



North Hertfordshire District Council

Progress with delivery of the 2021/22 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2021/22 Anti-Fraud Plan**

Contents

Introduction

1. Background
2. Summary of anti-fraud activity at NHDC- April- September 2021

Appendix

A. NHDC Anti-Fraud Plan 2021/22

B. SAFS KPI performance

Introduction

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.

Recent reports have been provided to Council officers and are being 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.

Fighting Fraud and Corruption Locally a Strategy for the 2020's. This document replaces the previous 2016-2019 Strategy on which all current Anti-Fraud Plans are based however, much of the format/themes/content of the previous document are retained with key changes being around the governance and 'ownership' of anti-fraud and corruption arrangements.

Tackling Fraud in the Public Sector 2020. In 2019 the Chartered Institute of Public Finance and Accountancy (CIPFA) commissioned a survey and several 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 Local Government Association (LGA) & Ministry of Housing and Local Government (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 and reducing 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 £2billion each year, with some more recent reports indicating levels considerably above this.
- 1.2 The Cabinet Office, Department for Levelling Up Housing and Communities (formerly MHCLG), National Audit Office (NAO), and CIPFA have issued advice, and best practice guidance, to support local councils in reducing the risk of fraud and preventing 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 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 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.

2. Anti-Fraud Activity 2021/22

Staffing & Resources

- 2.1 In March 2021 (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 this year is composed of 20 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 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, systems & data to conduct their enquiries.

- 2.4 For 2021/22 SAFS has deployed one Counter Fraud Officer to work exclusively for the Council, and 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 and financial investigations.

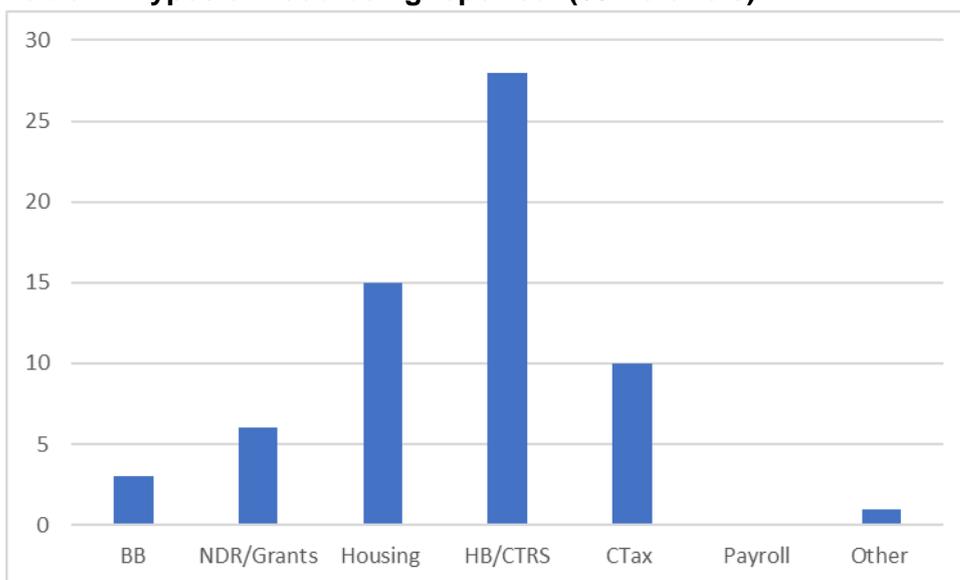
Fraud Awareness and Prevention

- 2.3 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 Councils stance on fraud and corruption.
- 2.5 Council and SAFS Officers are currently reviewing the Councils anti-fraud policies including revisions to anti-money laundering and the use of sanctions for use in more serious incidences of fraud.
- 2.6 The Council took part in the International Fraud Awareness Week in November with activity using social media and new stories published by the Councils communication team. These campaigns encouraged residents to report fraud and provide assurance that the Council treats fraud as a serious matter and acts on those reports. SAFS worked with the communication teams in all Partners to develop shared social media campaigns to cover the whole County.
- 2.7 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 on the Councils own website www.north-herts.gov.uk/report-fraud and intranet. 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.
- 2.8 Working with the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud, bribery, corruption and money laundering. This training package is hosted on the Councils intranet. Additional training for front line staff is being agreed with service leads and will be delivered via Teams/Zoom for the remainder of this year.
- 2.9 SAFS work closely with the Shared Internal Audit Service (SIAS). The Audit Plan for the Council provides additional assurance about the processes and systems in place and how these assist in preventing fraud and corruption occurring.

