



East Herts Council

Progress with delivery of the 2019/20 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2019/20 Anti-Fraud Plan**

Contents

Introduction

1. Background
2. Summary of SAFS anti-fraud activity at EHC- Quarters 1 to 3 combined

Appendix

- A. EHC/SAFS Anti-Fraud Plan 2019/20
- B. Delivery of Plan and SAFS KPI performance

Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2019/20 Anti-Fraud plan. 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 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 (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 2019/20

Staffing & Resources

- 2.1 In March 2019 this Committee approved the 2019/20 Anti-Fraud Plan for the Council and KPIs for SAFS to achieve in respect of delivery of the plan. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance.
- 2.2 The SAFS Team (for 2019/20) is composed of 18 accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Stevenage.
- 2.3 Each SAFS Partner receives dedicated support and response. This is achieved by allocating officers to work in each Partner, but also allowing all officers to work with different Partners from time to time. Providing the Service in this manner allows officers to develop working relationships with Council staff, and also provides improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.

For 2019/20 SAFS deployed 1 member staff to work exclusively for the Council, and this officer is supported by SAFS Management and the SAFS Intelligence Team, based at Stevenage, which includes expertise in open source investigations, statutory data enquiries, data-analytics and financial investigations.

Fraud Awareness and Prevention

- 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 to report fraud where it is identified.

- 2.5 The Council has in place fraud prevention policies but these are in need of review and officers from the Councils and SAFS will be updating these in the fourth quarter to bring them in line with current best practice.
- 2.6 The Council took part in this years International Fraud Awareness Week encouraging residents to protect themselves from fraud and report fraud that they suspect to the relevant authority including the Council. SAFS have worked with the communication teams at all Partners to develop social media campaigns with shared messages that were published between 17th & 24th November.
- 2.7 The SAFS webpage – www.hertfordshire.gov.uk/reportfraud includes an online reporting tool. A confidential fraud hotline (0300 123 4033) and a secure email account are also available for reporting fraud – fraud.team@hertfordshire.gov.uk . These contact details are also available on the Councils own website and intranet. None of these functions replace the Council’s own Whistleblowing reporting procedures. Council staff can use the same methods to report fraud or contact SAFS officers working at the Council offices.
- 2.8 Working with the Councils HR team SAFS have assisted with the delivery of an e-training package for staff to raise awareness of fraud as a risk. This training package is hosted on the Councils intranet. Training for staff in 2019 has included sessions on ID checking and false documents. Further training is planned in the fourth quarter for key legal and finance managers on Anti-Money Laundering and, for staff using the services provided by the National Anti-Fraud Network.

Counter Fraud Activity & Reported Fraud

- 2.9 In quarters one to three of 2019/20 SAFS received a total of 70 allegations of fraud affecting Council services.

Table 1. Types of fraud being reported- (70 Referrals)

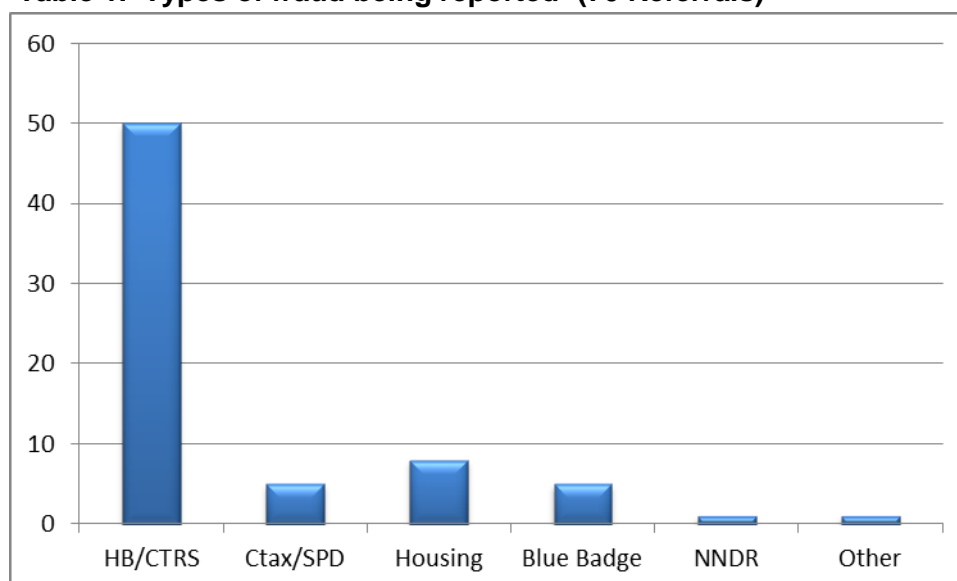
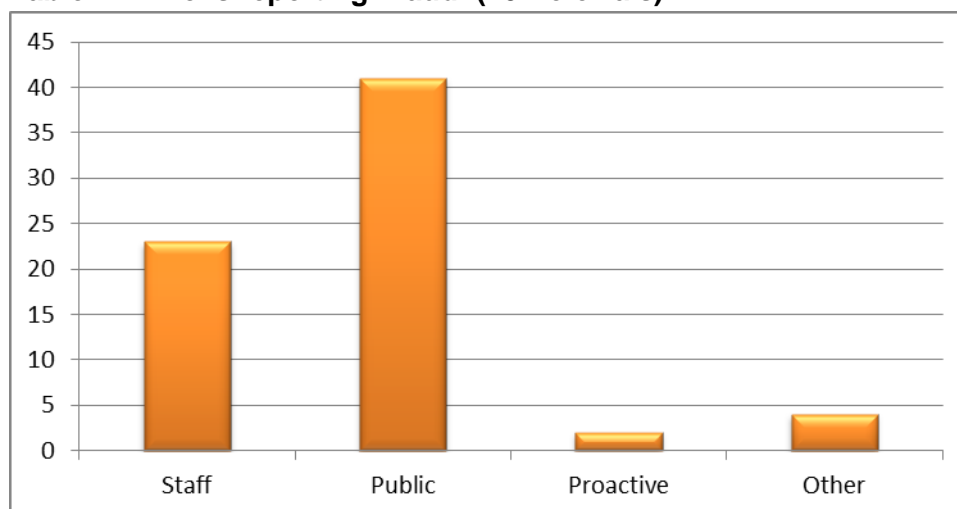


