

TITLE OF REPORT: UPDATE ON SHARED ANTI-FRAUD SERVICE (SAFS)

REPORT OF THE HEAD OF REVENUES, BENEFITS & INFORMATION TECHNOLOGY
EXECUTIVE MEMBER: COUNCILLOR T.W. HONE

1. SUMMARY

1.1 To provide Members with information on:

- The progress made by the new Shared Anti-Fraud Service (SAFS) since its launch on 1 April 2015
- The progress made against the SAFS Business Plan for 2015/2016
- The proposed SAFS/NHDC Anti-Fraud Action Plan for 2016/2017
- A Presentation of the The European Institute for Combatting Fraud and Corruption (TEICCAF) *Fraud Briefing* for NHDC
- A proposed Fraud Prosecution Policy to deal with detected fraud within the Council's services

2. RECOMMENDATIONS

- 2.1 That Members note the progress of the Shared Anti-Fraud Service in its first year.
- 2.2 That Members note the progress against the SAFS Business Plan for 2015/2016 (Appendix 2).
- 2.3 That Members approve the SAFS/NHDC Anti-Fraud Action Plan for 2016/2017 (Appendix 3).
- 2.4 That Members note the content of the TEICCAF Fraud Briefing (Appendix 4).
- 2.5 That Members comment on a new Fraud Prosecution Policy for use from 1 April 2016 (Appendix 5).

3. REASONS FOR RECOMMENDATIONS

- 3.1 To enable Members to monitor the progress and development of SAFS.
- 3.2 To keep Members advised on current fraud matters.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Alternative options are not relevant to this report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There has been no consultation with Members or external organisations.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 According to reports from the now disbanded Audit Commission, The National Fraud Authority, The National Audit Office (NAO), and Cabinet Office, it is agreed that fraud loss across local government in England stands at around £2.2billion each year.
- 7.2 The Cabinet Office, Department for Communities and Local Government, NAO, and CIPFA have also issued guidance, advice, and best practice directives to support 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 resources in counter fraud activities that deliver savings.
- 7.3 Members received a report in September 2015 about the creation of a Shared Anti-Fraud Service (SAFS) across Hertfordshire and how this service would work closely with the Council's Internal Audit Service in a two year pilot.
- 7.4 NHDC was one of the major supporters for the SAFS Project, which was established to look at the risks of fraud once the Housing Benefit Fraud function within District Councils moved to the DWP. This new service was launched on 1 April 2015.
- 7.5 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 fraud.

8. ISSUES

SAFS Update

- 8.1 The SAFS team is composed of nine FTE staff structured as follows

Role	Abbreviation	No. of Posts
Counter Fraud Manager	CFM	1
Counter Fraud Assistant Manager	CFAM	1
Counter Fraud Officers	CFO	5
Counter Fraud Assistants	CFA	2

- 8.2 It is the intention that each SAFS Partner receives dedicated support and response from the Team in a transparent way. At present the most effective way to do this is by allocating one SAFS Team Officer to each Partner. This Officer will then be the first point of contact for that partner's services, and will assist in developing co-operative relationships at a service level, delivering training, and working on local pilot projects.
- 8.3 Tracy Reeves is the SAFS Counter Fraud Officer (CFO) working with this Council. Tracy is a fully accredited Investigator with more than 20 years' experience.

Fraud Awareness and Reported Fraud

- 8.4 One of the key elements of a successful service is for SAFS to ensure that fraud can be reported by both staff and the public. The Council's website and intranet both have options for the public and staff to report suspected fraud.
- 8.5 SAFS has its own webpage – www.hertsdirect.org/reportfraud which has an online reporting tool, a hotline (0300 123 4033) and a secure email account for reporting fraud – fraud.team@hertscc.gcsx.gov.uk. These contact details have been added to NHDC's own website to capture all fraud reported to the Council.
- 8.6 Between April and December 2015, SAFS received over 600 allegations of fraud across all of its Partners. The details of reported fraud at NHDC are shown in the tables below.

8.6.1 The Types of fraud being reported:

Council Tax Discount Fraud	Council Tax Support Fraud	Housing Fraud*	Other Fraud**	Total
13	63	8	8	92

**for NHDC 'Housing Fraud' relates to housing application/ homelessness fraud*

*** This includes fraud relating to Grants, Payment, Business Rates.*

8.6.2 Who is reporting Fraud:

Fraud Reported by Staff	Reports from Public	Cheater Campaign	Other & Legacy Cases	Total
46	33	11	2	92

8.6.3 The outcome of cases closed:

Closed No Action Req'd	Closed Proved/ Advice	Closed Not Proved	Total
23	4	2	29

8.6.4 The status of cases still under investigation is as follows:

Intel Checks	Pending Investigation	Live Investigations	Pending Decision	Total
3	20	36	3	63

- 8.7 The number of cases closed as 'No Action' is high as a percentage at present as there were a number of 'legacy' cases that have been closed when the HB fraud file was passed to the DWP. We expect to see a substantial increase in the number of cases closed as 'proved', indeed all of the cases currently pending are awaiting the issue of penalties/sanction by the Council as a result of proven fraud.

- 8.8 To the end of December 2015 SAFS has identified fraud losses of around £450k across all partners and savings in excess of £2million. The latter has resulted from some large procurement/contract irregularities reported to SAFS. For NHDC fraud losses of £27k have been identified and further saving of £57k.

