North Herts District Council
Anti-Fraud Plan 2018/2019

in partnership with

The Shared Anti-Fraud Service

Contents

Introduction

This plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Shared Anti-Fraud Service (SAFS), has in place affective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils Policy states that it expects Members and staff to adhere to the seven Nolan Principles:

Selflessness Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

Honesty Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership Holders of public office should promote and support these principles by leadership and example.

This plan includes objectives and key performance indicators that support the Councils Strategy and meet the best practice guidance/directives from central government department such as Department for Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

National Context

In 2013 the National Fraud Authority stated that the scale of fraud against local government was large, but difficult to quantify with precision.

In its 2015 publication *Code of practice on managing the risk of fraud and corruption* CIPFA highlighted the five principles for public bodies to embed effective standards for countering fraud and corruption in their organisations. These principles support good governance and demonstrate effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

The CIPFA *Local Government Counter Fraud and Corruption Strategy (2016-2019)* included a summary of reported fraud losses across councils in England totalling £307m per annum but that hidden and unreported fraud risks could exceed £2bn each year. The strategic response for local government to respond to the threat of fraud threats provides three key principles **'Acknowledge/Prevent/Pursue'**. The strategy was supported by Department for Communities and Local Government, the Local Government Association and Fighting Fraud Locally Board.

In addition, local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes (6C's) identified in the CIPFA Strategy:

- Culture - creating a culture in which beating fraud and corruption is part of daily business,
- Capability - ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks,
- Capacity - deploying the right level of resources to deal with the level of fraud risk,
- Competence - having the right skills and standards,
- Communication - raising awareness, deterring fraudsters, sharing information, celebrating successes
- Collaboration - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

The Annual Fraud Indicator (AFI) 2017 (published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian) attempts to identify the cost of fraud to the UK economy. The AFI estimated fraud losses for local government as follows.

- Total loss across local government - £7.8bn
- Tenancy Fraud- £1.8bn
- Procurement Fraud - £4.4bn
- Payroll Fraud - £1bn
- Other - £.6bn

The AFI does not include housing benefit fraud or council tax fraud as a loss to local government but estimates the loss of these combined at around £1.1bn.

What is clear is that every pound lost to fraud from the public purse is a pound lost from essential front line services. The Councils Anti-Fraud Plan 2017/2018 is founded on the principles of 'Acknowledge/ Prevent/ Pursue' and the 6 C's to ensure the Council is adequately protected from fraud risk or that where fraud does occur there are plans to manage and mitigate any losses.

SAFS Resources 2018/2019

Budget

In December 2017 the SAFS Board agreed that the annual fee for District Councils, who did not hold housing stock, would be fixed to £80,000 +VAT for 2018/2019. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for 5 years with an increase in fees, to be determined in 2018, each year from 2019 onwards.

Fees for North Herts District Council in 2018/2019 remain at £80,000 + VAT.

Staffing

The full complement of SAFS now stands at 16 FTE's; 1 Manager, 2 Assistant Managers, 9 Investigators, 3 Intelligence Officers and 1 Data-Analyst. SAFS also have access to an Accredited Financial Investigator (AFI), specialist IT/financial and forensic services through third party providers and criminal litigation services, through the Shared Legal Service with the County Council.

North Herts District Council will have access to 1 FTE Investigator, the intelligence functions of the Service, all data-matching services being offered through the local data-warehouse and can call on SAFS management for liaison meetings, management meetings and two Audit Committees reports per annum.

SAFS will also provide fraud awareness training for Council staff and be available during normal office hours to provide general advice or guidance to officers on emerging fraud threats or those matters requiring an immediate response.

SAFS - Standards of Service.

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design of Council policies processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to assist in the early identification of fraud and fraud prevention
   - The data-warehouse will be funded by SAFS
   - The data-warehouse will be secure and accessible only by nominated SAFS Staff. Data will be collected and loaded in a secure manner.
   - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree annually. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
   - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load into the data-warehouse and determine the frequency of these.
   - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited (minimum Accredited Counter Fraud Specialist) to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and all relevant policies of the Council.
9. Reactive fraud investigations.
   - All reported fraud will be actioned by SAFS within 5 days, on average.
   - The Council will be informed of all reported fraud affecting its services.
   - SAFS will allocate an officer to each investigation.
   - SAFS officers will liaise with nominated officers at the Council to access data/systems/accommodation required to undertake their investigations.
   - SAFS officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
   - Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies. SAFS will provide reports through the SAFS Board on progress and to the Council's Audit Committee.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

Data Protection Act, General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.

