



East Herts Council

Anti-Fraud Plan 2022/23

Recommendation

Members are recommended to:

1. Approve the Anti-Fraud Plan 2022/23; and
2. Note the activity to protect the Council against fraud and corruption in 2021/22

Contents

- 1 Purpose
- 2 Background
- 3 Anti-Fraud Plan 2022/23
- 4 Current Anti-Fraud Activity (2021/22)
- 5 Further Reading

Appendices

- A. Proposed Anti-Fraud Plan 2022/23
- B. SAFS KPI performance to December 2021

1 Purpose

1.1 This report provides details of the Council's anti-fraud and corruption arrangements for 2022/23. 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, The Department for Levelling Up, Housing and Communities (DLUHC) (formerly the 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.

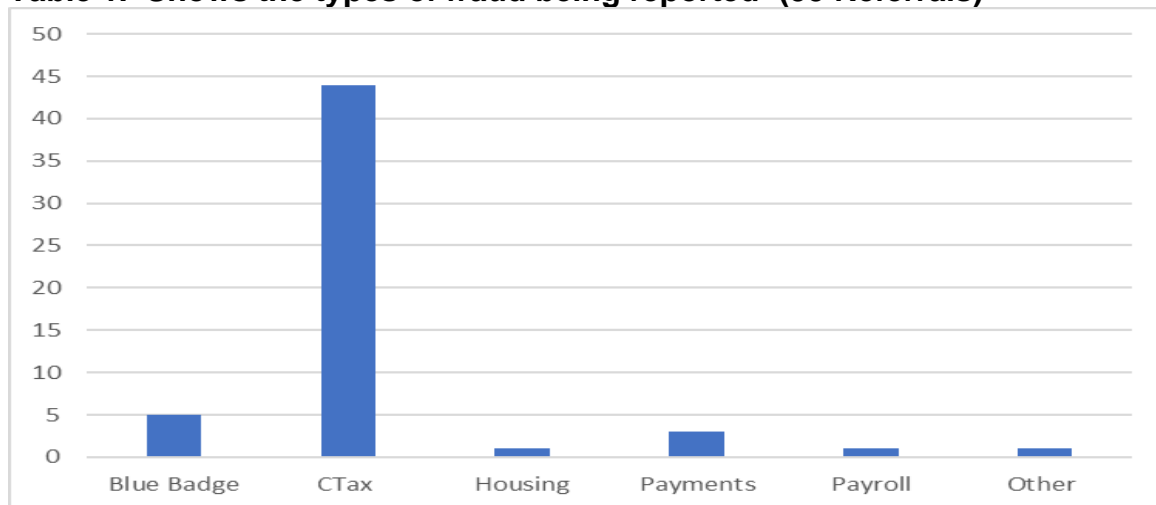
3 Anti-Fraud Plan 2022/23

- 3.1 The reports and papers mentioned previously and guidance 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 2022/23 is attached for approval by this Committee.
- 3.3 The Anti-Fraud Plan for 2022/23 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. A copy of the Anti-Fraud Plan is attached at **Appendix A**.
- 3.4 In 2021 we have adopted the FFCL checklist as a 'To-do' list and we will continue to use this to track responsibility for action/objectives to demonstrate how the Council is doing, rating each and providing evidence to support this.

4. Anti-Fraud Activity 2021/22

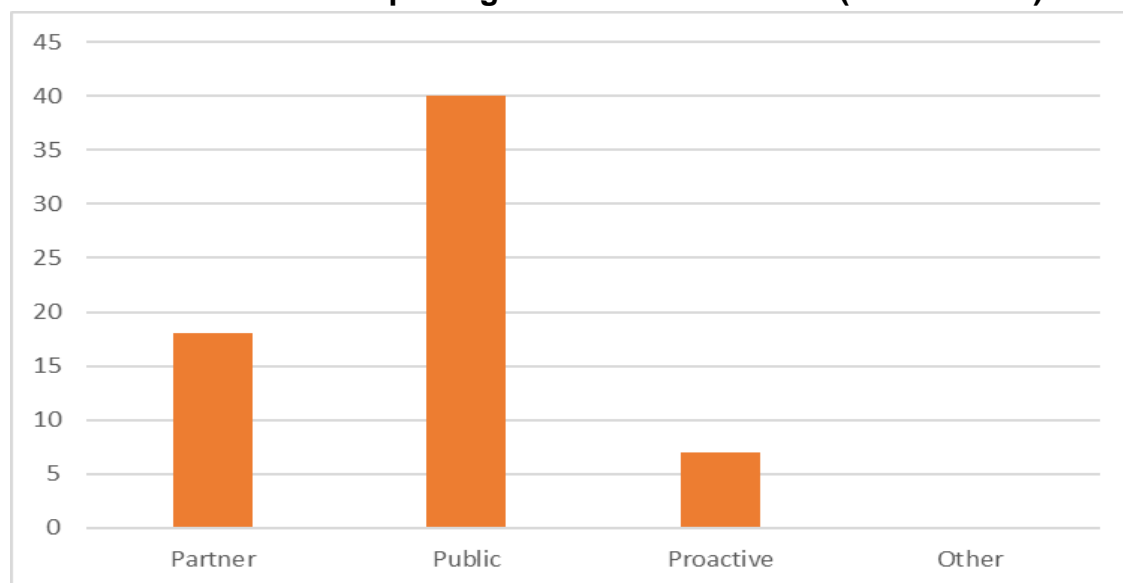
- 4.1 Between April and December 2021 SAFS received 55 allegations (referrals) of fraud affecting Council services - this is just over half of the referrals received for the same period last year (104). It should be noted that these are only allegations at this stage and not all will need to be investigated. However, every referral received will be reviewed, risk-assessed and appropriate action taken.
- 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, 44, relate to council tax and/or housing benefit matters, Three referrals classified as 'Payment' fraud include Covid business grants. One case recorded as 'other' did not relate to the Council directly.

