



## North Herts Council

### Progress with delivery of the 2022/23 Anti-Fraud Plan

### Recommendation

Members are recommended to:

Note the work of Council Officers and the Shared Anti-Fraud Service in delivering the **2022/23 Anti-Fraud Plan**

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## Introduction

1. This report provides details of the work undertaken to protect the Council against the threat of fraud and the delivery of the Council's 2022/23 Anti-Fraud plan. The Committee are asked to note this work.
2. Recent reports on fraud and corruption have been shared with Council officers and are used by SAFS to ensure that the Council is aware of its fraud risks and develops plans to mitigate or manage these effectively.
3. Some of the most significant recent reports include:
  - ***Fighting Fraud and Corruption Locally a Strategy for the 2020's***. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.
  - ***Tackling Fraud in the Public Sector 2020***. In 2019 CIPFA commissioned a survey and 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 LGA and 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.
  - ***Calculating Losses from Tenancy Fraud***. Since the closure of the Audit Commission in 2012 there has been little effort to put a value on the cost to local authorities of tenancy fraud. This paper, published by the Fraud Advisory Panel & Charity Commission in partnership with LBFIG in 2021, estimates that the cost to local government for each social property that is being sub-let is at least £42,000.

## Background

4. The 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.

### **Anti-Fraud Activity 2022/23**

#### Staffing & Resources

5. In March 2022 (this Committee approved the 2022/23 Anti-Fraud Plan for the Council and KPIs for the SAFS. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance- all KPIs are being met or on target to be met.
6. 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 Hertford.
7. 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, officers, systems & data to conduct their enquiries.
8. The 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, which includes expertise in open-source investigations, data-matching, data-analytics and financial investigations.

#### Fraud Awareness and Prevention

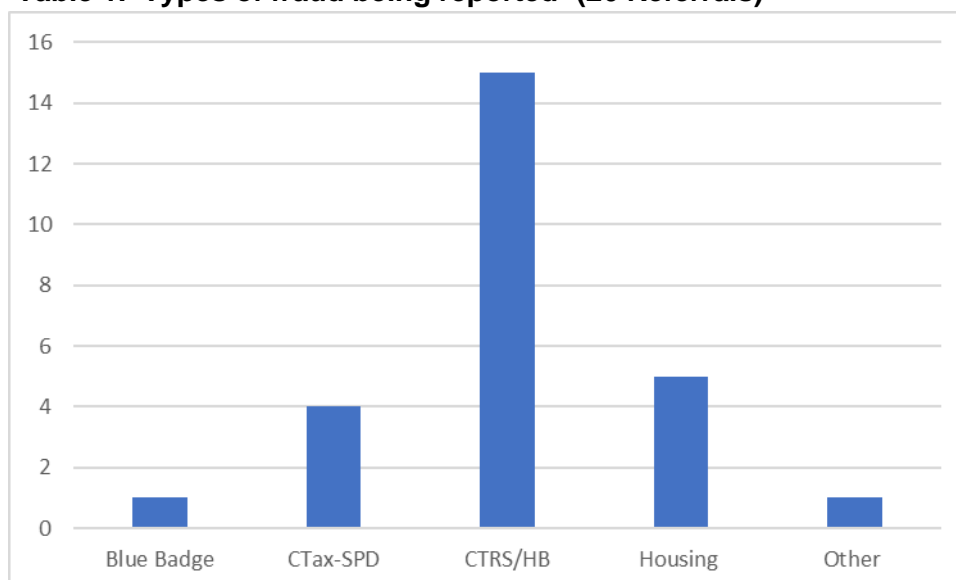
9. A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Councils stance on fraud and corruption.
10. The Council has in place a Fraud Prevention Policy which was updated earlier this year and is available on the Councils webpage <https://www.north-herts.gov.uk/fraud-prevention-policy> and this incorporates the latest best practice in counter fraud prevention from across the sector.
11. The Council took part in *International Fraud Awareness Week* in November 2022 with planned activity utilising social media and national/international resources. Campaigns such as this encourage residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.

