



East Herts Council

Audit and Governance Committee

May 2024

**Anti-Fraud Report 2023/24**

## Purpose

1. This report provides details of the work undertaken by the Council and the Shared Anti-Fraud Service to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Action Plan for 2023/2024.

## Recommendations

### 2. Members are RECOMMENDED to:

- a) Note the activity undertaken by the Shared Anti-Fraud Service (SAFS) to deliver the 2023/2024 Anti-Fraud Plan for the Council.
- b) Note all Anti-fraud activity undertaken by Officers and SAFS to protect the Council.

## Background

3. National reports and alerts continue to be used by the Shared Anti-Fraud Service (SAFS) to ensure that the Council is kept up to date of all new and emerging fraud threats. This helps to mitigate or manage the Council's fraud risks through a programme of work including the Anti-Fraud Plan. Details of these reports, along with other recommended reading for Members, can be found below and at **Section 57** of this report.

4. 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.

***UK Fraud Strategy 'Stopping Scams and Protecting the Public.*** The Government launched its latest anti-fraud strategy in 2023 aimed at bringing government, at all levels, and the private sector together to tackle fraud, pursuit and punishment of fraudsters, providing more recognition/awareness of fraud and how to avoid it.

***Lost Homes, Lost Hope.*** This paper, published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 uses previous research and current data to estimate the volume and cost of fraud in the social housing sector and the impact of this on local government.

5. The Public Sector Fraud Authority (Cabinet Office) estimated, in its 2023 ***Cross Government Fraud Landscape Report***, that fraud and error cost the public purse at least £33bn each year. The last time that any effective national fraud measurement took place in local government was in 2017 and at the time fraud loss alone was estimated at 2.4bn annually.

6. The Public Sector Fraud Authority (Cabinet Office), Department for Levelling Up, Housing and Communities (DLUHC), National Audit Office, and CIPFA all continue to issue advice, and best practice to support local councils in the fight to combat fraud and prevent loss to the public purse.
7. It is essential that the Council has in place a framework to recognise its fraud risks and invests sufficient resources prevent and deter fraud, including effective strategies and policies, and a response to deal with the investigation of suspected fraud when this is required.
8. East Herts Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this Committee and Senior Management Team have received reports about how this service works closely with the Shared Internal Audit Service and all services across the Council.

## **Report - Delivery of the 2023/2024 Anti-Fraud Plan**

### **2023/2024 Plan**

9. In March 2023, this committee approved the Anti-Fraud Plan for following 12 months which was developed with Council officers in partnership with SAFS. A copy of the Plan can be found at **Appendix 1**.
10. The Anti-Fraud Plan for 2023/24 was designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL), adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.
11. The Plan was designed to meet the Council needs based on known risks and a historic process in responding these or new and emerging risks in-year. Resources and staffing were based on the Councils contribution to SAFS and an agreed work-plan of activity across the Council including both proactive and reactive projects.
12. The Plan included Key Performance Indicators (KPIs) for SAFS which were agreed with senior officers. KPI performance can be found in **Table 1** below.
13. Members will note this Committees role in ensuring that the Council meets its objectives.

### **Staffing & SAFS Performance**

14. The SAFS Team (in April 2023) was composed of 23 accredited and trained counter fraud staff and is based at the Council's offices in Hertford.
15. Each SAFS Partner receives dedicated support and access to SAFS and for 2023/24 this was achieved by allocating a set number of operational days that could be drawn on to deliver all parts of the Anti-Fraud Plan. This might include work on fraud-risk assessment, fraud awareness training, proactive work such as the use of data-analytics or reactive work as part of the Councils fraud response. Providing the service in this manner allows more flexibility and resilience for SAFS in how its officers deliver different parts of the plan.

16. For 2023/24, SAFS planned to provide 285 operational days to deliver the Councils Anti-Fraud Plan and as well as the programme of work agreed this was supported the SAFS management team.
17. All SAFS officers are all fully trained and accredited and members of the Government Counter Fraud Profession or working towards this. The Profession is made up of various streams including awareness training, fraud risk assessment, investigations, intelligence, data-analytics, and investigation management.

