



East Herts Council

Progress with delivery of the 2020/21 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2020/21 Anti-Fraud Plan**

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Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2020/21 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 a Strategy for the 2020's. This document replaces the previous 2016-2019 Strategy on which all current Anti-Fraud Plans are based however, much of the format/themes/content of the previous document are retained with key changes being around the governance and 'ownership' of anti-fraud and corruption arrangements.

Tackling Fraud in the Public Sector 2020. In 2019 CIPFA commissioned a survey and several round table events for senior managers in local government to establish what local authorities were doing to tackling fraud. The survey was conducted by an independent body with the support of LGA & MHCLG.

COVID-19 Counter Fraud Measures Toolkit. The Government Counter Fraud Function within the Cabinet Office provided a 'toolkit' of services, guidance, support for local government as part of the national response to the Covid-19 outbreak in the UK.

The 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 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. Anti-Fraud Activity 2020/21

Staffing & Resources

- 2.1 In May 2020 (delayed from March due to Covid) this Committee approved the 2020/21 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 this year 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.
- 2.4 For 2020/21 SAFS has deployed one Counter Fraud Officer 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-matching, data-analytics and financial investigations.

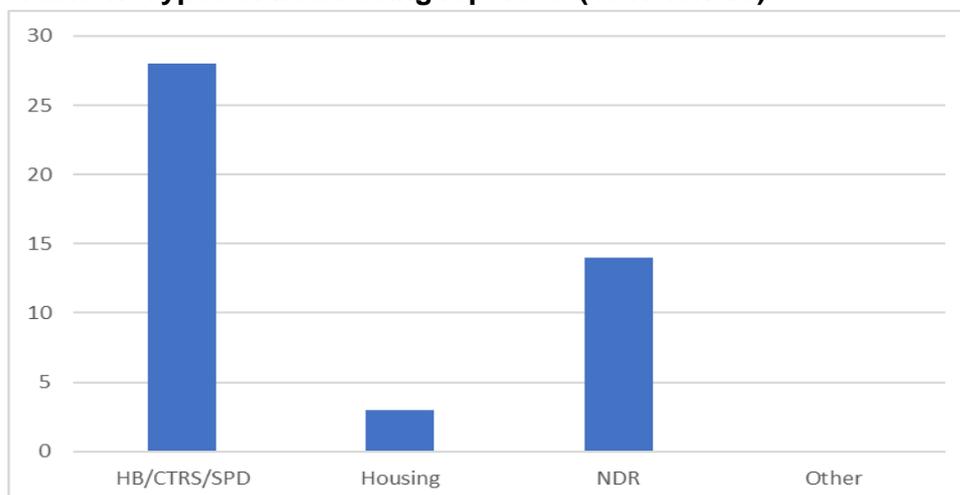
Fraud Awareness and Prevention

- 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 Council and SAFS officers have been reviewing and updating the Councils anti-fraud policies to bring them in line with current best practice.
- 2.7 The Council will take part in several fraud awareness/prevention s in the current year including the International Fraud Awareness Week in November. These campaigns encourage residents to protect themselves from fraud and report fraud that they suspect may impact on the Council. SAFS have worked with the communication teams at all Partners to develop social media campaigns with shared messages that will be shared across Hertfordshire.
- 2.8 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.
- 2.9 Alongside the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud as a risk. This training package is hosted on the Councils intranet. Additional training for front line staff is being agreed with service leads and will be delivered via Teams/Zoom/Skype for the remainder of this year.

Counter Fraud Activity & Reported Fraud

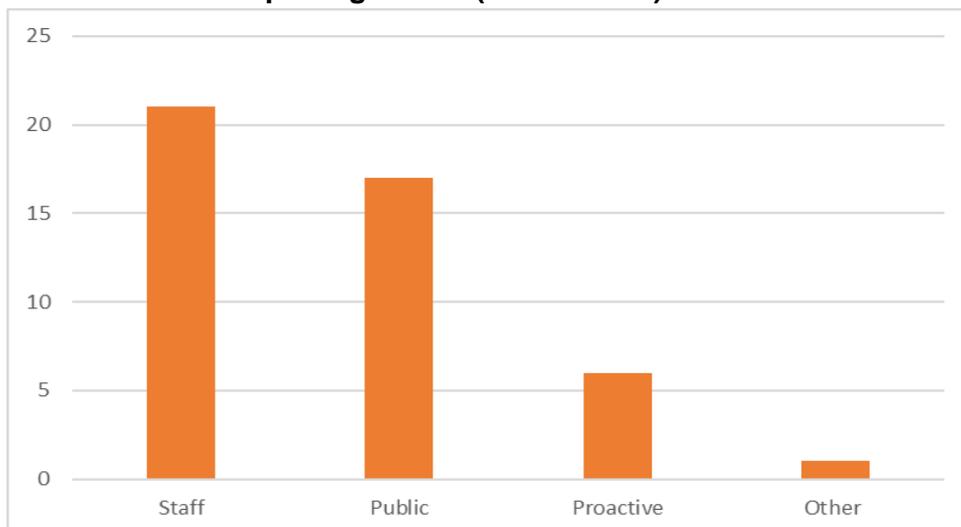
- 2.10 Between April and August SAFS has received a total of 45 allegations of fraud affecting Council services.