12. The SAFS webpage – [www.hertfordshire.gov.uk/reportfraud](http://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](mailto:fraud.team@hertfordshire.gov.uk). These contact details are also available via the Councils own website <https://www.north-herts.gov.uk/report-fraud> and on the Councils intranet for staff. 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.
13. Working with the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud, bribery, and money laundering. Additional training for front line staff includes training for Housing Services on fraud risks in the housing allocation process as well as anti-money laundering for staff in legal, procurement and finance teams. Training and awareness, on fraud-corruption-bribery, is also planned for Elected Members and the Councils wider management team in December 2022.

Counter Fraud Activity & Reported Fraud

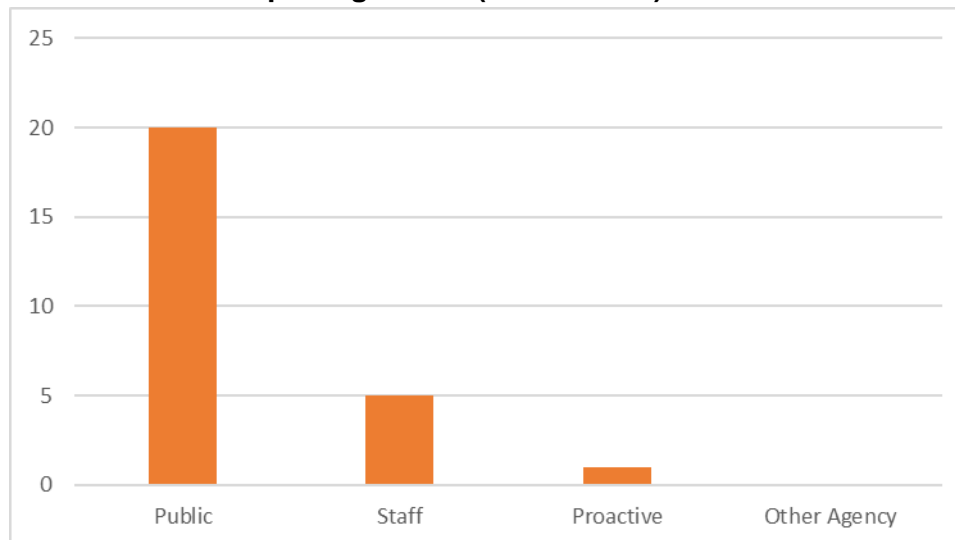
14. Between April and October SAFS received 26 allegations of fraud affecting Council services. Allegations of fraud have decreased compared to the same period in 2021/22 (63 allegations had been received at this point in 2021). We are working with officers to better understand the reason for this reduction in fraud reporting.

**Table 1. Types of fraud being reported- (26 Referrals)**



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

**Table 2. Who is reporting Fraud- (26 Referrals)**



*'Proactive' - includes all data matching/ analytics activity*

15. It should be emphasised that not every referral/allegation will need to be investigated and some allegations can be false/misleading or simply incorrect. All referrals are risk assessed/sifted by the SAFS Intelligence Team to determine what further action should be taken with each.
16. SAFS carried forward 40 live cases from 2021/22. Many cases raised for investigation are still in the early stages and of 29 cases still under investigation, or at referral stage, at the end of September the estimated fraud loss/savings for these cases exceeds £109k.
17. Of 16 investigations closed so far this year fraud was identified/prevented on 12 occasions and fraud losses/savings of just over £79k have been reported to date.  
  
**'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.**
18. The largest volume of alleged fraud concerns claims for housing benefit and council tax discounts and a number of cases continue to be delayed where SAFS works with other agencies, in particular the Department for Work and Pension (DWP) where staff are still being redeployed or recruited to fill significant vacancies in the Fraud and Error Teams post pandemic.

19. The report from the Fraud Advisory Panel in 2022 estimates that the cost of social housing fraud to local councils could exceed £42k for each property that is being illegally sub-let. Although the Council does not hold social housing stock it has a duty to prevent homelessness and provide housing. SAFS response to this fraud threat is our work with Registered Providers across the County, including Settle Housing, to assist in the investigation and recovery of social housing due to illegal sub-letting or 'key-selling'. A number of cases are currently being investigated within the Councils boundaries with the intention that, once recovered, these properties will be made available to families from the Councils Housing Register, including those in temporary accommodation.
20. The SAFS Fraud Investigator is based at the Council offices several days each month and spends part of their time with the Housing Needs Team and this has helped to encourage staff working in the team to report suspicions of fraud directly. A number of cases of potential fraud have been investigated already in 2022/23.
21. 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 across the UK.
22. SAFS have been working with Council officers and legal team to bring several serious cases of fraud to court and, working with the County Councils litigation team and specialist Counsel, we anticipate a number of these cases will see summons issued in early 2023.

