



East Herts Council

Progress with delivery of the 2021/22 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2021/22 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 2021/22 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 £2billion 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 2021/22

Staffing & Resources

- 2.1 In March 2021 (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 20 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 2021/22 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.

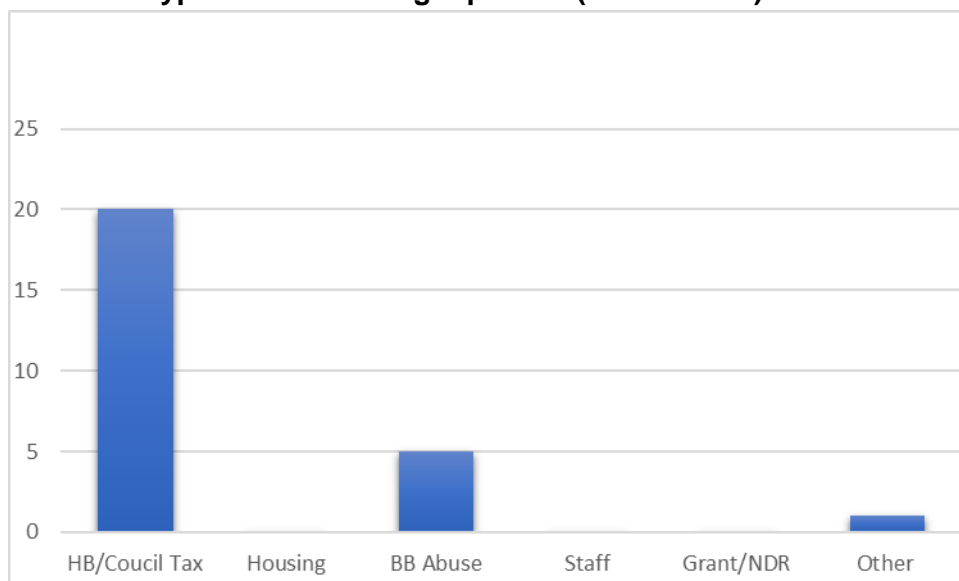
Fraud Awareness and Prevention

- 2.3 A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Councils stance on fraud and corruption.
- 2.5 The Councils Head of Legal Services and SAFS officers are completing the review of the Councils anti-fraud policies and there are plans to publish these later in 2021.
- 2.6 The Council will take part in several fraud awareness/preventions in the current year including the International Fraud Awareness Week in November. These campaigns encourage residents to report fraud that they suspect may impact on the Council. SAFS works with the communication teams in all Partners to develop shared social media campaigns to cover the whole County.
- 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 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

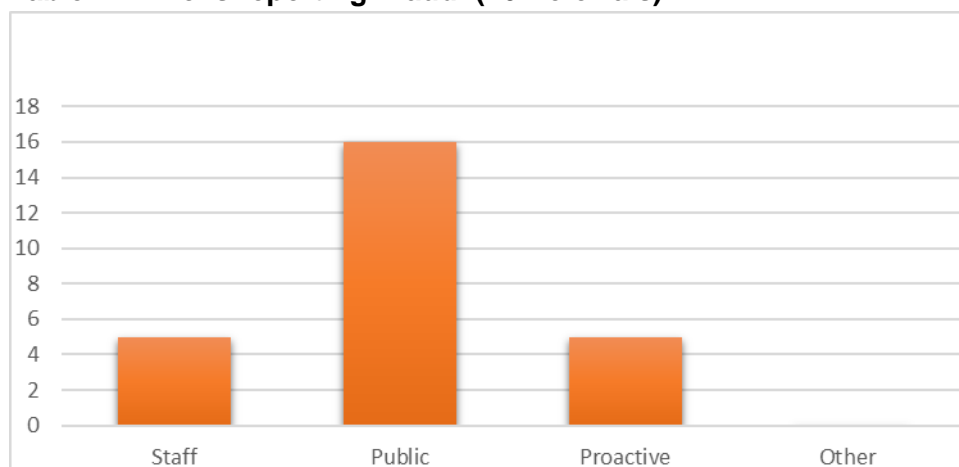
- 2.9 Between April and August SAFS has received a total of 26 allegations of fraud affecting Council services. Allegations of fraud have decreased considerably compared to 2020/21 at this time (46 allegations had been received at this point in 2020). The decrease mainly relates to allegations made by staff to SAFS (20 in 2020 compared to 5 in the same period in 2021) and although there was some reporting about grant fraud in 2020 we are working with officers to better understand the reasons for this decline.