Counter Fraud Activity & Reported Fraud

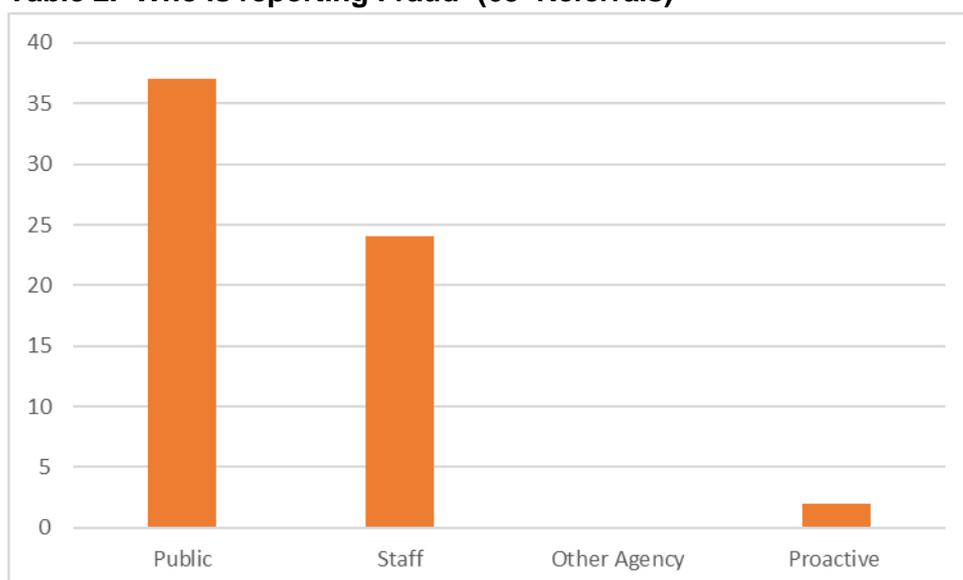
2.10 Between April and September SAFS received 63 allegations of fraud affecting Council services. Allegations of fraud have remained comparable to 2020/21 when at the same time 66 allegations had been received. Not all cases reported to SAFS require a full investigation, some can be dealt with administratively or are best referred on to other agencies including the police, HMRC or DWP, and some can be dealt with through compliance activity. For the Council 24 cases were treated in this way in the first half year.

Table 1. Types of fraud being reported- (63 Referrals)



'HB/CTax'- Housing Benefit/Council Tax Reduction Scheme/ Single Person Discounts
 'NDR'- National Non-Domestic Rates or Business Rates.

Table 2. Who is reporting Fraud- (63 Referrals)



'Proactive'- includes all data matching/ analytics activity

2.11 SAFS carried forward 37 live cases from 2020/21.

2.12 At the time of this report many of the referrals raised for investigation are still in the early stages and of the 41 live cases the estimated fraud loss/savings combined exceed £223k. Of 17 cases investigated and closed so far this year fraud losses/savings of just over £127k have been identified from 14 cases where fraud was identified. A further 18 cases have been selected for low level compliance, warning letters or were closed as not warranting further investigation.

'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.

2.13 A number of cases continue to be delayed or suspended due to the restrictions with face-to-face interviews imposed by 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 diverted to the delivery of Universal Credit during the Covid crisis.

