Stevenage Borough Council

Shared Anti-Fraud Service Report

June 2019

Recommendation

Members are recommended to:

Note the activity undertaken by the Shared Anti-Fraud Service to deliver the 2018/19 Anti-Fraud Plan for the Council

Note the other anti-fraud activity undertaken to protect the Council.

Note progress of the Shared Anti-Fraud Service on 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 Anti-Fraud Action plan for 2018/2019. 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 own fraud risks and is 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.

- CIPFAs *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 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. 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 Stevenage 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 Councils Internal Audit Service. SAFS works across the whole Council dealing with many aspects of fraud from deterrence & prevention to investigation & prosecution.

2. SAFS Activity & Delivery of the 2018/19 Anti-Fraud Plan

Staffing

2.1 The SAFS Team (in April 2018) is Composed of 18 accredited and trained counter fraud staff and is based at Hertfordshire County Councils offices in Stevenage.

2.2 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.

2.3 In 2018/19 SAFS deployed 1 member staff to work exclusively for the Council, and provides management and direction for the Councils own Tenancy Fraud Investigator. These officers are both supported by the SAFS Intelligence Team, based at Stevenage, which includes expertise in open source intelligence, statutory data enquiries, data-analytics and financial investigations.

SAFS KPI for 2018/2019

KPI	Measure	2018/19 Target	Achieved in Year
1	Provide an investigation resource to the Council to include fraud deterrence/ prevention activities as well as proactive and reactive investigations.	**1 FTE** on call at SBC (Supported by SAFS Intel/ Management). Membership and SBC staff access to NAFN. Membership of CIPFA Counter Fraud Centre. 5 Fraud awareness training events for staff/Members. Support for in-house Housing Fraud Investigator.	**1 FTE** on call (supported by SAFS Intelligence/ Management) All other areas met in full.
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board & Recovery of Social Housing Properties in the Borough	**£450k** From fraud/irregularity identified and savings/prevention reported **Recover 12 SBC Properties** (Incl Sub-Let/ Abandonment/RTB/Succession Fraud	**£350k** *(£191k Fraud Loss & £158k Savings/Prevention)* **£182k** **(**Irregularities**)** Council Tax Revenue from CTax review. **9 Properties Recovered**
3	Allegations of fraud Received. From all sources.	150 Fraud referrals from all sources to SAFS	**162**
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50%	**46%** *(25 cases proved from 54 investigated)* *11 further cases had some intervention & 51 'Right to Buy' reviews completed.*
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	• Data-Hub for local data matching. • Access to NFI output. • County wide Council Tax Review Framework. • Housing Partners- (Tenancy Fraud)	• SAFS completed NFI exercise for SBC and is working on output. • Shared R&B Service made use if CTax Framework. • SBC Housing renewed contract with Housing Partners.

Fraud Awareness and Reported Fraud

2.4 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 report fraud where it is suspected.

2.5 The Council's website does include some information on benefit fraud and, housing fraud and some details on contract fraud but it does not have a central fraud reporting page to cover all aspects of fraud that may affect it or links to the SAFS Homepage https://www.hertfordshire.gov.uk/services/business/consumer-advice/safs.aspx which could be used to share news and information about fraud.

2.6 SAFS has delivered training to staff on site including general fraud awareness and document verification, as well as specialist training events on ID fraud and application fraud. This training was attended by officers from Revenues, Benefits, Customer Services, and Housing Services.

2.7 Working with HR SAFS have delivered an e-training package for staff and Members which will be linked to the Councils policies and fraud reporting tools to raise awareness of the risk of fraud & corruption, bribery and anti-money laundering.

2.8 Council staff can use the same methods to report fraud or if they work within Housing, Revenues & Benefits Services they can report fraud directly to SAFS staff working at the Council.

2.9 During 2018/19 SAFS received 162 allegations of fraud affecting Council services.

Table 1. Types of fraud being reported (*in year*):

Housing & Council Tax Benefits	Council Tax Discounts	Tenancy/ Housing	Blue	Other *	Total
65	41	36	16	4	162

**Includes staff/NDR*

Table 2. Who is reporting Fraud

Fraud Reported by Staff	Reports from Public	Data-Matching/ Proactive Investigations	Other Agencies**	Total
82	57	16	7	162

**Includes Police/DWP*

2.10 The volume of cases reported by staff has remained at similar levels to previous years as a percentage but, overall alleged fraud has dropped slightly from previous years (190 allegations in 2016/17 and 189 allegations in 2017/18).

2.11 At this time many cases raised for investigation are still in the early stages. However, of the 25 cases investigated and closed in the year where fraud was established losses of £191,000 and savings, through prevention, or new revenue exceeding £158,000 was identified. See **Appendix C** for a breakdown of cases where fraud has been reported.

2.12 SAFS continues to work closely with the Shared Revenue & Benefit Service 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 where appropriate. In 2018/19. Six penalties were applied raising £2,300 in additional revenue.

2.13 In three of the most serious cases of fraud were reported for prosecution by the Councils legal team, with all three resulting in guilty verdicts.