Table 2. Who is reporting Fraud- (70 Referrals)



2.10 SAFS also carried forward a number of live cases from 2018/19.

2.11 At the time of this report many cases raised for investigation are still in the early stages. However, of 30 investigations closed in the year fraud losses of £151k and fraud savings of £18k have been recorded.

'Fraud Loss' is where a fraud has occurred resulting in a debt that can be recovered through civil/statutory routes. 'Fraud Savings' reflect attempted frauds that have been prevented or an ongoing 'Loss' that has been stopped.

2.12 Of 47 live cases still under investigation the estimated fraud loss and savings combined exceed £164k.

2.13 The Council has applied financial penalties for council tax fraud this year raising further revenue for the Council and acting as an alternative to prosecution. Application of these penalties complies with the law and the Councils own policies and they are applied case by case with each decision being fully reviewed by officers from the Council and SAFS.

2.14 A number of more serious cases of council tax fraud, which were linked to housing benefit fraud, have been dealt with through criminal prosecution with the Department for Work and Pensions and Crown Prosecution Service leading on these matters.

Proactive and Prevention Activity

2.14 SAFS manage the framework contract for all councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. These services are provided with split in costs between Hertfordshire County Council, the Police and Crime Commissioner, and district and borough councils. The Councils Shared Revenue and Benefit Service plans to make use of this Framework in 2019/20.

- 2.15 Parking Enforcement Officers continue to work closely with SAFS to investigate persistent abuse of Blue Badges in the Council's car parks. In May and June SAFS conducted a social/ press media campaign to raise awareness and act as a deterrent to blue badge fraud. The campaign resulted in a number of badges being returned as part of an amnesty and several cases of identified blue badge abuse have been reported for prosecution.
- 2.16 SAFS continues to work in partnership with the DWP 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.
- 2.17 SAFS officers have ensured the Council's compliance with the National Fraud Initiative (NFI). The NFI is a nationwide anti-fraud data sharing exercise conducted by the Cabinet office every two years across local and central government.
- 2.18 1,447 potential matches were received as part of the 2018/19 NFI exercise, 296 of these were marked as high or medium priority. The high risk or 'recommended' matches have been prioritised for review by Council officers dependant on type and risk. At the end of November 987 matches, including the majority of high risk matters, had been reviewed and savings of £125k recorded (these savings are in addition to those recorded at 2.12). Officers are working to clear all reports/matches by year end.
- 2.19 The Council is planning to join the Hertfordshire FraudHub in 2020. This project operates using the same legal framework as the two yearly NFI but allows data to be matched more frequently helping to prevent fraud or detecting it sooner. Council and SAFS officers are currently working on the legal process required to bring data uploads. We will keep Members informed with the progress of with this new project.

Appendices

A. SAFS/EHC Anti-Fraud Plan 2019/20



Anti-Fraud Plan
2019/20

B. Performance against Plan to 30.12.2019.



Performance and
KPIs