



## North Hertfordshire District Council

### Progress with delivery of the 2019/20 Anti-Fraud Plan

### Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2019/20 Anti-Fraud Plan**

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## Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2019/20 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.

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.
- CIPFA's *Fraud and Corruption Tracker 2018* indicates that identified fraud had increased since 2016 but that counter fraud capacity within councils had reduced, and would continue to do so, placing local government at even greater risk of fraud.
- The Central Government's *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 £2.billion each year, with some more recent reports indicating levels considerably above this.
- 1.2 The Cabinet Office, Ministry for Housing Communities and Local Government, National Audit Office, and CIPFA have also 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 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 to support this service 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. SAFS Activity 2019/20

### Staffing & Resources

- 2.1 In March 2019 this Committee approved the 2019/20 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 progress with delivery and KPI Performance.
- 2.2 The SAFS Team (for 2019/20) is Composed of 18 accredited and trained counter fraud staff and is based at Hertfordshire County Councils offices in Stevenage.
- 2.3 Each SAFS Partner receives dedicated support and response. At present this is achieved by allocating officers to work exclusively for each Partner, but also allowing all officers within the Team to work with different Partners from time to time. Providing the Service in this way allows officers to develop good working relationships with Council staff, but also offers improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
- 2.4 For 2019/20 SAFS deployed 1 member staff to work exclusively for the Council, and this officer is supported by the SAFS Intelligence Team, based at Stevenage, which includes expertise in open source intelligence, statutory data enquiries, data-analytics and financial investigations.

### Fraud Awareness and Prevention

- 2.5 One of the key aims for the Council is to create an 'Anti-Fraud' culture that will deter fraud; encourage senior managers and Members to consider the risk of fraud when

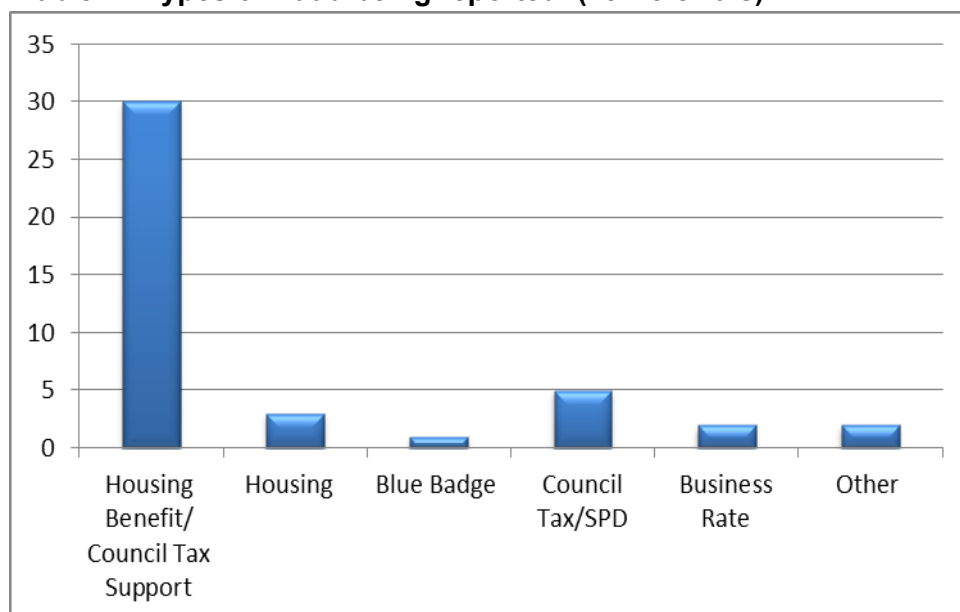
developing policies or processes to prevent fraud occurring; encourage staff and the public at large to understand the impact of fraud on the Council and to report fraud where it is identified.

- 2.6 The Council has in place extensive and recently updated fraud prevention policies and procedures that are shared with staff and published on the Councils webpage.
- 2.7 The Council is taking part in this year International Fraud Awareness Week encouraging residents to protect themselves from fraud and report fraud that they suspect to the relevant authority including the Council. SAFS have worked with the communication teams in all Partners to develop a social media campaign with shared messages to be issued between 17<sup>th</sup> & 24<sup>th</sup> November.
- 2.8 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 on the Councils own website 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.
- 2.9 Working with the Councils HR team SAFS have assisted with the delivery of an e-training package for staff to raise awareness of fraud as a risk. This training package is hosted on the Councils intranet. Training is planned January 2020 for key legal and finance managers on Anti-Money Laundering and training for staff using the services provided by the National Anti-Fraud Network will be provided in the fourth quarter.

