



North Hertfordshire District Council

Progress with delivery of the 2020/21 Anti-Fraud Plan

December 2020

Recommendation

Members are recommended to:

- Review the progress made in delivering the 2020/21 Anti-Fraud Plan.
- Review the performance of SAFS in meeting its Key Performance Indicators in 2020/21.

Contents

Introduction

1. Background
2. Summary of anti-fraud activity at NHDC- April-October 2020

Appendix

- A. NHDC/SAFS Anti-Fraud Plan 2020/21
- B. SAFS KPI Performance to October 2020

Introduction

This report provides details of the work undertaken by officers and the Shared Anti-Fraud Service (SAFS) to protect the Council against the threat of fraud and in delivering the Council's 2020/21 Anti-Fraud plan.

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 where 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 the current Anti-Fraud Plans are based, however, much of the format/themes/content of the previous document are retained with key changes around the governance and 'ownership' of anti-fraud and corruption arrangements that the Council have already developed mature polices around.

Tackling Fraud in the Public Sector 2020. In 2019 CIPFA commissioned a survey and several round table events for senior managers from across 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 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 £2.billion 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 North Hertfordshire District Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has previously received 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 2020/21

Staffing & Resources

- 2.1 In March this year 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 SAFS KPI Performance.
- 2.2 The SAFS Team for 2020/21 is composed of 18 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 this is achieved by allocating officers to work at each Partner, but also allowing all officers to work with different Partners from time to time. Providing the Service in this manner allows staff to develop working relationships with Council staff, whilst providing improved resilience and flexibility across the whole partnership. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
- 2.4 For 2020/21 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, based at Stevenage, which includes expertise in open source investigations, data-matching, data-analytics, specialist training and financial investigations.

Fraud Awareness and Prevention

- 2.5 One of the key aims for the Council is to continue to maintain an 'Anti-Fraud' culture that will deter fraud; encourage senior managers and Members to consider the risk of fraud when developing policies or processes thereby preventing fraud; encourage staff and the public at large to understand the impact of fraud on the Council and to report fraud where it is identified.
- 2.6 Council and SAFS officers will be reviewing the Councils Fraud Prevention Policy to ensure that this meets current best practice and guidance with particular regard to the latest Fighting Fraud Locally Strategy published this year.
- 2.7 The Council will take part in several fraud awareness/prevention campaigns in the current year including the International Fraud Awareness Week in November. These campaigns encourage residents to report any fraud that they suspect which may impact on the Council or the services it delivers.
- 2.8 SAFS works with the communication teams at all partners developing social media campaigns with shared messages across Hertfordshire. The last social media campaign in August 2020, using the tag-line 'Fraudsters aren't on Furlough', reached more than 330k residents across the County and increased visits to the SAFS webpages to over 700 a week.
- 2.9 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.north-herts.gov.uk/home/benefits/report-fraud>. None of these functions replace the Council's own Whistleblowing reporting procedures. Council staff can use the same methods to report fraud and they can speak directly to the SAFS officers working with the Council.
- 2.10 Alongside the Councils HR team SAFS maintains the delivery of its E-training package for staff to raise awareness of fraud and includes modules covering bribery and money laundering as well. 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

2.11 Between April and October SAFS has received a total of 66 allegations of fraud across Council services.

Table 1. Types of fraud being reported (66 Referrals)

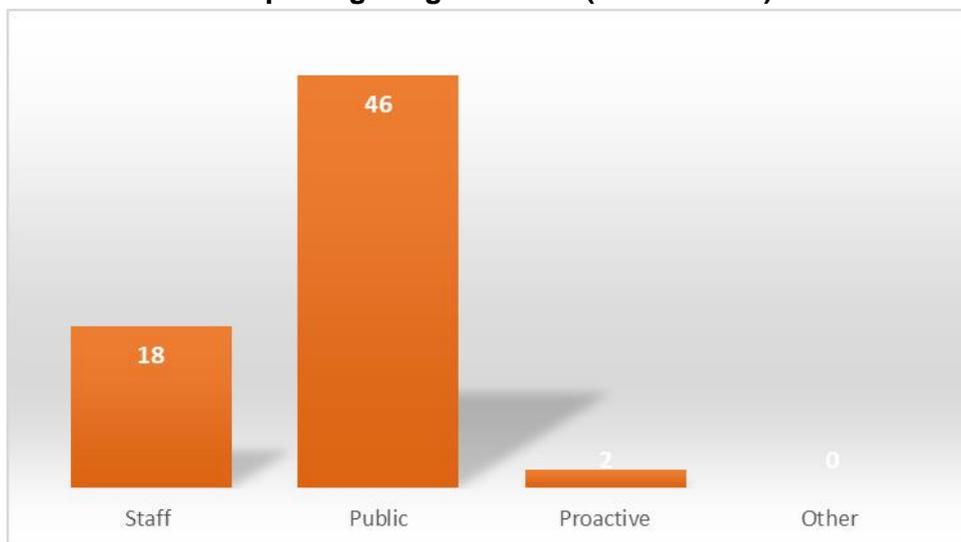


'HB/CTax- Housing Benefit/Council Tax Reduction Scheme/ Single Person Discounts.