*Proactive and Prevention Activity*

23. SAFS provides alerts around mandate / phishing frauds targeting staff working from home from bodies including Cabinet Office, CIFAS, CIPFA, National Fraud Intelligence Bureau (NFIB), Herts Police- OWL, and the National Cyber Security Centre (NCSC).
24. SAFS has worked with officers across the Council to encourage the use of the various, often free, services provided by the National Anti-Fraud Network (NAFN) to prevent fraud occurring in Housing, Licensing, Revenues, Legal, Planning and Environmental Services. And, the provision of debt recovery and tracing services as well as the specialist anti-fraud services to assist SAFS investigations.
25. The Head of SAFS sits on the Hertfordshire Fraud and Cyber Steering Group which is hosted by Hertfordshire Constabulary and includes stakeholders from a wide range of enforcement partners.

26. SAFS continues to work nationally and regionally with other counter fraud services and to share best practice and initiatives as well as calling on support and guidance from the South-East Counter Fraud Group, London Fraud Forum (LFF), London Borough Fraud Investigators Group (LBFIG) and the Home Counties Tenancy Fraud Forum (TFF).
27. SAFS has worked with the 'District Revenues Manager Group' to develop a framework contract for all borough/district councils in Hertfordshire to conduct reviews of council tax discounts and exemptions, improving data quality, collection rates and preventing fraud. This service is fully funded by the County Council, with the district and borough councils undertaking the work with selected contractors, who can also supply a fully managed service to councils. The Council has made use of the Empty Property Review module which has resulted in 194 properties, that were registered as empty, being identified as in occupation raising around £360k in New Homes Bonus for the Council in 2022/23- these figures are yet to be finalised but show a significant value for the Council from this Framework.
28. 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 many cases are delayed due to DWP staff still being redeployed/recruited.
29. SAFS has ensured the Councils compliance with the National Fraud Initiative (NFI) by providing training and a user guide for staff involved in the upload of data that took place in October 2022 and the output from the exercise that the Council will receive between February and March 2023.
30. The Council subscribes to the Hertfordshire FraudHub. 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. We are confident that this work will not only assist in preventing/identifying fraud earlier, but also help to reduce the volume of work received from the main exercise taking place between October 2022 and February 2023.

### **SAFS KPI Performance 2022/23**

31. As part of the Councils Anti-Fraud Plan for 2022/23 a number of KPIs were agreed with SAFS to measure its performance, and the return on investment from this shared service. The performance for all KPIs are provided in **Appendix B**.



**List of Background Papers - Local Government Act 1972, Section 100D**

32. (a) *Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*  
(b) *Fighting Fraud and Corruption Locally a Strategy for the 2020's (CIPFA/CIFAS/LGA)*  
(c) *Tackling Fraud in the Public Sector (CIPFA 2020)*  
(d) *Guide to Understanding the Total Impact of Fraud (International Public Sector Fraud Forum 2020)*  
(e) *Fraud in Emergency Management and Recovery (International Public Sector Fraud Forum 2020)*  
(f) *COVID-19 Counter Fraud Measures Toolkit (Cabinet Office 2020)*  
(g) *Local Authority Covid-19 Business Support Grants Fact Sheet (Government Counter Fraud Function 2020)*  
(h) *Fraud and Corruption Tracker 2020 (CIPFA)*  
(i) *United Kingdom Anti-Corruption Strategy 2017-2022 (HMG 2017)*  
(j) *Code of Practice – Managing the Risk of Fraud and Corruption (CIPFA 2014)*  
(k) *CALCULATING LOSSES FROM HOUSING TENANCY FRAUD (Tenancy Fraud Forum 2021)*  
(l) *A Guide to the European Union AML/CFT Framework (ComplyAdvantage.com 2022)*