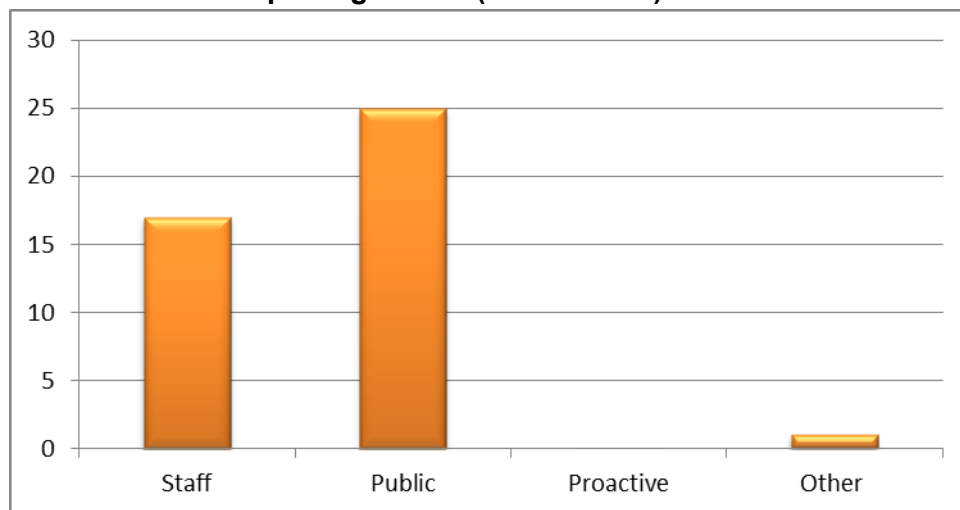
Counter Fraud Activity & Reported Fraud

- 2.10 In the first two quarters of 2019/20 SAFS received a total of 43 allegations of fraud affecting Council services.

**Table 1. Types of fraud being reported- (43 Referrals)**



**Table 2. Who is reporting Fraud- (43 Referrals)**



2.11 There has been a reduction in reported fraud at NHDC when compared year on year and to other Partners within the Shared Anti-Fraud Partnership.

- In 2015/16 there were **136** reports, 2016/17 **104**, 2017/18 **169** and 2018/19 **134**.
- In 2019/20 other SAFS Partner (district councils) have reported 65, 74, 78, 116 matters to date.

We need to review the reasons for the drop in referrals, both at NHDC and in comparison to other SAFS Partners, to better understand the reasons for this and ensure that cases of suspected fraud are being reported correctly.

2.12 SAFS carried forward 42 live cases from 2018/19.

2.13 At the time of this report many cases raised for investigation are still in the early stages. However, of 53 investigated and closed in the year fraud losses of £39,000 and fraud savings of £13,000 have been recorded.

**'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.**

2.14 Of 52 live cases still under investigation the estimated fraud loss and savings combined exceed £229k.

2.15 The Council has applied financial penalties for council tax fraud on 13 occasions this year raising a further £5k in revenue for the Council and acting as an alternative to prosecution. Application of these penalties complies with the law and the Councils own policies and they are applied case by case with each decision being fully reviewed by officers from the Council and SAFS.

2.16 Two more serious cases of council tax fraud, which were linked to housing benefit fraud, have been dealt with through criminal prosecution. One of these cases is still

awaiting trial the second matter involved a £17k fraud with the subject receiving a suspended prison sentence.

*Proactive and Prevention Activity*

- 2.1 SAFS manage the framework contract for all councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. These services are provided with split in costs between Hertfordshire County Council, the Police and Crime Commissioner, and district and borough councils. The Councils Shared Revenue and Benefit Service will be making use of this Framework in 2019/20.
- 2.17 Parking Enforcement Officers continue to work closely with SAFS to investigate persistent abuse of Blue Badges in the Council's car parks. In May and June SAFS conducted a social/ press media campaign to raise awareness and act as a deterrent to blue badge fraud. The campaign resulted in a number of badges being returned as part of an amnesty and several cases of identified blue badge abuse have been reported for prosecution.
- 2.18 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.
- 2.19 Council officers ensure Council's compliance with the National Fraud Initiative (NFI). The NFI is a nationwide anti-fraud data sharing exercise conducted by the Cabinet office every two years across local and central government.
- 2.20 1,302 potential matches were received as part of the 2018/19 NFI exercise, 202 of these were marked as high or medium priority. The high risk or 'recommended' matches have been prioritised for review by Council officers dependant on type and risk. At the end of October 1,040 matches, including the majority of high risk matters, had been reviewed and savings of £17k recorded.
- 2.21 The Council has recently joined the Hertfordshire FraudHub which operates using the same legal framework as the main NFI but permits data to be matched more frequently helping to prevent fraud or detecting it sooner. Council and SAFS officers are currently working on the first upload of data and the output from this. We will keep Members informed with the progress of with this new project.

## Appendices

- A.** SAFS/NHDC Anti-Fraud Plan 2019/20



Anti-Fraud Plan  
2019 2020

- B.** Performance against Plan to 30/10/2019.



Performance and KPI

