



East Herts Council

Progress with delivery of the 2022/23 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2022/23 Anti-Fraud Plan**

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Introduction

1. 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.
2. Recent reports on fraud and corruption have been shared with Council officers and are 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.
3. Some of the most significant recent reports include:
 - ***Fighting Fraud and Corruption Locally a Strategy for the 2020's***. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.
 - ***Tackling Fraud in the Public Sector 2020***. In 2019 CIPFA commissioned a survey and 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 and 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.
 - ***Calculating Losses from Tenancy Fraud***. Since the closure of the Audit Commission in 2012 there has been little effort to put a value on the cost to local authorities of tenancy fraud. This paper, published by the Fraud Advisory Panel & Charity Commission in partnership with LBFIG in 2021, estimates that the cost to local government for each social property that is being sub-let is at least £42,000.

Background

4. The 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.

Anti-Fraud Activity 2022/23

Staffing & Resources

5. In March 2022 (this Committee approved the 2022/23 Anti-Fraud Plan for the Council and KPIs for the SAFS. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance- all KPIs are being met or on target to be met.
6. 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 Hertford.
7. 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.
8. The SAFS has deployed one Counter Fraud Officer to work exclusively for the Council, this officer is supported by SAFS Management and the SAFS Intelligence Team, which includes expertise in open-source investigations, data-matching, data-analytics and financial investigations.

Fraud Awareness and Prevention

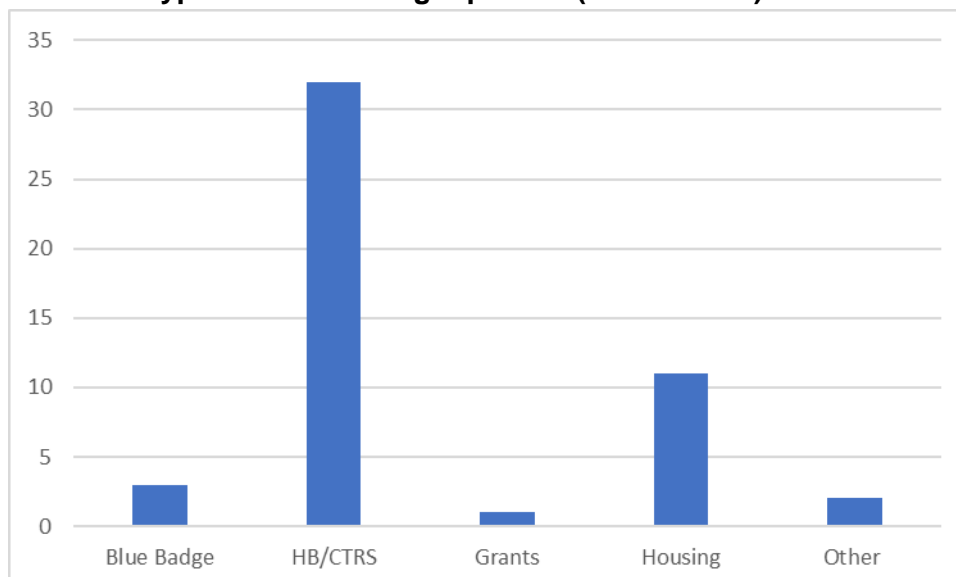
9. A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Council's stance on fraud and corruption.
10. The Council has in place an Anti-Fraud and Corruption Strategy which was updated earlier this year and is available on the Council's webpage <https://www.eastherts.gov.uk/about-east-herts-0/fraud-and-whistleblowing-policies> and this incorporates the latest best practice in counter fraud prevention from across the sector.
11. The Council is taking part in *International Fraud Awareness Week* in November 2022 with planned activity utilising social media and national/international resources. Campaigns such as this encourage residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.

12. 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 via the Councils own website <https://www.eastherts.gov.uk/about-east-herts-0/fraud-and-whistleblowing-policies> and on the Councils intranet for staff. 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.
13. Working with the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud, bribery, and money laundering. Additional training for front line staff includes training for Housing Services on fraud risks in the housing allocation process and in the next few weeks training on anti-money laundering will be delivered to staff in legal, procurement and finance teams.