2.14 The Council also made use of the SAFS managed *Countywide Council Tax Review Framework* in 2018 which this resulted in 511 incorrect single person discounts being removed and £182,000 additional council tax being identified.

2.15 The Councils Tenancy Fraud Investigator assisted in recovering 9 Council properties that were subject to some form of tenancy fraud and stopped 2 fraudulent housing applications being processed. The same officer conducted 51 reviews of 'right to buy' applications, and referred 2 cases for further investigation, this work is essential to prevent money laundering and protect tenants who may be vulnerable to organised crime.

Case 1: *A Stevenage resident submitted a housing application in April 2017 stating he was homeless. He declared on the housing application form he had been resident within Stevenage since January 2010.*
During the investigation it was found the subject had been resident within Stoke on Trent from June 2014 at various addresses. He had also been convicted for offences in July 2015 and served an 18 month prison sentence.
The subject was interviewed under caution and admitted he had supplied false information with the intention of securing a social housing property from Stevenage borough council.
On 28th November 2018 the subject pleaded guilty under section 1 of the Fraud Act 2006 at Stevenage magistrate court. He received a £280 fine, and was ordered to pay £721.72 towards the Councils legal and investigation costs.

2.16 Stevenage Borough Council was one of the pilot sites for joint working with the DWP Fraud & Error Service where fraud impacted on both housing benefit and council tax support. This highly successful pilot has since been rolled out by the DWP nationally and the excellent relationship between investigators at the DWP and SAFS has been maintained with a number of positive outcomes in 2018/19.

Case 2: *In late 2018 a member of the public contacted the DWP and alleged that woman living in social housing in Stevenage had failed to declare that her partner lived with her.*
Checks made showed that the person named was in receipt of council tax reduction, single person discount and housing benefit since 2013.
Enquiries identified the alleged partner and details of his employment. 'Open source' enquiries revealed that couple were married and evidence that couple own a home abroad.
Case pending a decision on re-assessment of claims from 2013 and potential prosecution.

Case 3: *A Stevenage resident had claimed council tax support (CTS) and housing benefit (HB) from 2013 based a low income. Referral received from the DWP, in 2018, alleged that the claimant has failed to declare that he was in employment.*
An investigation confirmed that claimant has commenced work sometime prior to 2013 and had not declared this.
Overpayments of benefit were calculated as £3,800 HB, £725 CTS and just under £7,000 in DWP welfare benefits.
The CPS have accepted this case and claimant is due to appear in court in July 2019

2.17 SAFS works very closely with the Councils Civil Enforcement officers bringing prosecutions for abuse of Blue Badge in the Councils pay and display car parks. The LGA reported in 2018 than an increase in the theft of Blue Badges has seen an increase in the misuse of these by criminals to avoid congestion and perking charges.

2.18 The Councils communication and IT teams will be delivering anti-fraud publicity campaigns in 2019/20 to encourage the public to report fraud where they suspect it is being committed against the Council.

2.19 SAFS ensured the Councils compliance with the National Fraud Initiative (NFI) matches received in February 2019. The NFI is a national anti-fraud data sharing exercise conducted by the Cabinet office every two years across local and central government.

3. 2019/2020 Anti-Fraud Action Plan

3.1 The Council has an Anti-Fraud and Corruption Policy. This document lays out the Council's position, and includes advice to Members, senior officers and staff about reporting suspected fraud. This document will be reviewed in 2018/19 but at present it meets much of the best practice guidance from CIPFA.

3.2 A copy of the 2019/2020 Anti-Fraud Plan is attached at **Appendix B**. This Plan covers all recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its responsibility to combat fraud, and takes appropriate action to prevent/deter/pursue fraud. The Plan also provides assurance that the Council benefits from a positive return on its investment in the SAFS Partnership.

3.3 The KPIs for SAFS in 2019/2020 have been amended to reflect changes to the way the service will be delivered, including improved use of data and access to the Hertfordshire Fraud Hub hosted by the Cabinet Office.

3.4 SAFS will provide reports to this Committee in later in 2019 on the performance against the Anti-Fraud Plan, but to-date we can report that 66 live cases at the 31st March were carried into the current year.

4. Transparency Code- Fraud Data

4.1 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.

4.2 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)

4.3 The Code requires that Local Authorities publish the following data in relation to Fraud. The response for Stevenage Borough Council for 2018/2019 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*. (Stevenage Borough 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.

2.5 FTE

5 Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

2.5 FTE

6 Total amount spent by the authority on the investigation and prosecution of fraud.

£100,000

7 Total number of fraud cases investigated.

54 Cases investigated and closed in year

4.4 In addition, the Code recommends that local authorities publish the following (*for Stevenage Borough 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**.**

  25 Occasions where fraud/irregularity identified

- Total monetary value of a) the fraud and b) the irregularity that was detected.

  £534k fraud losses/prevention reported

- Total monetary value of a) the fraud and b) the irregularity that was recovered.

  Not recorded.

Appendix.

A. SBC Anti- Fraud Plan 2018/19

SBC Plan 2018 2019

B. SBC Anti-Fraud Plan 2019/20

SBC Plan 2019 2020

C. Anti-Fraud Statistics 2018/19

2018 2019 Fraud Stats