

**East Herts Council
Anti-Fraud Plan 2020/2021**

in partnership with

The Shared Anti-Fraud Service



SAFS
Shared Anti-Fraud Service
Fighting Fraud in Partnership

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Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils states that the key elements of the Strategy are;

Culture- the prevailing set of assumptions and values within the organisation- and the reporting of suspicions of fraud and corruption,

Actions to prevent and deter fraud and corruption,

Controls to detect and ensure investigation of fraud and corruption,

Alertness and vigilance reinforced by training.

This plan includes objectives and key performance indicators that support the Strategy and meet the best practice guidance/directives from central government department such as Ministry for Housing Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government “is large, but difficult to quantify with precision”. Since 2013 a number of reports have been published by various organisations including CIPFA, NAO and MHCLG stating that the threat of fraud against local government is both real, causes substantial loss and that fraud should be prevented where possible and pursued where it occurs.

The Annual Fraud Indicator (AFI) 2017 (published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian) attempts to identify the cost of fraud to the UK economy. The AFI estimated fraud losses for local government exceeded £7bn in 2016/2017 excluding housing benefit fraud & council tax fraud.

In 2019 the National Crime Agency’s *Public Private Threat Update- (Economic Crime)* for 2018 identified that reported nationally fraud loss had increased by 38% on the previous year and incidents of fraud crime had increased by 9%. The report highlights insider fraud, cyber enabled fraud and identity fraud as key areas of risk.

In CIPFA’s *Counter Fraud and Corruption Tracker 2019 – Summary Report* reported fraud in local government had a downward trend in 2018/19 compared to previous years, in particular in relation to tenancy and social housing fraud. The report mentions that this trend may be indicative of action taken by local government to prevent this type of fraud. But that report goes on to suggest that the three biggest areas of fraud risk for local government remain procurement, council tax and adult care services.

The Council has always accepted and acknowledged that it is at risk of significant fraud and it is clear that the increasing upward trend of reported fraud nationally requires the Council to ensure that it has in place robust processes and strategies to reduce the opportunity for fraudsters to attack the Councils finances.

The CIPFA ***Local Government Counter Fraud and Corruption Strategy (2016-2019)*** provides a strategic response for local government to deal with the threat of fraud and provides three key principles ‘**Acknowledge/Prevent/Pursue**’. The strategy was supported by Department for Communities and Local Government, the Local Government Association and Fighting Fraud Locally Board. A new strategy will be announced in March 2020 and this expected to follow the same six themes or 6C’s:

- Culture - creating a culture in which beating fraud and corruption is part of daily business,
- Capability - ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks,
- Capacity - deploying the right level of resources to deal with the level of fraud risk,
- Competence - having the right skills and standards,
- Communication - raising awareness, deterring fraudsters, sharing information, celebrating successes
- Collaboration - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

What is clear is that every pound lost from the public purse, due to fraud, is a pound lost from front line services. The Councils Anti-Fraud Plan 2020/2021 is based on the principles of ‘Acknowledge/ Prevent/ Pursue’ and the 6 C’s to ensure the Council is adequately protected against the risk of fraud and that, where fraud does occur, there are plans to manage, mitigate and recover losses.

SAFS Resources 2020/21

Anti-Fraud Arrangements

East Herts Council is a founding Partner in the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015. In 2019 the SAFS Partnership won awards for '*Significant Contribution*' at the Fighting Fraud and Corruption Locally Awards and the '*Outstanding Partnership*' award at the Tackling Economic Crime Awards.

SAFS is a Partnership with each organisation paying an annual fee for Hertfordshire County Council to provide a contracted service across the whole Partnership. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on that Board. For East Herts Council the Interim Head of Strategic Finance and Property is the Board representative.

Although SAFS provides much of the Councils proactive, reactive and operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

Budget

In January 2020 the SAFS Board accepted a report from the Head of SAFS to increase the fees for all Partners in line with a cost of living increase to meet increased staff costs. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years.

The Board agreed that the annual fee for all Partners would increase by 2% per annum to 2021 and would be reviewed further at that time.

Fees for East Herts Council in will increase from £81,600+ VAT (2019/20) to £83,232+ VAT (2020/21).

Staffing

The full complement of SAFS in 2020/2021 will be 17.6 FTE's; 1 Manager, 2 Assistant Managers, 10 Investigators, 3 Intelligence Officers. The Team is also supported by 1 FTE Data-Analyst and 0.6 FTE Accredited Financial Investigator, both posts are funded from SAFS Budgets.

East Herts Council will have exclusive access to 1 FTE Investigator, access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* hosted by the Cabinet Officer and can call on SAFS management for liaison meetings, management meetings and three Audit Committees reports per annum. The Accredited Financial Investigator is also available to assist in money laundering or proceeds of crime investigations.

SAFS also has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support the in-house legal team.

SAFS - Standards of Service.