Business Rates all relate to Covid Grant applications.

'Other' were all matters that did not affect the Council directly.

Table 2. Who is reporting alleged fraud? (66 Referrals)



'Proactive' (2 cases) arose from the use of data matching/ analytics activity

2.12 Reporting of fraud has increased slightly this year and this may be due to several proactive publicity campaigns although staff reporting is still quite low. One reason for the low numbers for staff may have been the response and focus on the Covid Pandemic and the lack of visibility of a fraud presence in the 'virtual' workspace. We have seen this at other SAFS Partners and are developing ways to help staff better understand their service fraud risks and how to report suspected fraud.

- 2.13 SAFS carried forward 25 live cases from 2019/20 and currently 49 cases are open and under investigation with estimated fraud losses/savings of £380k.
- 2.14 At the time of this report many cases raised for investigation are still in the early stages, however, of the 10 investigations closed in year fraud loss and savings of £28k have been reported.

‘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.

- 2.15 A significant number of cases have been delayed or suspended due to the restrictions with face to face interviews resulting from social distancing rules. 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 in response to the Covid crisis.

SAFS Response to Covid-19

- 2.16 SAFS moved to a home working service following Government and Council guidance in mid-March and this has remained the case since.
- 2.17 It became apparent very quickly that the Covid-19 outbreak and the various responses to it, both nationally and locally, would create opportunities for fraudsters to exploit. In February 2020, the Government had published its ***Fraud in Emergency Management and Recovery principles***, and SAFS recent close involvement with the Cabinet Office put us in unique position to be able to share this guidance with those involved in the county-wide response to the outbreak and our own support for SAFS Partners.
- 2.18 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. SAFS staff undertook several data-cleansing exercises for the various grant schemes and are now using Destin and other systems to provide post payment assurance for all grant schemes. This has included preparation for an extension of these schemes during the second lock-down in November.
 - SAFS also provided guidance and support to NDR Teams on the services provided NAFN, CIFAS and the ‘Spotlight’ system from the Cabinet Office. Currently, SAFS have several cases under investigation where fraudulent applications for grants appear to have been made and we are working closely with the NDR team to resolve these.
 - Enhanced alerts around mandate / phishing frauds from national bodies including Cabinet Office, CIFAS/CIPFA/ NFIB, Herts Police and NAFN. We are providing alerts to all SAFS Partners of new and emerging fraud threats and, where these are being identified or reported by SAFS Partners, we are sharing this intelligence with Action

Fraud, Trading Standards, NCSC and CIFAS. This activity also applies to local businesses that have also been targeted using similar methods and we are working with the local police business watch scheme- OWL.

- SAFS is assisting in a national scam email received by local councils attempting to obtain data about local businesses in the hospitality, retail and pharmacy sectors.
- Phishing emails sent to residents purporting to be from local councils or central Government offering grants/refunds - these can range from the obviously fraudulent to very clever emails closely mimicking genuine HMRC correspondence. We have set up a specific alert with SAFS Partner customer service teams and the County Councils Trading Standards Service so that we can collate and share this intelligence nationally.
- SAFS has been liaising nationally and regionally with other LA groups and counter fraud services and utilised it's 'Knowledge Hub' pages to share best practice and initiatives with LACAN, South East Counter Fraud Group, London Fraud Forum and others. These networks have provided assurance that SAFS response is targeted on the right areas for the all partners including North Hertfordshire District Council.

Proactive and Prevention Activity

- 2.19 SAFS manages the framework contract for all councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. These services are provided with split in costs between Hertfordshire County Council, the Police and Crime Commissioner, and district and borough councils. The Councils Revenue Service plan to make use of this Framework in 2020/21.
- 2.20 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. Although this partnership approach has been suspended temporarily following the redeployment of all DWP fraud staff. SAFS continues to provide an investigation function into allegations of Housing Benefit fraud.
- 2.21 Officers have ensured the Council's compliance with the National Fraud Initiative (NFI). 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 next extract and upload of data from the Council is due in October, as part of NFI 2020/21, and SAFS offered support to Council officers to make sure that relevant data-sets were identified and officers trained to conduct the upload in accordance with legislation.
- 2.22 The Council joined the Hertfordshire FraudHub in 2019. 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.

Appendices

- A.** NHDC Anti-Fraud Plan 2020/21
- B.** SAFS KPI performance