Table 1. Shows the types of fraud being reported- (55 Referrals)



4.3 Table 2 shows who is reporting suspicions of fraud to the Council. Of the 55 matters reported 18 came from members of staff, 30 were reported by the general public, 7 came about as a result of proactive/data-analytics work.

Table 2. Shows who is reporting Fraud to the Council- (55 Referrals)



Proactive; includes the use of data-analytics where fraud identified.

4.4 SAFS carried forward 20 live cases from 2020/21 and currently 24 cases are open and under investigation with estimated fraud losses/savings of £187k.

4.5 At the time of this report many cases raised for investigation are still in the early stages, however, of the 19 investigations closed in year fraud loss/savings in excess of £49k have been reported. A further 9 minor cases involving council tax discount fraud were dealt with administratively, 5 financial penalties have

been applied as alternatives to prosecution and 2 cases are with the Councils legal team to comment criminal proceedings.

'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 Fraud awareness training has been delivered to Council Officers during 2021/22 via virtual training events and team meetings that have been very well attended. SAFS have worked with the National Anti-Fraud Network (NAFN) to roll out further staff training in maximising the use of the fraud/error/debt recovery services provided by NAFN. SAFS have also supported Council officers using the various National Fraud Initiative (NFI) programmes in 2021/22 and continue to do so.
- 4.8 Since early 2021, a focus of SAFS work has been to work with Council officers to ensure that the Council has been able to deal with the output from the National Fraud Initiative (NFI). The Council received a number of reports & matches from February 2021 to review. The NFI matches data between bodies that is collected in October and shared with participants the following February, this results in numerous 'false-positive' matches and many matches which only require administrative action rather than fraud investigations.
- The Council received 1,091 matches as part of the main exercise. These matches covered areas such as housing benefit/ council tax/ housing register/ creditors/ payroll- 315 of these were highlighted as 'priority' matches. By the end of December 2021 179 priority matches had been fully reviewed but, a significant number, mainly council tax related, are still under review at present. The vast majority of housing register & payroll matches have been cleared.
 - The Council received a report with 1,429 matches in a separate NFI exercise focused entirely on council tax discounts. As mentioned above this can create a large number of false positives and a decision was made to use further data analytics (Council Tax Review Framework) to try and reduce the volume of matches that needed intervention. A plan for this to happen in 2022 has been agreed.

- The final report from NFI in 2021 was used to review the Councils data for the payment of grants to businesses as part of the Covid response between 2020 and 2021. All of the data held by the Council about those grants was reviewed as part of this report by the Cabinet Office and matches to grant data held by every other Council in England & Wales, HMRC, Banks and Companies House. The Council received a report indicating that 26 grant awards needed further review and this has now been undertaken revealing no concerns and providing further assurance about the way the Council dealt with Covid related grants.
- As we are now in a position to start using Council data in the Herts-FraudHub we tested this successfully in 2021 with some basic date-sets. We are now loading data from council tax and the housing register, with plans to include payroll/ licensing, electoral roll data. on an agreed schedule. To the end of January 2022 matches for review were identified in both the council tax system and housing register and these are under review by the relevant service areas at present.

4.9 As part of the Government and Council's ongoing response to the Covid-19 pandemic, SAFS continues to provide the following additional services:

- Support with those ongoing Business Grant schemes.
- Assistance and support on new schemes to support residents who are required to self-isolate.
- Review of new grant schemes that the Council may need to operate during local/national lock-downs that may happen in the future as a result of increased infection rates. SAFS are offering support to Council officers to review the various grant applications related to the OMICRON variant where this is required.
- Enhanced provision of alerts around mandate and phishing frauds from national bodies including National Fraud Intelligence Bureau, National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service and CIPFA (Chartered Institute of Public Finance and Accountancy).

4.12 SAFS continues to work closely with social housing providers who have stock within the Councils Boundaries investigating instances of 'tenancy fraud' committed against those organisations. Five cases have been investigated in 2021/22 with one property recovered, and let to residents from the Councils Housing Register, and one case awaiting a decision on the recovery of a second property.

- 4.13 The Council reviewed its Anti-Money Laundering policy in 2021. This is now available to officers on the Councils intranet and is published on the Councils webpage. The service has commenced Anti-Money Laundering training for some identified officers.
- 4.14 SAFS are on target to deliver all service KPIs for whole Partnership and progress with the KPI's agreed as part of the Councils own Anti-Fraud Plan for 2021/22 are also progressing well. KPI progress can be found at **Appendix B**.
- 4.15 A detailed report of all counter fraud activity undertaken in 2021/22 will be provided to this Committee in the early summer 2022.

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.*