**Table 1. SAFS KPIs for 2023/2024 and Performance**

KPI	Measure	Target 2023/24	Performance 2023/2024
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. <ul style="list-style-type: none"> <li>A. Meetings to take place with the Councils <b>Head of Strategic Finance and Property</b>, quarterly.</li> <li>B. <b>Head of Strategic Finance and Property</b> will sit on the SAFS Board that meets quarterly.</li> <li>C. Regular meetings to take place with Service Leads to agree and update local work plans.</li> <li>D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.</li> </ul>	<ul style="list-style-type: none"> <li>A. Meetings are diarised with the <b>Head of Strategic Finance and Property</b> to review SAFS work and any issues arising.</li> <li>B. <b>Head of Strategic Finance and Property</b> is on the invite/circulation list for the SAFS Board and is invited to attend quarterly meetings.</li> <li>C. SAFS Mgt meet with lead officers in housing/council tax regularly and other services as required.</li> <li>D. Reports are provided to the Councils Audit &amp; Governance Committee, senior officers, external auditors and service managers as required.</li> </ul>
2	Provide an investigation service.	<ul style="list-style-type: none"> <li>A. 285 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management</li> <li>B. (Supported by SAFS Intel/Management).</li> <li>C. 3 Reports to Audit and Standards Committee.</li> <li>D. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.</li> </ul>	<ul style="list-style-type: none"> <li>A. <b>211 (74%) days delivered.</b></li> <li>B. Reports to A&amp;SC in September and November 2023 and January 2024.</li> <li>C. SAFS has close working with relationship with R&amp;B and regular liaison is taking place.</li> <li>D. SAFS meets with service managers on an ad-hoc basis, usually based on need but there is no CGG for EHC.</li> </ul>
3	Action on reported fraud.	<ul style="list-style-type: none"> <li>A. All urgent/ high risk cases will be responded to within 24 hours.</li> <li>B. All other cases 2 Days, on Average.</li> </ul>	<ul style="list-style-type: none"> <li>A. SAFS CMS still unable to report on these cases specifically.</li> <li>B. <b>ALL</b> referrals are cleared <b>within 3 days</b> on average.</li> </ul>
4	Added value of SAFS membership.	<ul style="list-style-type: none"> <li>A. Membership of NAFN &amp; PNLD</li> <li>B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice</li> <li>C. NAFN Access/Training for relevant</li> </ul>	<ul style="list-style-type: none"> <li>A. SAFS funds the Councils licences with NAFN &amp; PNLD.</li> <li>B. SAFS had access to CIPFA CF services in-year.</li> <li>C. NAFN access for all SAFS and Council staff.</li> <li>D. 5 Training events delivered across a number of service areas.</li> </ul>

		Council Staff D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR) Money Laundering Reporting Officer	
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. SAFS will work with social providers across the Borough.	A. This is happening daily as referrals received. B. All cases are logged, managed, and reported on SAFS case management system (CMS) and all reports use the data from the CMS. C. All sanctions offered or considered were conducted with Council Officers in compliance with Council policies.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2022/23 Council services. B. Membership and VFM from the Herts FraudHub in 2023/24.	A. Council officers ensured upload of data in line with Cabinet Office deadlines and both SAFS and Council officers worked on the output from NFI. B. This includes work to review live NDR/SBRR data held by the Council and the Herts FraudHub both of which were effective in 2023/24

## Fraud Awareness and Prevention

18. A key objective for the Council is to continue developing its anti-fraud culture. The Council achieves this by ensuring senior managers and elected members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring by having effective controls in place; deterring potential fraud through external communication and highlighting the checks the Council will undertake (asking for proof of ID or other evidence to support applications/claims) or actions that it has taken (prosecutions or investigations); encouraging all officers to report fraud where it is suspected, all of the above provides public confidence in the Council's stance on fraud and corruption.
19. The council's website has links for the public to report fraud by email, telephone or using the SAFS online reporting tool. As well as encouraging the public to report any suspected fraud to the Council: <https://www.eastherts.gov.uk/about-east-herts-0/fraud-and-whistleblowing-policies> [www.hertfordshire.gov.uk/fraud](http://www.hertfordshire.gov.uk/fraud). Both the Council and SAFS webpages include reports of fraud cases that have been investigated/prosecuted across Hertfordshire.
20. Council staff can use the same methods to report fraud or they can report fraud directly to SAFS staff working at the Council.
21. SAFS delivered 5 training sessions via both face-to-face and virtual means during 2023/2024 including general fraud awareness, use of the services provided by National Anti-Fraud Service, ID Fraud and new services provided by the Cabinet Office as part of the National Fraud Initiative (NFI).