Counter Fraud Activity & Reported Fraud

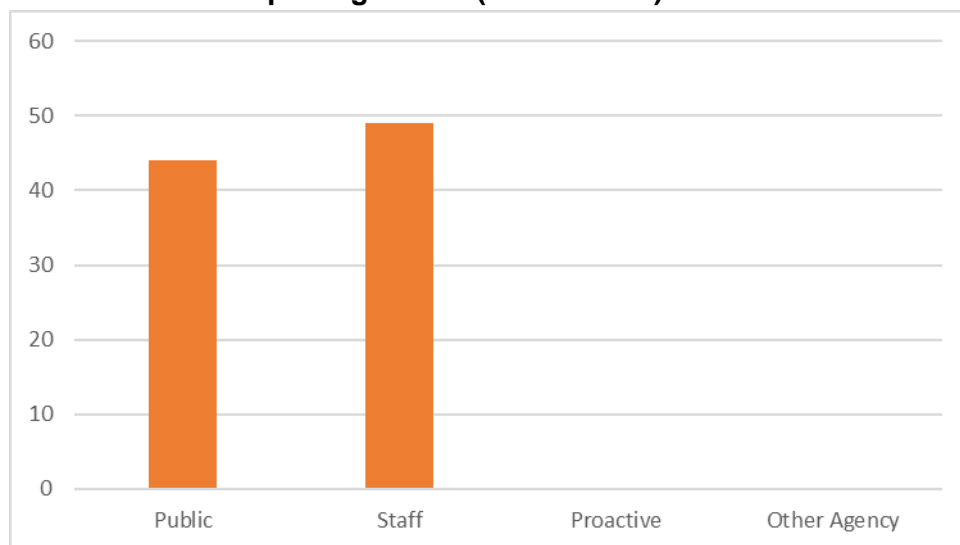
14. Between April and September SAFS received 49 allegations of fraud affecting Council services. Allegations of fraud have increased compared to the same period in 2021/22 (26 allegations had been received at this point in 2021). The reporting of suspected fraud by staff at the Council remains low compared to other similar SAFS Partners.

Table 1. Types of fraud being reported- (49 Referrals)



'HB/CTRS'- Housing Benefit/Council Tax Reduction Scheme/ Single Person Discounts.

Table 2. Who is reporting Fraud- (49 Referrals)



'Proactive' - includes all data matching/ analytics activity

15. SAFS carried forward 27 live cases from 2021/22. Many cases raised for investigation are still in the early stages and of 30 cases still under investigation, or at referral stage, at the end of September the estimated fraud loss/savings for these cases exceeds £246k.
16. Eight investigations had been closed so far this year with fraud identified/prevented on 4 occasions and fraud losses/savings of just over £68k have been reported to date.

'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.
17. The largest volume of alleged fraud concerns claims for housing benefit and council tax discounts and in five cases financial penalties, as alternatives to prosecution, have been applied.
18. A number of cases continue to be delayed where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), where staff are still being redeployed or recruited to fill significant vacancies in the Fraud and Error Teams post pandemic.
19. The report from the Fraud Advisory Panel in 2022 estimates that the cost of social housing fraud to local councils could exceed £42k for each property that is being illegally sub-let. Although the Council does not hold social housing stock it has a duty to prevent homelessness and provide housing. SAFS response to this fraud threat is our work with Registered Providers across the County, including Clarion Housing Association, to assist in the investigation and recovery of social

housing due to illegal sub-letting or 'key-selling'. A number of cases are currently being investigated within the Councils boundaries with the intention that, once recovered, these properties will be made available to families from the Councils Housing Register, including those in temporary accommodation.

20. The SAFS Fraud Investigator is based at the Council offices several days each month and spend part of their time sat within the Housing Needs Team area and this has helped to encourage staff working in the team to report suspicions of fraud directly. A number of cases of potential fraud have been investigated already in 2022/23.
21. SAFS works closely with the Councils parking enforcement team dealing with the misuse of disabled persons 'Blue Badges' in the Councils pay and display car parks across the borough as well as fraudulent applications for badges and the theft of badges from vehicles and subsequent misuse across the UK.

Proactive and Prevention Activity

22. SAFS provides alerts around mandate / phishing frauds targeting staff working from home from bodies including Cabinet Office, CIFAS, CIPFA, National Fraud Intelligence Bureau (NFIB), Herts Police- OWL, National Cyber Security Centre (NCSC) and NAFN.
23. The Head of SAFS sits on the Hertfordshire Fraud and Cyber Steering Group which is hosted by Hertfordshire Constabulary and includes stakeholders from a wide range of enforcement partners.
24. SAFS continues to work 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 (LFF), London Borough Fraud Investigators Group (LBFIG) and the Home Counties Tenancy Fraud Forum (TFF).
25. SAFS has worked with the 'District Revenues Manager Group' to develop a new framework contract for all borough councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. This service will be fully funded by the County Council, with the district and borough councils undertaking the work with selected contractors, who can supply a fully managed service to councils. The Council is signed up as part of the Framework for 2023/24.
26. 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 still being redeployed.

27. SAFS has ensured the Councils compliance with the National Fraud Initiative (NFI) by providing training and a user guide for staff involved in the upload of data that took place in October 2022 and the output from the exercise that the Council will receive by February and March 2023.
28. The Council subscribes to the Hertfordshire FraudHub. This project operates using the same legal framework as main NFI exercise but allows data to be matched more frequently helping to prevent fraud or detect it sooner. We are confident that this work will not only assist in preventing/identifying fraud earlier, but also help to reduce the volume of work received from the main exercise taking place between October 2022 and February 2023.