Table 1. Types of fraud being reported- (45 Referrals)



'HB/CTRS/SPD'- Housing Benefit/Council Tax Reduction Scheme/ Single Person Discounts
'NDR'- National Non-Domestic Rates or Business Rates.

Table 2. Who is reporting Fraud- (45 Referrals)



'Proactive' - includes all data matching/ analytics activity

- 2.11 SAFS also carried forward 22 live cases from 2019/20.
- 2.12 At the time of this report many cases raised for investigation are still in the early stages, however, of the 32 investigations still under investigation the estimated fraud loss and savings combined exceed £300k.

'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.

- 2.13 A number of cases have been delayed or suspended due to the restrictions with face to face interviews impaired by social distancing and some cases where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), have been delayed as staff working for the DWP have been diverted to the delivery of Universal Credit during the Covid crisis.

SAFS Response to Covid-19

- 2.14 SAFS moved to a home working service in accordance with HMG and HCC guidance in mid-March. It became apparent very quickly that the Covid-19 outbreak and responses to it, both nationally and locally, would create opportunities for fraudsters to exploit.
- 2.15 In February 2020, the Government had published its ***Fraud in Emergency Management and Recovery principles***, this publication couldn't have been more opportune and SAFS recent close involvement with the Cabinet Office put us in unique position to be able to share this guidance with those involved in the county-wide response to the outbreak and our own support for SAFS Partners.
- 2.16 The areas that have seen the most focus from SAFS have been as follows:

- Support with the NDR / Small Business Relief (SBR) Grant/ discount schemes. Within 3 days of the governments published guidance on its SBR grants /discount scheme, we had procured Destins SBR Review system. This bespoke system helps to identify businesses who appeared to be eligible for grants but had ceased trading prior to the relevant date in March. As well as procuring the system for each District Council, we also arranged for training of staff. SAFS staff undertook several data-cleansing exercises for each council, including NHDC, by the second week in April.
- SAFS also provided guidance and support to NDR Teams on the services provided NAFN, CIFAS and the 'Spotlight' system from the Cabinet Office. Currently, SAFS have several cases under investigation where fraudulent applications for grants appear to have been made and we are working closely with NDR teams to resolve these.
- Enhanced alerts around mandate / phishing frauds from national bodies including Cabinet Office, CIFAS/CIPFA/ NFIB, Herts Police and NAFN. We are providing alerts to all SAFS Partners of new and emerging fraud threats and, where these are being identified or reported by SAFS Partners, we are sharing this intelligence with Action Fraud, Trading Standards, NCSC and CIFAS.
- SAFS are working on at least two sophisticated phishing email attacks against two SAFS Partners both of which where the resultant losses could have been or were significant. SAFS are working with a variety of agencies investigating these cases. Where system weaknesses were identified these have been addresses locally and new policies/procedures and additional staff training have been put in place.
- SAFS IS assisting in a national scam email to local councils attempting to obtain data about local businesses in the hospitality and pharmacy sectors so that fraudulent grant applications can be submitted.
- Phishing emails sent to residents purporting to be from local councils or Government offering grants/refunds - these are aimed at obtaining bank account details and can range from the obviously fraudulent to very clever emails closely mimicking genuine HMRC correspondence. We have set up a specific alert with SAFS Partner CSC teams so that we can collate and share this intelligence nationally.
- We are also working with all comms, HR and IT Teams and developing the SAFS webpages to better inform the public to protect them and their data. This activity also applies to local businesses that have also been targeted using similar methods and we are working with the local police business watch scheme- OWL.
- SAFS has been liaising nationally and regionally with other LA groups and counter fraud services and has utilised it's 'Knowledge Hub' site to share best practice and initiatives as well as requesting support and guidance from LACAN and the South East Counter Fraud Group, London Fraud Forum and others. These networks have provided assurance that SAFS response at present is appropriate and targeted on the right areas for the all partners.

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 2020/21.
- 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 statutory anti-fraud data sharing exercise conducted by the Cabinet Office every two years across local and central government. The next extract and upload of data from the Council is due in October, as part of NFI 2020/21, and we are working with Council officers to make sure that relevant data-sets can be identified and officers trained to conduct the upload in accordance with legislation.
- 2.18 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 being data-uploads. We will keep Members informed with the progress of with this new project.

Appendices

- A.** EHC Anti-Fraud Plan 2020/21
- B.** Performance against SAFS KPIs.