22. The Council's e-training module for anti-fraud, anti- bribery, anti-money laundering is available for staff, SAFS promote this use of this as part of our fraud awareness sessions.
23. SAFS receives weekly/monthly/ad-hoc updates on new fraud threats or alerts from a variety of sources including National Anti-Fraud Network (NAFN), National Cyber Security Centre (NCSC), National Intelligence Service (NATIS), City of London Police & National Fraud Intelligence Bureau (NFIB-national lead on fraud and cyber-crime for policing), London Fraud Forum (LFF), Credit Industry Fraud Avoidance Service (CIFAS), CIPFA, Hertfordshire Police and the Home Office.

### **Executive Reports**

24. Executive Reports (ER) analyse specific fraud incidents, providing an insight into how the fraud materialised, and making recommendations to strengthen processes and controls to prevent further fraud. These reports evaluate current controls and mitigation measures, pinpointing potential vulnerabilities and limitations that could lead to fraud. SAFS accompanies each ER with a management action plan detailing recommendations and/or best practice to be adopted.
25. To address fraud threats that are prevalent across all partners, SAFS produces generic ER's which serve the collective interest. Three generic executive reports were shared with the Council in 2023/24, addressing the fraud risks within of payroll, multiple employment, and issuance of formal Mayoral certificates/ letters of thanks/ appreciation.

### **Fraud Risk Assessments**

26. Fraud Risk Assessment (FRA) constitutes a systematic evaluation of potential fraud risks within a council, designated service area, or particular scheme or process. SAFS outlined an FRA programme for the 2023/2024. This programme encompasses FRA's focusing on internal fraud risks, fraud risks within the procurement process, and recruitment. In 2023, SAFS released a generic assessment of the risk posed by undisclosed multiple employment among agency staff.

### **Fraud Alerts**

27. In 2023 SAFS introduced fraud alerts to the services provided to partners. These bimonthly fraud alerts equip partners with national and local intelligence to strengthen controls considering emerging and current fraud trends and threats. SAFS published five alerts in 2023/24 covering polygamous working, Payroll Fraud, money laundering and the rapidly developing threat of artificial intelligence used by fraudsters.
28. Complimenting the bimonthly alerts are SAFS 'real time' fraud risk reports. These reports are circulated as soon as a significant risk is identified. In 2023/24 SAFS circulated five real time threat alerts which included internal fraud, cheque fraud, email account compromise and mandate fraud.

**Case Study 1: Typical Fraud Alert issued by SAFS for dissemination across Partners these can be restricted or general and are made available on various platforms for relevant staff to access**



## Fraud Alert December 2023 – January 2024

This report provides SAFS partners with the latest local and national fraud threats that local authorities have experienced over the last quarter. The purpose of the report is to provide council employees with relevant intelligence to assist protect, prevent and mitigate against continued and persistent threats, as well as new and emerging ones.

NOT FOR WIDER CIRCULATION WITHOUT CONSENT

### Microsoft User Credential Compromise

A finance officer received an email from a company they recognised, which contained a hyper link. The email appeared legitimate, but unknown to the council, the company had suffered an ICT breach..

The hyperlink redirected the officer to a fake Google page which requested their Microsoft credentials. This fake Google page captured their credentials and immediately used them to access the employees Microsoft account. This generated a multi factor authentication (MFA) prompt which the officer accepted believing it was a legitimate authentication.

The fraudster gained access the officers Office 365 account creating an email chain of communication with relevant officers within the authority, effectively approving a payment to a pension fund. The false email included a fake invoice and bank details for the transfer of 1.1 Million Euros, which was sent to the Treasury department from the compromised user.

Fortunately, the fraud was prevented when a very diligent officer in the Treasury Department identified that the bank details did not match previous transfers, and the request was queried.

Source: Powys County Council

#### SAFS Advice

- **ALWAYS** hover over an embedded hyperlink to reveal where it is redirecting you. If it does not appear correct do not click on it. Contact the sender immediately on a previously used and trusted email address.
- Check contracts to ensure third party companies are mandated to notify the LA of any ITC breaches experienced. Vary contracts if required.



