



East Herts Council

Anti-Fraud Plan 2021/22

Recommendation

Members are recommended to:

1. Approve the Anti-Fraud Plan 2021/22; and
2. Note the activity to protect the Council against fraud and corruption in 2020/21

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1 Purpose

- 1.1 This report provides details of the Council's anti-fraud and corruption arrangements for 2020/21. The Anti-Fraud Plan ensures that the Council considers and acknowledges the risk of fraud, has in place appropriate policies and processes to deter/prevent/investigate fraud, and that senior officers understand their role in protecting the Council against fraud.

2 Background

- 2.1 Recent reports have been provided to officers and are being used by SAFS to ensure that the Council is aware of its fraud risks and finds ways to mitigate or manage these effectively wherever possible. Details of these reports and other recommend reding for Committee members can be found **at Section 5** of this report.
- 2.2 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.
- 2.3 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 vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities.
- 2.4 It is essential that 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.
- 2.5 East Herts Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this committee have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution working with services and staff at all levels.

3 Anti-Fraud Plan 2021/22

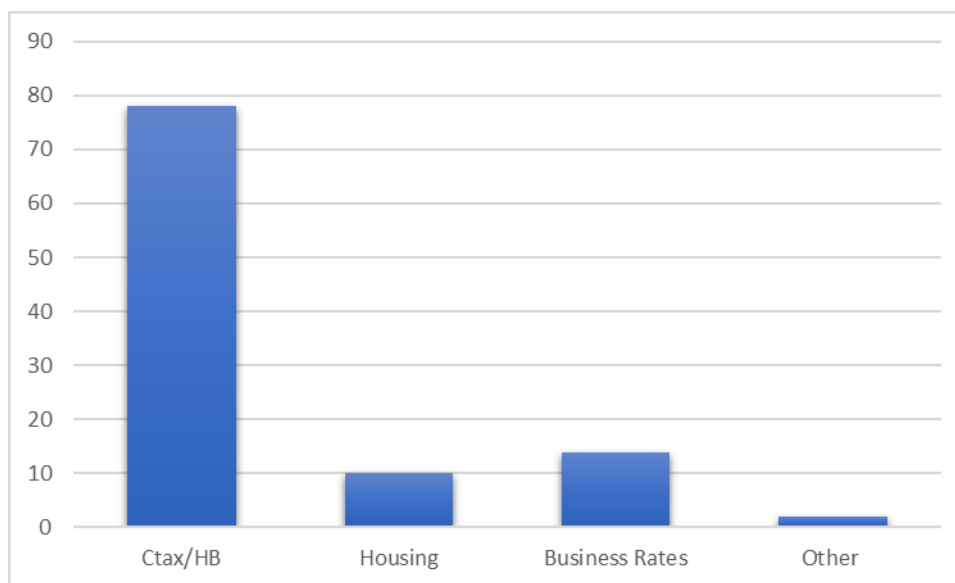
- 3.1 The reports and papers mentioned previously and guidance from National Audit Office (NAO) and the Ministry of Housing Communities and Local Government (MHCLG) recommend that organisations have effective and robust counter fraud and corruption measures. These measures must include the acknowledgement of fraud and corruption as a tangible risk, policies and procedures to deter and prevent fraud and resources to investigate fraud and recover losses. Above all an organisation should have a plan to protect itself against fraud and corruption.

- 3.2 Council officers and SAFS develop an anti-fraud plan each year and the proposed plan for 2021/22 is attached for approval by this Committee.
- 3.3 The Anti-Fraud Plan for 2021/22 has been designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) by adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.
- 3.4 We have adopted the FFCL checklist as a 'To-do' list and we will use this to track responsibility for each action/objective and then identify how the Council is doing in that area, rating each and providing evidence to support this. In future years we will use this framework to review the Councils performance adding/editing actions/objectives as they arise or become relevant to the Council.

