimed that badge belonged to her mother but that she was doing some shopping for her mother. At a formal interview the driver stated that both she and her mother lived in North London and maintained that she was just doing some shopping for her mum and thought she could use the badge for that purpose. However, other information obtained suggested that the driver worked in Bishop Stortford and that was the reason she had parked there on that occasion.*

*The driver was charged with offences under the Road Traffic Act and pleaded guilty on the first occasion in August 2019 - she was fined £126 and ordered to pay the Councils costs of £650 in full.*

- 2.15 SAFS ensured the Councils compliance with the National Fraud Initiative (NFI) matches received in February 2019. The NFI is a national anti-fraud data sharing exercise conducted by the Cabinet office every two years across local and central government.

2.16 The Councils statutory data-sets were uploaded in October 2018 and in February 2019 the output from this exercised was a total of 1443 data-matches for review across service such as licensing, housing benefits, council tax, payroll and housing.

2.17 Of the 1443 matches 74 were coded as high priority and 374 medium priority. To date 681 matches have been cleared or reviewed (this includes all high priority matches) and only 3 matches identified where further investigation was required are still open.

### 3. **2019/2020 Anti-Fraud Action Plan**

3.1 The Council has an Anti-Fraud & Anti-Corruption Strategy. This document lays out the Council's position, and includes advice to Members, senior officers and staff about reporting suspected fraud. This document will be reviewed in 2018/19 but at present it meets much of the best practice guidance from CIPFA.

3.2 A copy of the 2019/2020 Anti-Fraud Plan is attached at **Appendix B**. This Plan covers all recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its responsibility to combat fraud, and takes appropriate action to prevent/deter/pursue fraud. The Plan also provides assurance that the Council benefits from a positive return on its investment in the SAFS Partnership.

3.3 The KPIs for SAFS in 2019/2020 have been amended to reflect changes to the way the service will be delivered, including improved use of data and access to the Hertfordshire Fraud Hub hosted by the Cabinet Office.

3.4 The Council has recently reviewed its webpages to make it easier for the public to report fraud and corruption.

3.5 The Council, via work undertaken by SAFS, will be joining the Cabinet Office FraudHub for Hertfordshire later this year, this will allow the Council to review its data more frequently to prevent and detect fraud sooner.

3.6 Working with all SAFS Partners, a highly successful campaign to prevent the misuse/abuse of blue badges across the County including East Herts Council took place in May 2019. This campaign included the use of social media and press coverage encouraging compliance with the rules of the blue badge scheme, warning about the increased risk of the theft of badges and provided an amnesty for the return of expired badges. The campaign concluded with high profile patrols with SAFS officers working alongside Civil Enforcement Officers inspecting and checking blue badge on display pay and display car parks.

3.7 SAFS will provide reports to this Committee in later in 2019 on the performance against the Anti-Fraud Plan, but to-date we can report that 38 live cases at the 31<sup>st</sup> March were carried into the current year. A further 41 cases have been reported between April and August 2019 and currently 45 cases are still live or under review.

3.8 Of 14 cases investigated and closed between April and August fraud was identified in 8 with a value of loss/savings of £63k recorded. Of the 45 cases that are still live an estimated £202k of fraud loss/savings has been calculated.

- 3.9 In the most serious cases two matters have been referred for prosecution.
- 3.10 The majority of cases reported, investigated and closed relate to housing benefit and council tax discounts.

#### 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.
- 4.2 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))

- 4.3 The Code requires that Local Authorities publish the following data in relation to Fraud. The response for East Herts Council for 2018/2019 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.

**2 FTE**

- 5 Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

**2 FTE**

- 6 Total amount spent by the authority on the investigation and prosecution of fraud.

**£80,000**

- 7 Total number of fraud cases investigated.



### 33 Cases investigated and closed in year

4.4 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.

**16 Occasions where fraud identified & 408 Single Person Discounts for Council Tax withdrawn on review for irregularity.**

- Total monetary value of a) the fraud and b) the irregularity that was detected.

**£188k fraud losses/prevention reported & a further £167k of Council Tax revenue identified for collection.**

- Total monetary value of a) the fraud and b) the irregularity that was recovered.

**Not recorded.**

### Appendix.

A. EHC Anti- Fraud Plan 2018/19



EHC Plan 2018/19

B. EHC Anti-Fraud Plan 2019/20



EHC Plan 2019/20

C. EHC Anti-Fraud Statistics 2018/19



EHC Fruad Stats

D. EHC Comparison of Fraud Referrals from 2015



EHC Fraud Referral  
Comparison