### Artificial Intelligence - Invoice Fraud

SAFS recognise that the threat posed by AI is evolving at a rapid pace. To ensure that our partners remain informed and prepared to address emerging threats, we are committed to regularly reporting on these developments. This will enable you to implement effective processes and controls to mitigate new and emerging fraud risks.



A cybercriminal group known as GXC Team specialises in crafting AI tools to create fraudulent invoices used in mandate/invoice fraud attacks. On December 30, they unveiled an updated version of their AI-powered tool, named "Business Invoice Swapper", which is available to purchase on the dark web. The tool works by using compromised email accounts, which are scanned to identify messages that either mention invoices or include attachments with payment details. Upon detection, the tool alters the banking information to that specified by the fraudster. The altered invoice is then either replaced in the original message or sent to a predetermined list of contacts.

The software's ability to modify invoices in real-time communication chains enhances the deception, which may cause officers to bypass procedures for verifying differences in bank account details, as the communication appears to be uninterrupted from the supplier.

It is important to note that the majority of the identified victim accounts were located in the United Kingdom and the European Union.

#### SAFS Advice

- **ALWAYS** follow process and procedure when managing requests for payment where bank details differ from those held.
- **REMEMBER, STOP, THINK, CHECK!**

Source: securityaffairs.com (<https://securityaffairs.com/156863/cyber-crime/artificial-intelligence-tool-for-invoice-fraud.html>)

Report Fraud

If you have a concern about fraud or wish to discuss these threats in more detail please contact us.



SAFS Hotline: 0300 123 4033

[fraud.team@hertfordshire.gov.uk](mailto:fraud.team@hertfordshire.gov.uk)

[www.hertfordshire.gov.uk/fraud/](https://www.hertfordshire.gov.uk/fraud/)

29. SAFS maintains a close working relationship with the Shared Internal Audit Service (SIAS) with both services exchanging knowledge and best practice. The relationship with the Council's Legal Team has been maintained including work on criminal litigation and policy reviews.

**Case Study 2: Planning Application Fraud Former Councillor sentenced and ordered to pay £44k costs for breaching planning laws**

*Former East Hertfordshire District Councillor, Mr William Ashley, appeared at St Albans Crown Court on Tuesday 19 September 2023 in relation to charges brought under the Town and Country Planning Act 1990.*

*On 6 March 2023, Mr Ashley pleaded guilty to two offences of making a false statement to procure an established use certificate in relation to planning permission granted in 2011 for the construction of six residential/commercial units at Monks Green Farm, and for failing to comply with a breach of condition notice issued by the council on 4 February 2020.*

*Mr Ashley of Monks Green Farm, Brickendon, Hertford, was sentenced to an eight-week community order and will be placed on an electronically monitored curfew to his residential address between the hours of 18:30 – 03:30 each day. Mr Ashley was also ordered to pay costs of £44,263.62.*

*The prosecution followed an investigation by the Shared Anti-Fraud Service on behalf of the council.*

**Reactive and Proactive Fraud Investigation**

27. During 2023/2024 SAFS received 111 allegations of fraud affecting council services, a slight increase from the 99 in 2022/2023, but still within the broad range of historical referrals and comparable to similar SAFS Partners.

**Table 2. Types of fraud being reported (in year):**

Blue Badge	Housing Benefit/CTax Fraud	Housing	Grants/ Business Rates	Other *	Total
11	85	12	1	2	111