2.14 SAFS has arrangements in place to work with Clarion Housing, Catalyst Housing and Settle Group to assist in the investigation and recovery of social housing due to illegal misuse including sub-letting or key-selling of properties. Two cases are currently being worked on, within the Councils boundaries, with the intention that once recovered these properties will be made available to families from the Councils Housing Register.

2.15 SAFS works 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.

SAFS Response to Covid-19

2.16 Throughout 2020/21 SAFS provided senior officers and this committee with reports detailing how we were working with officers to deal with the many new and emerging fraud threats related to the national and local response to the Covid Pandemic. As we move into a post pandemic/recovery phase SAFS continues to provide similar support.

2.17 In February 2020, the Government had published its ***Fraud in Emergency Management and Recovery principles***, we have shared this guidance with those involved in the response to the outbreak.

2.18 The areas that have seen the most focus from SAFS have been as follows:

- Support with the Small Business Relief (SBR) Grant/ discount schemes. This includes providing guidance and support to revenue team with the services provided National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service (CIFAS) and the Governments 'Spotlight' system.
- Enhanced alerts around mandate / phishing frauds targeting staff working from home from bodies including Cabinet Office, CIFAS, CIPFA, National Fraud Intelligence Bureau (NFIB), OWL Service (Herts Police), National Cyber Security Centre (NCSC) and NAFN.
- SAFS is assisting in a national scam email to local councils attempting to obtain data about local businesses in the hospitality and pharmacy sectors.
- Phishing emails/texts sent to residents purporting to be from local councils, NHS or Government offering grants/refunds.
- SAFS has been liaising nationally and regionally with other counter fraud services to share best practice as well as requesting support and guidance, including the South East Counter Fraud Group, London Fraud Forum (LFF), London Borough Fraud Investigators Group (LBFIG) and others.

Proactive and Prevention Activity

- 2.19 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 with work commencing from November 2021.
- 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. But, as mentioned already may cases are delayed due to DWP staff being redeployed as part of the national response to the Covid pandemic.
- 2.21 SAFS officers ensured the Council's compliance with the National Fraud Initiative (NFI) 2021/22. The NFI is a nationwide statutory anti-fraud data sharing exercise conducted by the Cabinet Office every two years across local and central government.

- 2.22 The upload of data took place in October 2020 with the output from this being received between February and March 2021- see tables 3A & 3B below. SAFS and Council officers are still working through the reports/matches at present.

Table 3A. NFI Activity Main exercise

Total Matches received 2020/21	High Priority Matches	Matches Reviewed end September 2021	High Priority Matches Outstanding end September 2021	Total loss detected
1159	569	760	399*	£11,634

**The focus at present is on high priority matches.*

Table 3B. NFI SPD and Covid Grants reports

Report	Matches	Matches Reviewed end September 2021	Matches Outstanding end September 2021	Total loss detected
SPD*	1195	77	1118	£0
Covid Grants**	99	0	99	£0

**SPD cases are being reviewed by SAFS but this work only commenced in September.*

*** Covid Grant discrepancies are being reviewed by Council officers. We suspect an error in the data has caused the high number of matches rather than actual fraud.*

- 2.23 The Council joined the Hertfordshire FraudHub in April 2021. 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 detecting it sooner. The upload of data into the FraudHub began in earnest in July 2021. To date data from Council Tax/ Housing Benefit/ Payroll/ Electoral Roll/Housing Register have been shared and 1,052 matches reported. These matches are under review at present and this first use of the Hub to ingest the volume of data will create many duplicate matches (to the main NFI exercise and in itself) as we build the artificial intelligence to understand the Council's data so that false positives can be eradicated in future.
- 2.24 Additional data matching hosted as part of the ongoing national NFI exercise will be conducted in early 2022 with council tax data and, data held about covid grants back to April 2020 being reviewed. SAFS and Council officers are working on the submission of data for these projects at present.
- 2.25 The extended use of the main NFI exercise, the FraudHub and the Council Tax Review Framework will all ensure that the Council maximises the availability of technology and partnerships to help prevent fraud occurring and detect fraud quickly.