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design/review of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates which can be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification of fraud and fraud prevention
 - The FraudHub will be funded by the Council
 - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
 - Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
 - SAFS will work with nominated officers in the Council to access data-sets to load into the data-warehouse and determine the frequency of these.
 - SAFS will work with Council officers to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and all relevant policies of the Council.
9. Reactive fraud investigations.
 - All reported fraud will be actioned by SAFS within 5 days, on average.
 - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 2 working days of receipt
 - All cases reported to SAFS will be reviewed within 5 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3rd parties including police, DWP, Action Fraud.
 - The Council will be informed of all reported fraud affecting its services.
 - SAFS will allocate an officer to each cases selected investigation.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems/office accommodation required to undertake their investigations.
 - SAFS officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
 - Where a decision indicates an offence SAFS will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
12. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
13. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

**Data Protection Act , General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

EHC / SAFS Action Plan 2020/2021

| CIPFA Principles | Goals & 6Cs | Activities | Responsible Officer |
|--------------------|---|---|--|
| ACKNOWLEDGE | Fraud is acknowledged as a Risk for the Council CULTURE | The Council has in place Anti-Fraud and Corruption Strategy & Fraud Response Plan | Chief Executive / Monitoring Officer |
| | | Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement. Review the Councils Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime Policies | S. 151 Officer/ Monitoring Officer |
| | | Performance, Audit and Governance Committee and Senior Managers ensure compliance with CIPFA best practice in the Councils counter fraud arrangements | S. 151 Officer |
| | | The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated. | Head of Legal/ Head of Human Resources |
| | The Council has a robust communication policy demonstrating its commitment to prevent fraud COMMUNICATION | The Councils Communication Team will publicise prosecutions, anti-fraud campaigns and provide internal communications to staff on fraud awareness | Senior Communications Officer |
| | | Access to SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and review the E-Learning training available for staff SAFS will provide fraud alerts to appropriate officers/staff/services from Action Fraud/ NAFN/ Police . | SAFS Manager / Senior Communications Officer SAFS Manager & Head of Human Resources SAFS Manager |
| PREVENT | Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. COLLABORATION | Develop the Councils use of the Herts <i>FraudHub</i> and report the benefits of this initiative to the Council. | SAFS Manager/ s.151 Officer |
| | | SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS, SAS and Hooyu | Monitoring Officer / SAFS Manager |
| | | Deliver the NFI 2020/2021 Exercise | SAFS Manager/ s.151 Officer |
| | | Continue to work with DWP to deliver CTRS/HB joint working | SAFS Manager/ Head of Shared R&B Service |
| | Have the highest levels of professional standards COMPETENCE | All SAFS staff will be fully trained and accredited | SAFS Manager |
| | | Review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA All investigations will comply with relevant legislation and Council Policies SAFS will work with the LGA and Cabinet Office to support the roll out of a Counter-Fraud Profession that all SAFS Staff will join. | Monitoring Officer / SAFS Manager SAFS Manager s.151 Officer/ SAFS Manager |
| PURSUE | Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. CAPABILITY | SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council | SAFS Manager/ s.151 Officer |
| | | SAFS will record and report on all fraud referred, investigated and identified | SAFS Manager |
| | | SAFS will review fraud trends and new threats and report on these to Council officers | SAFS Manager |
| | | Legal Service a HR and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses | SAFS Manager /Monitoring Officer/ s.151 Officer/ Head of Shared R&B Service |
| | Develop the right level of resources to deal with the level of fraud risk CAPACITY | The Council will review its ROI from SAFS Membership | s.151 Officer |
| | | SAFS will assist the Council in providing its Transparency Code (Fraud) Data for 2019/2020 Reports for Audit Committee on all Counter Fraud activity at the Council SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government | SAFS Manager SAFS Manager / s.151 Officer SAFS Manager |

SAFS

KPIs 2020/21

| KPI | Measure | Target 2020/21 | Reason for KPI |
|------------|--|---|---|
| 1 | Return on investment from SAFS Partnership. | Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. | Transparent evidence to Senior Management that the Council is receiving a service matching its contribution. |
| 2 | Provide an investigation service. | A. 1 FTE on call at the Council. (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit Committee. C. SAFS Attendance at Mgt Meetings/ R&B Liaison Meetings. | Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements. |
| 3 | Action on reported fraud. | A. All urgent/ high risk cases 2 Days. B. All other cases 5 Days on Average. | Ensure that all cases of reported fraud are triaged within agreed timescales. |
| 4 | Added value of SAFS membership. | A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre C. NAFN Access/Training for relevant Council Staff D. 5 Fraud training events for staff/Members in year. | Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses. |
| 5 | Allegations of fraud received. & Success rates for cases investigated. | A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. 60% of cases investigated and closed in year with a positive outcome. C. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each, Reported. | This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation. |
| 6 | Making better use of data to prevent/identify fraud. | A. Develop the Hertfordshire FraudHub for the Council. B. Support the NFI 2020/21 data upload for the Council. C. Consider other areas where the better use of data will benefit the Council financially. | Build a Hub that will allow the Council to access and share data to assist in the prevention/detection of fraud. |

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