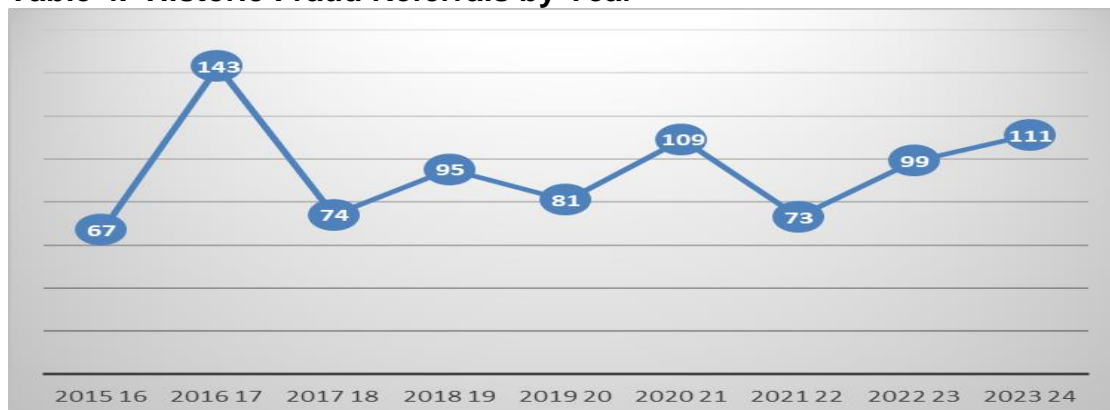
*\*Other includes Mandate & Payment/Payroll matters etc.*

**Table 3. Who is reporting fraud:**

Fraud Reported by Staff	Reports from Public	Data-Matching/ Proactive	Other Agencies	Total
41	66	2	2	111



**Table 4. Historic Fraud Referrals by Year**



30. As table 4 shows, the volume of fraud referrals, or allegations of fraud, has remained fairly stable for several years.
31. It should be emphasised that not every referral/allegation will need to be investigated as some allegations can be false, misleading, or simply incorrect. Every referral is risk assessed and sifted by the SAFS Intelligence Team to determine next steps. In total, 50 allegations received in 2023/24 were not selected for further investigation.

**Table 5. 'Failed' Referrals in year**

Failed Sift	No Action Required	Referred to 3 <sup>rd</sup> Party	SAFS Advice	Total
38	4	3	5	50

32. 'Failed Sift' is used where the allegation cannot be attributed to any service provided by the Council. 'No Action Required' are referrals where the subject can be identified but no error/fraud is apparent, or the Council is already aware of the facts reported in the allegation. Referrals that are passed to 3<sup>rd</sup> parties occurs where another agency, such as DWP or HMRC, is best placed to investigate the matter. 'SAFS Advice' occurs when guidance/advice/support has been provided to Council officers, but a full investigation is not required to resolve the allegation.
33. In addition to the referrals that did not require an investigation 48 'low risk' cases, including some carried forward from 2022/23, were resolved through compliance activity, warning letters or review. This approach identified around **£42k** in council tax and housing benefit fraud.
34. We continue to work with the Council's communication team to issue publicity encouraging local residents and businesses to report fraud and help protect public funds. The Council took part in the International Fraud Awareness Week each November 2023.
35. At this time many cases raised for investigation last year are still live. However, of the 8 cases investigated and closed in the year, 6 identified fraud - with recoverable losses/savings combined of **£61k** reported. Although the volume of cases reduced from the previous year, the value of fraud identified remains

similar to previous years, one of the reasons for this being the decision to deal with most matters reported at a lower level of intervention. Senior officers have been provided with a detailed breakdown of which services have been affected by fraud and the outcomes from individual investigations.

**Case Study 3: Undeclared income- National Fraud Initiative.**

*A resident of PUCKERIDGE who had claimed council tax support based on a low income since 2013 was found to be in receipt of additional income from 2017 that had not been declared as part of the main NFI exercise.*

*Further enquiries made by SAFS identified that a non-dependant had also been living at the property and their circumstances had not been taken into account in the claim between 2020 and 2023.*

*When these adjustments were applied to the council tax support claim between 2017 and 2024 and 'excess award' of £7,805 had occurred.*

*The Council decided not to take any other action due to the resident's co-operation with the investigation and arrangements to repay the sums overpaid.*

- 36. At year end of March 2024, 35 cases remained under investigation with an estimated fraud loss of £358k. These figures represent a reduction in the number of live cases, but an increase in the value of estimated fraud under investigation (31 cases and an estimate of £223k loss in March 2023). SAFS monitor these figures to identify trends, such as changing working practices, the cost-of-living crisis or other factors.

**Table 6. Fraud Investigations Closed by Year**



- 37. Although we are seeing a decline in the number of fraud cases requiring full investigation the number of cases being resolved through 'compliance' or the use of warning letters is increasing. Both methods are delivering increased outcomes in reported fraud identified and prevented.