Table 1. Types of fraud being reported- (26 Referrals)



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

Table 2. Who is reporting Fraud- (26 Referrals)



'Proactive'- includes all data matching/ analytics activity

2.10 SAFS also carried forward 20 live cases from 2020/21.

2.11 At the time of this report many cases raised for investigation are still in the early stages and of the 25 investigations still under investigation the estimated fraud loss and savings combined exceed £213k. Five cases have been closed so far this year with fraud losses of just over £20k in recovery.

'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 A number of cases continue to be 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

- 2.13 Through 2020/21 SAFS provided senior officers and this committee with reports detailing how we were working with officers to deal with new and emerging fraud threats related to the national and local responses to the Covid Pandemic. As we move into the post pandemic/recovery phase SAFS continues to provide the same support for officers.
- 2.14 In February 2020, the Government had published its ***Fraud in Emergency Management and Recovery principles***, we have shared this guidance with those involved in the response to the outbreak.
- 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.
 - Providing guidance and support to NDR Teams on the services provided NAFN, CIFAS and the 'Spotlight' system from the Cabinet Office.
 - Enhanced alerts around mandate / phishing frauds targeting staff working from home from bodies including Cabinet Office, CIFAS/CIPFA/ NFIB, Herts Police, OWL and NAFN.
 - SAFS is assisting in a national scam email to local councils attempting to obtain data about local businesses in the hospitality and pharmacy sectors.
 - Phishing emails sent to residents purporting to be from local councils or Government offering grants/refunds.
 - SAFS has been liaising nationally and regionally with other counter fraud services and to share best practice and initiatives as well as requesting support and guidance from the South East Counter Fraud Group, London Fraud Forum and others.

Proactive and Prevention Activity

- 2.14 SAFS has worked with the District Revenues Manager Group to develop a new framework contract for all councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. These service will be funded in full by the County Council, with the district and borough councils undertaking the work with selected contractors. The Councils Shared Revenue and Benefit Service plans to make use of this Framework in 2021/22.
- 2.15 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. But, as mentioned already may cases are delayed due to DWP staff being redeployed as part of the national response to the Covid pandemic.

- 2.16 SAFS officers ensured the Council's compliance with the National Fraud Initiative (NFI) 2021/22. 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 upload of data took place in October 2020 with the output from this being received between February and March 2021- see tables 3A &3B below. SAFS and Council officers are working through the reports/matches at present.

Table 3A. NFI Activity Main exercise

Total Matches received 2020/21	High Priority Matches	Matches Reviewed end July 2021	High Priority Matches Outstanding end July 2021	Total loss detected
1092	316	183	141*	£0

**The focus at present is on high priority matches.*

Table 3B. NFI SPD and Covid Grants reports

Report	Matches	Matches Reviewed end July 2021	Matches Outstanding end July 2021	Total loss detected
SPD*	1429	0	1429	£0
Covid Grants**	26	0	26	£0

**SPD cases are being reviewed by SAFS*

*** Covid Grant discrepancies are being reviewed by Council officers. We suspect an error in the data has caused the high number of matches rather than actual fraud.*

- 2.17 The Council joined the Hertfordshire FraudHub in April 2021. 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. We will begin the upload of data into the FraudHub once the majority of the NFI work is cleared to prevent duplication of reports/matches.