



North Hertfordshire District Council

Anti-Fraud Plan 2022/23
&
Anti-Fraud Activity update 2021/22

Recommendation

Members are recommended to:

1. Approve the Anti-Fraud Plan 2022/23; and
2. Note the activity to protect the Council against fraud and corruption in 2021/22

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1 Purpose

- 1.1 This report provides details of the Council's anti-fraud and corruption arrangements for the current year, 2021/22, and the proposed Anti-Fraud Plan for 2022/23. The Plan for 2022/23 ensures that the Council considers and acknowledges the risk of fraud, has in place appropriate policies and processes to deter/prevent/investigate fraud, and that senior officers understand their role in protecting the Council against fraud.

2 Background

- 2.1 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 wherever possible. Details of these reports and other recommend reding for Committee members can be found **at Section 5** of this report.
- 2.2 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. Fraud is now the most commonly reported crime in the UK and poses a particular risk to organisation with statutory duties to provide public services.
- 2.3 The Cabinet Office, The Department for Levelling Up, Housing and Communities (DLUHC) (formerly the 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 vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities.
- 2.4 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.
- 2.5 North Hertfordshire District Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this committee have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution, working with services and Council staff at all levels.

3 Anti-Fraud Plan 2022/23

- 3.1 The reports and papers mentioned previously and guidance recommend that organisations have effective and robust counter fraud and corruption measures. These measures must include the acknowledgement of fraud and corruption as a tangible risk, policies and procedures to deter and prevent fraud and resources to

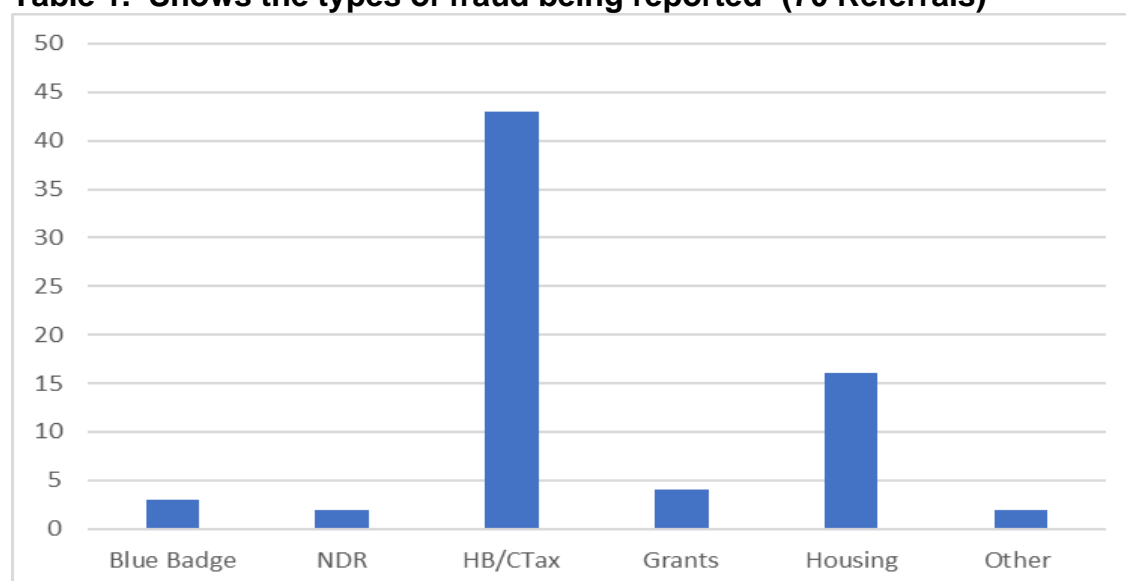
investigate fraud and recover losses. Above all an organisation should have a plan to protect itself against fraud and corruption.

- 3.2 Council officers and SAFS develop an anti-fraud plan each year and the proposed plan for 2022/23 is attached for approval by this Committee.
- 3.3 The Anti-Fraud Plan for 2022/23 has been designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) by adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue. A copy of the Anti-Fraud Plan is attached at **Appendix A**.
- 3.4 In 2021 we adopted the FFCL checklist as a 'To-do' list and we will continue to use this to track responsibility for action/objectives to demonstrate how the Council is doing, rating each are in the checklist and providing evidence to support this.

4. Anti-Fraud Activity 2021/22

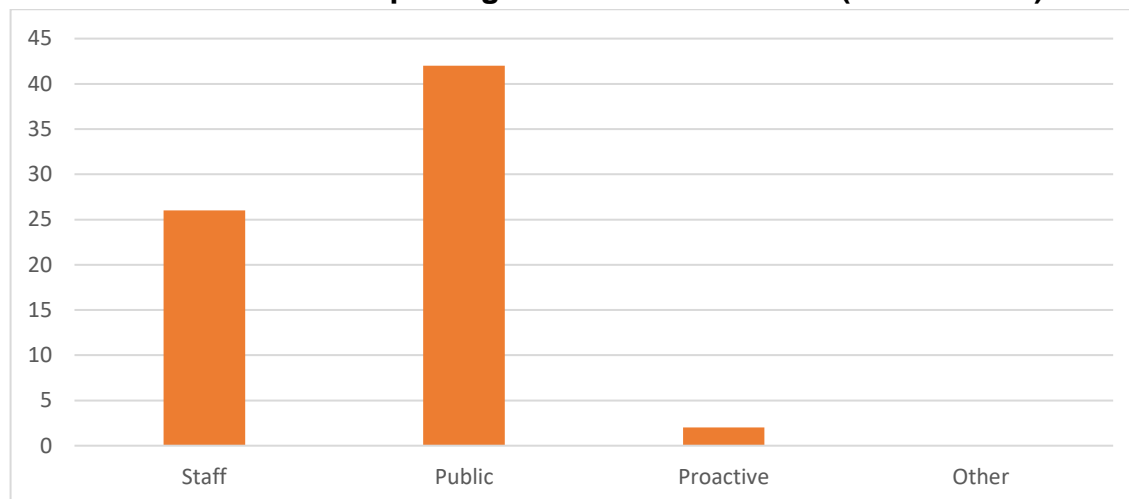
- 4.1 Between April and December 2021 SAFS received 70 allegations (referrals) of fraud affecting Council services – this is down somewhat on the same period last year (88). It should be noted that these are only allegations at this stage and not all will need to be investigated. However, every referral received will be reviewed, risk-assessed and appropriate action taken.
- 4.2 Table 1 shows the number of allegations of fraud received by the Council and which services these relate to. The majority of matters, 43, relate to council tax and/or housing benefit. Four referrals classified as 'Grant' fraud include Covid business grants. Two cases recorded as 'other' did not relate to the Council directly.