38. As well as the financial values identified, SAFS works with the council's housing needs and nominations team where allegations of fraud impact on the Councils housing register or homelessness applications. These cases may not deliver an obvious financial value, but do assist in preventing fraudulent applications for housing.
39. In April 2023 the Fraud Advisory Panel (FAP) published a report 'Lost Homes-Lost Hope' following up from a paper published in 2021 by the Tenancy Fraud Forum 'Calculating Losses from Housing Tenancy Fraud', both papers were supported by CIPFA, CIFAS, the Cabinet Office and the Chartered Institute of Housing.
40. The 2021 report calculated the losses of an average housing fraud, per case, to the public purse to be in the region of £42k, of which £36k is attributable to the cost for local authorities through the provision of temporary accommodation as a result of the fraud.
41. East Herts Council does not hold stock and relies on social housing providers within the Councils boundaries to supply properties for residents in need of housing. These providers have neither the legislative powers nor the skills to investigate housing fraud or illegal sub-letting.

**Case Study 4: Social Housing Fraud**

Category	National Average cost	Explanation
<i>Add:</i> Annual average temporary accommodation cost per family for individual councils	£12,100	Individual councils can establish their own local cost for this element. This can vary considerably, exceeding £20,000 pa in some areas. (The national average figure was derived from the parliamentary briefing paper <i>Households in temporary accommodation</i> , as at 31 March 2020.)
<i>Deduct:</i> Individual councils (only) can remove the annual average housing benefit associated with their temporary accommodation costs	Does not apply to the national calculation	Local councils receive housing benefit payments from central government in relation to temporary accommodation costs. These could be deducted from the national figure to reach a net local cost. However, since these benefit payments are from central government they must be part of the calculation of the true cost of tenancy fraud to the national public purse.
<b>Subtotal</b>	<b>£12,100</b>	
Subtotal above multiplied by 3	£36,300	Analysis of tenancy frauds detected by housing providers reveals three years to be a prudent average duration for one of these frauds. (Typical range 3.2 to 3.5 years.)
<i>Add:</i> Average investigation costs	£1,300	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample from other HA's and councils. Individual councils may choose to input their own data here.
<i>Add:</i> Average legal costs	£1,000	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample of other HA's and councils. Individual councils may choose to input their own data here.
<i>Add:</i> Average void costs	£3,140	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample of other HA's and councils. Individual councils may choose to input their own data.
<b>Total costs</b>	<b>£41,740</b>	The average cost of a detected tenancy fraud to the national public purse - <b>approximated to £42,000.</b>

42. SAFS work with a number of social housing providers, to help identify fraud such as illegal sub-letting, fraudulent right-to-buy applications and other misuse of the social housing stock within the Councils boundaries.

43. As well as bringing prosecutions for those committing fraud the Council can also apply financial sanctions or penalties, in 2023/24 the council used financial sanctions on 15 occasions as an alternative to criminal prosecution.

**Case Study 5: Use of Financial Penalties.**

*SAFS received an allegation in November 2022 that a resident of Basbow Lane in Bishops Stortford was claiming a council tax discount.*

*Checks conducted with Council records showed that the resident was actually claiming council tax reduction (CTR) based on a low income as a single person.*

*Further enquiries revealed that other people were living at the address with the resident whom had not been declared and a review of the award of CTR between 2021 and 2023 resulted in an overpayment of £818.*

*2 civil penalties were issued for the 2 financial years of non-disclosure totalling £140 and the resident was required to repay the £818 awarded in council tax reduction.*

**Data Matching and Analytics**

44. The Council is required to submit data every two years as part of the Cabinet Office mandated [National Fraud Initiative - GOV.UK \(www.gov.uk\)](https://www.gov.uk). This exercise occurs every second year and for the Council datasets such as payroll, pensions, creditor/payments, housing benefit and council tax are required. The data collected from Councils, NHS and others is then analysed to identify discrepancies/fraud. The exercise also uses data from sources such as Operation Amberhill, HMRC, DWP and GRO.
45. The output, or 'matches', from NFI is released to Councils between February and March following the October data upload. These matches are shared in various formats for Councils to action. For the Council, SAFS and Internal Audit administer access to and reporting for those service areas that are required to provide a response.
46. The Council received 851 matches to review in a number of reports from the 2022/2023 exercise. Many of these matches require administrative review only and will not identify fraud, error, or savings, but it is essential that all are actioned and reported to avoid any fraud being missed and ensure that the Councils data is edited/updated.
47. Working with SAFS Council officers have reviewed a number of the high priority matches and some of the lower priority matches – in total 313 reviews were conducted identifying 23 errors and frauds, with reported loss/savings combined of **£63k**. Eight matches are still under review at present. It is disappointing that working with officers SAFS were not able to clear a higher number of matches.
48. Working with the Cabinet Office and its IT Provider for NFI, SAFS have developed a 'Hertfordshire FraudHub' for all SAFS Partners following the same process as the two-yearly exercise, but with data collected and matched more frequently throughout the year. In 2023/2024 SAFS identified a further 30 fraud/error matches resulting in **£53k** in savings through prevention. Again more