Pilot Projects

- 8.9 SAFS has worked with the Council's Revenues Team to identify potential fraud around empty properties and unreported businesses and this has been very effective.
- 8.10 SAFS is also providing support to the Council around its Grant arrangements and how these are paid in light of recent publicity and guidance from the Charity Commission.
- 8.11 SAFS and NHDC were selected to be a pilot site for joint working with the Department for Work and Pensions from November 2015. NHDC is one of only six sites across England and Wales for this project. This work has progressed well with staff from SAFS and DWP working together and sharing information to assist in fraud investigations where there is a joint interest.
- 8.12 SAFS has worked with all the Housing Benefit Teams in the District Councils across Hertfordshire as well as the County Council's Care Commissioning Teams to deal with a highlighted risk of fraud, wherein Housing Benefit is paid to vulnerable tenants in 'supported accommodation'. This exercise culminated in a SAFS hosted training event held at North Herts District Council in January 2016, which was attended by 40 delegates from Districts and the County Council.
- 8.13 SAFS is hosting a cyber-crime training and awareness session for all the IT Managers and their staff in March 2016. This event is free for SAFS Partners to attend.
- 8.14 SAFS is leading on the development and procurement of a county-wide data matching exercise to identify fraud in Council Tax, particularly around fraudulent discounts and exemptions, as well as Business Rates, empty homes, and Council Tax Reduction Schemes. This will be introduced in the summer of 2016 for all Districts, and will be funded by HCC and all participating Districts.
- 8.15 To raise the profile of SAFS and its role across Hertfordshire it is important that it maximises public exposure. A publicity campaign, using posters, leaflets, and social media was launched across Hertfordshire between October and November 2015 and supported by the Communications Teams in all SAFS Partners. The Campaign titled 'Spot the Cheat in Your Street' was a huge success, with over 60 reported matters and over 500 hits per week on the SAFS webpage in a four week period.

Performance against Anti-Fraud Action Plan 2015/2016

- 8.16 The Council has in place an Anti-Fraud and Corruption Policy, seen at Appendix 1. This strategy lays out the Council's position, and includes a Fraud Response Plan providing advice to Members, Senior Officers and staff about how to deal with identified fraud. This document pre-dates SAFS and will be reviewed in 2016 but at present it meets the best practice guidance from CIPFA.
- 8.17 A copy of the 2015/2016 SAFS Business Plan and progress against this can be found at Appendix 2. Activity against the plan includes key dates for delivery.
- 8.18 All of the objectives set in the 2015/2016 plan have been achieved, or are well on the way to delivery.

Proposed SAFS Anti-Fraud Action Plan 2016/2017

- 8.19 Due to the success of the format and delivery of the 2015/2016 plan, the plan for 2016/2017 uses the same format with some slight changes to roles or the delivery dates. The plan is shown at Appendix 3.
- 8.20 Adherence to the proposed plan for 2016/2017 will ensure compliance with the Council's own Strategy, and the best practice issued by central government, NAO, and CIPFA.

SAFS Reports 2016/2017

- 8.21 SAFS will provide a full report to this Committee in July 2016 on the Council's anti-fraud performance and SAFS activities in 2015/2016. This will include the number of, and types of, cases investigated with outcomes and the financial savings identified from all anti-fraud activity. In March 2017 SAFS will provide a revised Anti-Fraud Business Plan for 2017/2018

Fraud Briefing presented by The European Institute for Combatting Fraud and Corruption (TEICCAF)

- 8.22 TEICCAF was established in 2015 following the disbanding of the Audit Commission. It provides support and assistance to Local Government across the UK, including an annual survey of fraud to which NHDC subscribed in 2015.
- 8.23 The survey conducted in 2015 has been used by TEICCAF to provide fraud briefings to those Councils that submitted data, to help them benchmark against other Councils and highlight areas of emerging fraud.
- 8.24 The fraud briefing attached at Appendix 4 is for NHDC's sole use; it is not published and all the data regarding other Agencies is anonymised to prevent its use by potential fraudsters.

Fraud Prosecutions/Sanctions Policy

- 8.25 Due to the varied types of fraud being investigated across services provided by the Council it has been necessary to create a new policy that states how offenders will be dealt with where fraud is identified.
- 8.26 The draft policy as Appendix 5 includes various options for disposal, using the appropriate legislation for each and outlining how the decision making process will be followed.
- 8.27 The Committee is asked to approve this new policy for use from April 2016, superseding any previous policies that dealt with benefit fraud prosecutions and having regard to the Councils published 'Statement of Enforcement Policy'.

9. LEGAL IMPLICATIONS

- 9.1 SAFS has been formally constituted through a Partnership Agreement, which requires twice-yearly reports to each Partner Council's relevant Committee.

10. FINANCIAL IMPLICATIONS

10.1 There are no financial implications to this report.

11. RISK IMPLICATIONS

11.1 There are no risk implications to this report. There are however, risk register entries on Covalent relating to this new partnership arrangement as well as the types of fraud that the Council may be subject to.

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.3 The best possible prevention of fraud enables each authority to ensure that those most in need for financial and other support receive their full entitlement, whilst also making sure that those who seek to abuse such systems are discovered and public money duly returned.

13. SOCIAL VALUE IMPLICATIONS

13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no Human Resources implications to this report.

15. APPENDICES

15.1 Appendix 1 – Anti-Fraud and Corruption Policy.

15.2 Appendix 2 – SAFS Business Plan 2015/2016.

15.3 Appendix 3 – Proposed SAFS Anti-Fraud Action Plan 2016/2017.

15.4 Appendix 4 – TEICCAF Fraud Briefing.

15.5 Appendix 5 – Draft Fraud Prosecutions & Sanctions Policy.

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17. BACKGROUND PAPERS

- 17.1 None.