Table 1. Shows the types of fraud being reported- (70 Referrals)



- 4.3 Table 2 shows who is reporting suspicions of fraud to the Council. Of the 70 matters reported the majority, 42, were reported by the general public, 26 by staff and 2 from proactive work including data-analytics.

Table 2. Shows who is reporting Fraud to the Council- (70 Referrals)



'Proactive; includes the use of data-analytics where fraud identified.

- 4.4 SAFS carried forward 37 live cases from 2020/21 and currently 39 cases are open and under investigation with estimated fraud losses/savings of £147k.
- 4.5 At the time of this report many cases raised for investigation are still in the early stages, however, of the 26 investigations closed in year fraud loss/savings in excess of £155k have been reported.

'Fraud Loss' is fraud that 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.

- 4.6 A significant number of cases have been delayed or suspended due to the restrictions with face-to-face interviews resulting from 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 have been redeployed during the Covid crisis.
- 4.7 Fraud awareness training has been delivered to Council Officers during 2021/22 via virtual training events and team meetings that have been very well attended. SAFS have worked with the National Anti-Fraud Network (NAFN) to roll out further staff training in maximising the use of the fraud/error/debt recovery services provided by NAFN. SAFS have also supported Council officers using the various National Fraud Initiative (NFI) programmes in 2021/22 and continue to do so.
- 4.8 Since early 2021, a focus of SAFS work has been to work with Council officers to ensure that the Council has been able to deal with the output from the National Fraud Initiative (NFI). The Council received a number of reports in February 2021 and 1,202 individual data matches to review. The NFI matches data between bodies that is collected in October and shared with participants the following

February, this results in numerous 'false-positive' matches and many matches which just need administrative action as opposed to fraud investigation.

- The Council received 1,202 matches as part of the main exercise. These matches covered areas such as Housing Benefit/ Council Tax/ Housing/ Creditors/ Payroll- 618 of these were highlighted as 'priority' matches. By the end of December 2021 395 priority matches had been fully reviewed but, a significant number are still under review at present. The vast majority of Housing/Creditors/Payroll matches have been cleared and £11,634 of fraud prevented so far.
- The Council received a report with 1,195 matches in a separate NFI exercise focused entirely on council tax discounts. As mentioned above this can create a large number of false positives and needs intervention to resolve to ensure that council tax data is accurate both to improve collection rates and ensuring the Council Tax Base assessment is correct. SAFS staff are currently reviewing these matches and reporting outcomes to the Revenue Team.
- The final report from NFI in 2021 was used to review the Councils data for the payment of grants to businesses as part of the Covid response between 2020 and 2021. All of the data held by the Council about those grants was reviewed as part of this report by the Cabinet Officer and matches to grant data held by every other Council in England & Wales, HMRC, Banks and Companies House. The Council received a report in 2021 indicating that 99 Grant awards needed further review although, as with other SAFS Partners who have already completed this work, we do not anticipate that this will reveal any fraud due to high levels of pre-payment checking that the Council put in place.
- As we are now in a position to start using Council data in the Herts-FraudHub we tested this successfully in 2021 with some basic date-sets. We are now loading data from housing benefit/ council tax/ electoral roll /payroll/ housing register. on an agreed schedule. To the end of January 2022 matches for review were identified in housing benefit/ council tax/ and payroll and these are under review by the relevant service areas at present.

4.9 As part of the Government and Council's ongoing response to the Covid-19 pandemic, SAFS continues to provide the following additional services:

- Support with those ongoing Business Grant schemes.
- Assistance and support on new schemes to support residents who are required to self-isolate.
- Review of new grant schemes that the Council may need to operate during local/national lock-downs that may happen in the future as a result of increased infection rates. SAFS are offering support to Council officers to review the various grant applications related to the OMICRON variant where this is required.

- Enhanced provision of alerts around mandate and phishing frauds from national bodies including National Fraud Intelligence Bureau, National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service and CIPFA (Chartered Institute of Public Finance and Accountancy).
- 4.10 Council Officers are reviewing the current Fraud Prevention Policy and other related policies.
- 4.11 A detailed report of all counter fraud activity undertaken in 2021/22 will be provided to this Committee in the early summer 2022.

5. Further Reading

- *Councillors Workbook on Bribery & Fraud Prevention*
- *Fighting Fraud and Corruption Locally a Strategy for the 2020's.*
- *Tackling Fraud in the Public Sector.*
- *COVID-19 Counter Fraud Measures Toolkit.*
- *UK Annual Fraud Indicator 2017.*
- *Fraud and Corruption Tracker 2019.*
- *United Kingdom Anti-Corruption Strategy 2017-2022.*
- *Local Government Transparency Code.*
- *The National Fraud Strategy: Fighting Fraud Together.*
- *CIPFA Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption.*