could have been done in this area with additional capacity and resource as many reports/matches went un-reviewed.

49. The Council shared Revenue and Benefits Service makes use of the County Council funded AnalyseLocal system that helps to identify potential fraud in the small business reduction scheme. Previously funded by SAFS this system has identified significant error/fraud in the data held by the Council. In 2023/2024 out of 62 discrepancies, 47 have been reviewed identifying 9 errors and new revenue of **£63k**. Six cases are still under review.
50. SAFS manages the Hertfordshire Council Tax Framework for all Councils across the County. This framework is funded by the County Council and provides a fully managed service to review discounts claimed by residents against their Council Tax liability. East Herts Council make use of the Framework in 2023/2024 to conduct a review of its 20k properties that were in receipt of a single person discount. After the review 538 discounts were removed generating new council tax bills with a value of **£349k**.

#### **Transparency Code – Fraud Data**

51. The Former Department for Communities and Local Government, now Department for Levelling-up Housing and Communities (DLUHC), published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.
52. The Code also recommends that local authorities follow guidance provided in the following reports/documents:

The National Fraud Strategy: *Fighting Fraud Together*  
(<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>)

CIPFA Red Book 2 – *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*  
([http://www.cipfa.org/media/files/topics/fraud/cipfa\\_corporate\\_antifraud\\_briefing.pdf](http://www.cipfa.org/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf))

53. The Code requires that Local Authorities publish the following data in relation to Fraud. The response for East Herts Council for 2022/23 is in **bold**:

- Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.

**Nil. (East Herts Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and makes use of the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf).**

- Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.

### **1.5 FTE**

- Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

### **1.5 FTE**

- Total amount spent by the authority on the investigation and prosecution of fraud.

**£89,180 (SAFS fee)**

- Total number of fraud cases investigated.

### **8 Fraud cases investigated and closed in year**

- 54.** In addition, the Code recommends that local authorities publish the following (*for East Herts Council Fraud/Irregularity are recorded together and not separated*):

- Total number of cases of irregularity investigated-

**See above**

- Total number of occasions on which a) fraud and b) irregularity was identified.

### **6 Occasions where fraud identified**

- Total monetary value of a) the fraud and b) the irregularity that was detected.

**Reactive - £68k fraud loss/savings reported.**

**Proactive- £63k of fraud was identified through NFI & £53k from FraudHub.**

**From Analyse Local - £63k Additional NNDR Revenue.**

**Council Tax (SPD) Review - £349k**

**Total - £596k of fraud and irregularity identified (in both loss and prevention).**

- Total monetary value of a) the fraud and b) the irregularity that was recovered.

**Not recorded separately**

## Appendices

55. The following appendices are attached to this report:

**Appendix 1 - SAFS/East Herts Council *Anti-Fraud Plan 2023/24* and associated papers.**

56. List of Background Papers - Local Government Act 1972, Section 100D

*(b)Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*

*(c)Fighting Fraud and Corruption Locally - A Strategy for the 2020's (CIPFA/CIF9AS/LGA 2020)*

*(d)Tackling Fraud in the Public Sector (CIPFA 2020)*

*(e)Code of Practice - Managing the Risk of Fraud and Corruption (CIPFA 2014)*

*(f) Fighting Fraud - Breaking the Chain (Report of Session 2022-2023 House of Lords)*

*(g)HMG Fraud Strategy - Stopping Scams, Protecting the Public (May 2023)*

*(h)Lost Homes, Lost Hope (Fraud Advisory Panel 2023)*