NHDC / SAFS Action Plan 2018/2019

CIPFA Principles	SAFS Objectives	Goals & 6Cs	Activities	Responsible Officer
ACKNOWLEDGE	**Ensure ongoing effectiveness and resilience of anti-fraud arrangements**	Fraud is acknowledged as a Risk for the Council *CULTURE*	The Council has in place Anti-Fraud and Corruption Strategy	Head of Finance / Head of Legal
			The Council has a Fraud Response Plan and this Action Plan	Head of Finance / Head of Legal
			Audit Committee and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements	Head of Finance
			The Council conducts Fraud Risk Assessments	SAFS Mgr/ Risk Mgr
			The Council has in place Policies to deal with Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime	Head of Legal
	Improve the reach into areas of 'corporate' fraud across all Partners	The Council has a robust communication policy demonstrating its commitment to prevent fraud *COMMUNICATION*	The Councils Communication Team will publicise prosecutions and anti-fraud campaigns conducted by it and SAFS	Head of Comms
			SAFS will provide access to fraud reporting tools (web/phone/email)	SAFS Mgr
			The Council and SAFS will make availble fraud awareness or specific anti-fraud training across all Council services	SAFS Mgr & Head of HR
			Provide fraud alerts to appropriate officers/staff/services.	SAFS Mgr
			SAFS will provide an E-Learning Packages for staff/members	SAFS Mgr & Head of HR
PREVENT	**Create a data hub for Hertfordshire**	Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. *COLLABORATION*	Develop existing SAFS Data Hub	SAFS Mgr
			Review data sharing agreements/protocol between internal and external partners	Head of Legal / SAFS Mgr
			Work to develop 'Flexible NFI' & 18/19 NFI Matches	SAFS Mgr
			Work with DWP to deliver CTRS/HB/Housing Fraud 2018 roll-out	SAFS Mgr/ Head of Finance
			Work with other organisations, including private sector, to improve data-sharing	SAFS Mgr
	Develop services which can be marketed to external bodies	Have the highest levels of professional standards *COMPETENCE*	All SAFS staff will be fully trained and accredited	SAFS Mgr
			All investigations will be undertaken in compliance with relevant legisaltion and Council Policies	SAFS Mgr
			SAFS will work with bodies such as CLG/LGC/CIPFA to develop local anti-fraud strategies at a national level	SAFS Mgr
			SAFS will work with Council Services to make best use of 3rd party Providers such as NAFN, PNLD etc	SAFS Mgr
PURSUE	**Deliver financial benefits in terms of cost savings or increased revenue**	Ensuring the Counter-Fraud Measurs are appropriate to the range of fraud risk. *CAPABILITY*	SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council	SAFS Mgr
			SAFS will record and report on all fraud referred, investigated and identified	SAFS Mgr
			SAFS will review fraud trends and new threats and report on these to Council Managers	SAFS Mgr
			SAFS and the Council Legal and Debt teams will seek to 'prosecute' offenders and recover losses	SAFS Mgr /Head of Legal/ Head of Finance
	Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally	Develop the right level of resources to deal with the level of fraud risk *CAPACITY*	The Council will review its ROI from SAFS Membership	Head of Finance
			SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually	SAFS Mgr
			Reports to Senior Mgt and Audit Committee on SAFS and Council activity	SAFS Mgr / Head of Finance
			Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement	Head of Finance

Head of Finance, refers to Head of Finance, Performance and Asset Management

SAFS KPIs 2018/2019

KPI	Measure	2018/2019 Target	2017/2018 Targets	Performance to Feb 2018	SAFS Partnership Aims
1	Provide an Investigation Service	1 FTE on call at NHDC (Supported by SAFS Intel/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Access to NAFN for relevant Staff Fraud training events for staff/Members*	1 FTE on call at NHDC (supported by SAFS Intelligence/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Fraud training events for staff	Complete	Ensure ongoing effectiveness and resilience of anti-fraud. Deliver a return on investment for the Councils financial contribution to SAFS.
2	Identified Value of Fraud prevented/detected	£150k Fraud loss (recoverable debt) & Fraud Savings (from prevented loss or new revenue) combined	£100k Fraud loss (recoverable debt) & Fraud Savings (from prevented loss or new revenue) combined	£404k + Costs/ Penalties/ Council Tax Review	Deliver financial benefits in terms of cost savings or increased revenue
3	Allegations of fraud Received. From all sources.	100 Fraud referrals from all sources to SAFS	100 Fraud referrals from all sources to SAFS	149	Improve the reach into the areas of non-benefit and corporate fraud
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50% of all cases investigated to result in a positive outcome	50% of all cases investigated to result in a positive outcome		Create a recognised centre of excellence able to disseminate alerts and share best practice nationally.
5	Conduct Data-Matching using the local data-hub, and other data-matching/mining.	Data-Hub for local data matching. County wide Council Tax Review Framework.	Data-Hub for local data matching. County wide Council Tax Review Framework.	NHDC conducted its own NFI review but has used the Council Tax Review Framework	Create a data hub for Hertfordshire.

Costs will include salary and direct on-costs for CFO (1 FTE), ACFM (1/3 FTE), Intel Officer (1/3 FTE) = £64k. Costs for NAFN/CIPFA/CMS/ Data Hub = £12k.