



North Hertfordshire District Council

Anti-Fraud Plan 2018/2019

Recommendations

Members are recommended to:

1. Note the report
2. Review and approve the SAFS/NHDC Anti-Fraud Plan 2018/2019.
3. Read and review the LGA Councillors Workbook on Fraud and Bribery Prevention 2017

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Appendices.

- A. LGA Councillors Workbook- Fraud and Bribery Prevention
- B. NHDC Anti-Fraud Action Plan 2017/2018

1 Introduction and Background

Purpose of Report

1.1 To provide Members with information on:

- Progress on the SAFS/NHDC Anti-Fraud Action Plan for 2017/2018
- A proposed SAFS/NHDC Anti-Fraud Plan 2018/2019
- Transparency Code Data

Background

1.2 Several reports issued by Government and public sector organisations have highlighted fraud as a significant risk for local government. These reports are used by SAFS to ensure that the Council is aware of its own fraud risks and finds ways to mitigate or manage these effectively, wherever possible.

These reports include:

- *Fighting Fraud and Corruption Locally 2016–2019 Strategy* produced by CIPFA in March 2016 and supported by CLG. The new strategy estimates annual fraud losses in local government at around £2.1bn (this report is based on 2013 data).
- *UK Annual Fraud Indicator 2017* published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian which estimates the risk of fraud losses for local government in excess of £8bn per annum.
- CIPFAs *Fraud and Corruption Tracker 2017* indicates that identified fraud had increased since 2016 but that the capacity within the sectors counter fraud capacity had reduced, and would continue to do so, placing local government at even greater risk of fraud.
- The Central 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.

1.3 The Cabinet Office, Department for Communities and Local Government, NAO, and CIPFA have also issued guidance, advice, and best practice directives 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 resources in counter fraud activities that deliver savings.

1.4 The Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Members have received detailed reports about the creation of SAFS and its progress and how this service works closely with the Shared Internal Audit Service.

SAFS works across the whole Council dealing with all aspects of fraud from deterrence & prevention to investigation & prosecution.

- 1.5 It is essential that to support SAFS the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, and plans to deal with the investigation and prosecution of fraud.
- 1.6 In 2017 the LGA published its Councillors Workbook on Bribery and Fraud Prevention. A copy of the Workbook can be found at **Appendix A** and Members are invited to read and review this document.

2. Plans and Reports 2018/2019

Anti-Fraud and Corruption Strategy

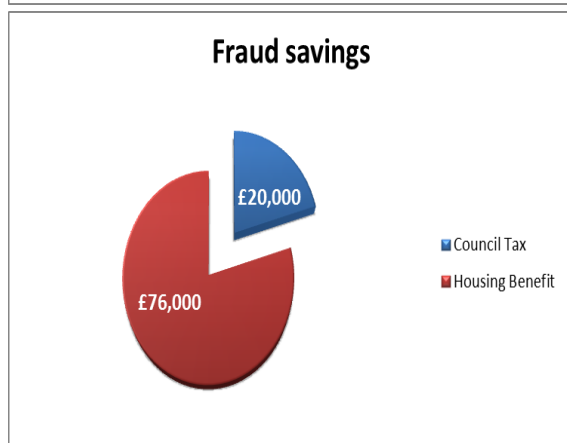
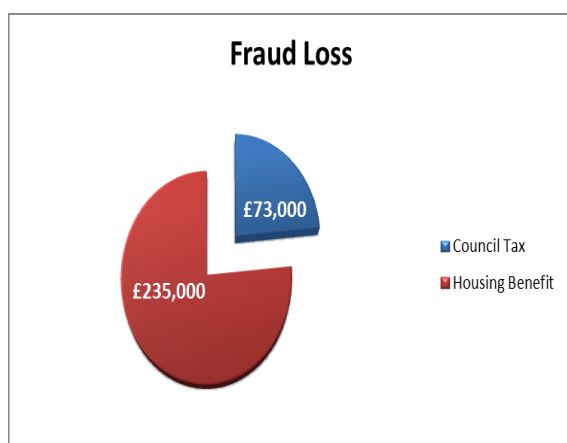
- 2.1 The Council has in place an Anti-Fraud and Corruption Strategy. This document lays out the Council's position and includes advice to Members, senior officers, and staff about how to deal with identified fraud and corruption. This document was reviewed in 2017 and it complies with best practice guidance from CIPFA.

