



**North Hertfordshire District Council
Shared Anti-Fraud Service
Report
September 2017**

Recommendation

Members are recommended to:

Note the progress of the Shared Anti-Fraud Service progress against the Anti-Fraud Action Plan 2017/2018.

Note the action taken by the Council to prevent and deter fraud and protect public funds.

Contents

Introduction

1. Background
2. Summary of SAFS Activity at NHDC 2017/2018
3. Anti-Fraud Action Plan & Reporting 2017/2018
4. Transparency Code Data & 2016/2017 & Anti-Fraud Activity

Appendices

- A. NHDC/SAFS Anti-Fraud Action Plan 2017/2018
- B. 1st Quarter progress against delivery of the 2017/2018 Plan
- C. SAFS & NHDC performance against Anti-Fraud Action Plan 2016/2017

Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's Anti-Fraud Action plan for 2017/2018. The Committee is asked to note this work.

Recent reports have been provided to officers and are being used by SAFS to ensure that the Council is aware of its own fraud risks and finding ways to mitigate or manage these effectively wherever possible.

These reports include:

APPENDIX D - *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.

APPENDIX E - *UK Annual Fraud Indicator*. Produced by PKF, Portsmouth University and Experian in May 2016, estimates the risk of fraud losses for local government in excess of £7bn per annum (this does not include fraud in local taxation or care services).

1. Background

- 1.2 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office and the Private Sector, fraud risk across local government in England exceeds £2billion each year, with some more recent reports indicating levels considerably higher.
- 1.3 The Cabinet Office, Department for Communities and Local Government, NAO, 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 resources in counter fraud activities that deliver savings.
- 1.4 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.
- 1.5 North Hertfordshire District Council is a founding Partner of the Shared Anti-Fraud Service (SAFS). SAFS works across the whole Council dealing with all aspects of fraud, from prevention to prosecution, working with staff at all levels across all services.

2. Activity 2017/2018

Staffing

- 2.1 The SAFS Team is composed of fourteen staff based at the County Council offices in Stevenage.
- 2.2 Each SAFS Partner receives dedicated support and response from the Team. At present the most effective way to do this is by allocating officers to work exclusively for each Partner. These officers act as the first point of contact for that Partner's services and will assist in developing relationships at a service level, deliver training, and working on local pilot projects. SAFS Officers have access to Council offices, officers and systems to conduct their enquiries.

Fraud Awareness and Reported Fraud

- 2.3 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.
- 2.4 The SAFS webpage – www.hertfordshire.org/reportfraud includes an online reporting tool for staff and public alike. A confidential fraud hotline (0300 123 4033) and a secure email account are also available for reporting fraud – fraud.team@hertscgcsx.gov.uk. These contact details have been added to the Council's website. These functions compliment the Council's own in-house Whistleblowing reporting procedures.

- 2.1 During the 1st Quarter 2017/2018 SAFS received 37 allegations of fraud affecting Council services. 76 Live cases were carried forward from 2016/2017.

Table 1. Types of fraud being reported (17/18)

Council Tax Discount Fraud	Housing Fraud	Other Fraud	Total
35	2	0	37

Table 2. Who is reporting Fraud (17/18)

Fraud Reported by Staff	Reports from Public	Other	Total
30	7	0	37

- 2.2 At this time many cases raised for investigation within the financial year 2017/2018 are still in the early stages so it is not possible to report yet on the final or potential outcome of every case referred. A report will be provided to this committee in March 2018 detailing the number of allegations of fraud received, outcomes from investigations and the value of fraud losses/ fraud prevented.

SAFS/NHDC Pilots & Projects

- 2.3 SAFS have worked with the Council’s Benefits & Revenue Services to identify potential fraud around discounts and exemptions. The Council is now able to level civil and financial penalties for false claims for discounts and exemptions, and has started to do so where appropriate and in line with the Prosecution and Sanctions Policy.
- 2.4 Since April 2016 SAFS has been working with the DWP to investigate fraud affecting national benefits linked to local benefits such as Council Tax Support. North Hertfordshire District Council is one of five pilot sites across the UK for this type of work. This provides additional assurance to the Council about its ability to deal with Housing Benefit fraud.
- 2.5 SAFS have delivered a county-wide framework to identify Council Tax fraud, affecting discounts and exemptions, empty homes, and Council Tax Support schemes. The Council has been able to make use of this framework from April 2017.
- 2.6 SAFS have also completed the Council’s response to CIPFAs *Corruption & Fraud Tracker* for 2016/2017, which will inform CIPFAs report on the local government response to the risk of fraud and how the Council is meeting the recommendations of the *Fighting Fraud Locally Strategy 2016-2019*.

3. 2017/2018 Anti-Fraud Action Plan

- 3.1 The Council has in place an Anti-Fraud and Corruption Strategy amongst other counter fraud policies and procedures. These documents set out the Council’s position, and include advice to Members, senior management and staff about reporting suspected

fraud. These will all be reviewed in 2017/18 but at present these documents meet much of the best practice guidance from CIPFA.

- 3.2 A copy of the 2017/2018 Anti-Fraud Action Plan is attached at **Appendix A**. The Action Plan covers all areas recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its own responsibility to combat these risks, and takes appropriate action to prevent/deter/pursue fraud. The Plan also includes assurance that the Council will benefit from a positive return on its investment in the SAFS Partnership.
- 3.3 Progress against the Plan in 1st Quarter of the year can be seen at **Appendix B**.
- 3.4 SAFS will provide a final report to this Committee in March 2018 on the performance against the 2017/2018 Anti-Fraud Action Plan and a proposed Action Plan for 2018/2019. This will then form a rolling programme from 2018 onwards.

4 Transparency Code- Fraud Data and Anti-Fraud Work 2016/2017

- 4.1 SAFS and the Council developed anti-fraud arrangements and a plan for dealing with these in 2016/2017. This committee reviewed this plan in March 2016. Performance against the details of this plan and SAFS Performance against its KPIs for NHDC can be found at **Appendix C**.
- 4.2 The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.

The Code also recommends that local authorities follow guidance provided in the following reports/documents:

CIPFA: *Fighting Fraud Locally Strategy*

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118508/strategy-document.pdf).

The National Fraud Strategy: *Fighting Fraud Together*

<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>

CIPFA Red Book 2 – *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*

<http://www.cipfa.org/->

[/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf](http://www.cipfa.org/-/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf))

- 4.3 The Code requires that Local Authorities publish the following data in relation to Fraud. The response for North Hertfordshire District Council for 2016/2017 is in **Bold**:

- 3 Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers. **Nil. North Hertfordshire District Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and use the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf.**

- 4 Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud. **1.5 FTE Staff**
- 5 Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists. **1.5 FTE**
- 6 Total amount spent by the authority on the investigation and prosecution of fraud. **£75,000**
- 7 Total number of fraud cases investigated. **49 Cases investigated and closed in year**

4.4 In addition, the Code recommends that local authorities publish the following (*for North Hertfordshire District Council Fraud/Irregularity are recorded together and not separated*):

- Total number of cases of irregularity investigated- **See 7 above**
- Total number of occasions on which a) fraud and b) irregularity was identified. **32 occasions where fraud/irregularity identified**
- Total monetary value of a) the fraud and b) the irregularity that was detected. **£141,000**
- Total monetary value of a) the fraud and b) the irregularity that was recovered. **Not recorded.**