4. Anti-Fraud Activity 2020/21

- 4.1 Between April and December 2020 SAFS received 104 allegations (referrals) of fraud affecting Council services. It should be noted that these are only allegations at this stage and although not all will need to be investigated each will be reviewed and appropriate action taken, if needed.
- 4.2 Table 1 shows the number of allegations of fraud received by the Council and which services these relate to. The majority of matters, 78, relate to council tax and/or housing benefit matters, 10 referrals are about housing applications and 14 are about business rates or Covid business grants. Two cases are recorded as 'other', these were both allegations that did not relate to the Council directly.

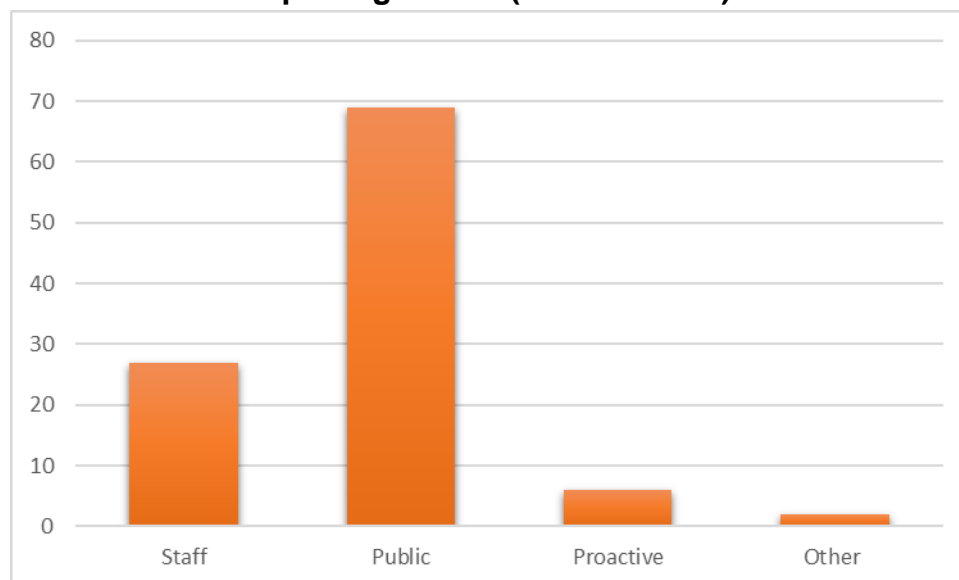
Table 1. Types of fraud being reported- (104 Referrals)



- 4.3 Table 2 shows who is reporting suspicions of fraud to the Council. Of the 104 matters reported 27 came from members of staff, 69 were reported by the

general public, six came about as a result of proactive/data-analytics and two came from other sources.

Table 2. Who is reporting Fraud- (104 Referrals)



'Other' includes reports from public bodies such as the Police or DWP.

4.4 SAFS carried forward 22 live cases from 2019/20 and currently 21 cases are open and under investigation with estimated fraud losses/savings of £276k.

4.5 At the time of this report many cases raised for investigation are still in the early stages, however, of the 11 investigations closed in year fraud loss/savings in excess of £26k have been reported.

'Fraud Loss' is fraud that 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.

4.6 A significant number of cases have been delayed or suspended due to the restrictions with face to face interviews resulting from 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 redeployed during the Covid crisis.

4.7 Officers have ensured the Council's compliance with the National Fraud Initiative (NFI) for 2020/21 and officers, supported by SAFS, are currently reviewing the output and reports from this exercise.

4.8 A detailed report of all counter fraud activity undertaken in 2020/21 will be provided to this Committee in the early summer 2021.

5. Further Reading

- *Councillors Workbook on Bribery & Fraud Prevention*
- *Fighting Fraud and Corruption Locally a Strategy for the 2020's.*
- *Tackling Fraud in the Public Sector.*
- *COVID-19 Counter Fraud Measures Toolkit.*
- *UK Annual Fraud Indicator 2017.*
- *Fraud and Corruption Tracker 2019.*
- *United Kingdom Anti-Corruption Strategy 2017-2022.*
- *Local Government Transparency Code.*
- *The National Fraud Strategy: Fighting Fraud Together.*
- *CIPFA Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption.*