Anti-Fraud Action Plan 2017/2019

- 2.2 The Council's Anti-Fraud Action Plan for 2017/2018, approved by Members in March 2017, covered all areas recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its responsibility to combat these risks, and takes appropriate action to prevent/deter/pursue fraud. Progress against the plan was provided to Members in September 2017 and a final report for 2017/2018 will be provided to this Committee in September 2018.
- 2.3 In the first three quarters of the current financial year 149 cases were reported to SAFS for investigation (86 from staff, 50 from public, 8 from data-matching and 5 from other sources), including allegations of fraud affecting areas such as tax liability, housing applications, blue badge use, housing benefit and business rates.



- 2.4 Of 75 cases where action has been taken, and investigations closed to-date, financial savings of £96k and fraud losses of £308k have been identified, a further £54k in social security benefit fraud has been identified through joint working with DWP. In 7 of the most serious cases sanctions, including fines totalling £1,800, and prosecutions have been applied, several cases are currently awaiting court hearings. As noted above, a full report will be provided to this committee later in 2018.
- 2.5 For NHDC 'Financial Loss' is where a fraud has occurred resulting in a debt to the Council that can be recovered through civil/statutory routes. 'Financial Savings' reflects fraud that has been prevented or an ongoing 'Loss' that has been stopped. In the case of Council Tax Discounts a fraud may be identified in December 2017 that started in April 2017, in this example the loss is any underpaid council tax between April and December, and the saving would be the future revenue from December 2017 to the end of the billing year (March 2018).



- 2.6 In the table above for housing benefit 'Loss,' which can be recovered in full through civil and legislative routes, in addition the Council will receive 40% subsidy from the DWP for identifying and seeking to recover these losses. To date this additional subsidy will be £94k (40% of £235k) for 2017/2018 for NHDC.
- 2.7 Housing Needs training has been delivered which engaged NHDC Housing Team and raised the awareness of fraud risks. This has resulted in the increased/improved checks

by Housing needs officers that has assisted with the day to day decision making regarding housing register applications. Positive work has continued with Housing Needs and meetings with Head of Service and Housing Needs managers there is an agreed process for decision making at all levels when dealing with suspected housing fraud applications.

- 2.8 Successful prosecution followed a refusal by DWP to investigate a suspected HB fraud. SAFS took on full investigation into CTB/CTR/HB/SPD and identified a £16k of overpaid HB/CTR/SPD between 2012 & 2015. A Guilty plea at court resulted in a 16 weeks custodial sentence which was suspended for 18 months, with 150 hours unpaid work and 25 days Rehabilitation Activity Requirement. In addition to the subject was ordered to pay prosecution costs of £1,300 to NHDC.
- 2.9 Joint working with the DWP is going very well and 9 cases are at various stages of preparation for court hearings to commence.
- 2.10 SAFS have planned ID document training with Customer Service staff to assist in identifying fraudulent use of documents where these are presented by customers. The dates for the training to be delivered are to be finalised but will take place before the end of March 2018.

Anti-Fraud Plan 2018/2019

- 2.11 The plan for 2018/2019 uses similar format to that used in previous years taking into account changes in guidance from CIPFA and/or changes in fraud risks for the Council. See **Appendix B** for a copy of the plan.
- 2.12 Adherence to the proposed plan for 2018/2019 will ensure compliance with the Council's own Strategy, and the best practice guidance issued by the CLG, NAO, LGA, and CIPFA.

Transparency Code Data 2017/2018

- 2.13 SAFS will also provide data to meet the requirements of Transparency Code for publication by the Council in May 2018 on its activity on Counter Fraud for the whole of 2017/2018.