



Stevenage Borough Council
Shared Anti-Fraud Service
Report
March 2018

Recommendation

Members are recommended to:

Read the LGA Councillors Workbook on Fraud and Bribery Prevention 2017.

Note the progress made by the Council and the Shared Anti-Fraud Service in delivering the Anti-Fraud Action Plan 2017/2018.

Review and approve the proposed Anti-Fraud Plan 2018/2019.

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- A. LGA Councillors Workbook- Fraud and Bribery Prevention
- B. SBC *Anti-Fraud Plan 2018/2018*

1 Introduction and Background

Purpose of Report

1.1 To provide Members with information on:

- Progress on the SBC *Anti-Fraud Action Plan* for 2017/2018
- A proposed SBC *Anti-Fraud Plan* 2018/2019
- Transparency Code Data

Background

1.2 Several reports issued by Government and public sector organisations have highlighted fraud as a significant risk for local government. These reports are used by SAFS to ensure that the Council is aware of its own fraud risks and finds 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 2017* indicates that identified fraud had increased since 2016 but that the capacity within the sectors counter fraud capacity had reduced, and would continue to do so, placing local government at even greater risk of fraud.
- The 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.

1.3 The Cabinet Office, Ministry for Housing, Communities and Local Government, National Audit Office, LGA, and CIPFA have also issued guidance, advice, and best practice directives 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 The Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Members have received detailed reports about the creation of SAFS in 2015, its development since, and how the service works closely with the Shared Internal Audit Service. SAFS works across the whole Council dealing with all aspects of fraud from deterrence & prevention to investigation & prosecution.
- 1.5 To support SAFS and protect local services it is essential that the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, and plans to deal with the investigation and prosecution of fraud.
- 1.6 In 2017 the LGA published its Councillors Workbook on Bribery and Fraud Prevention. A copy of the Workbook can be found at **Appendix A** and Members are recommended to read and review this document.

2. Plans, Activity and Reports

Anti-Fraud and Corruption Strategy

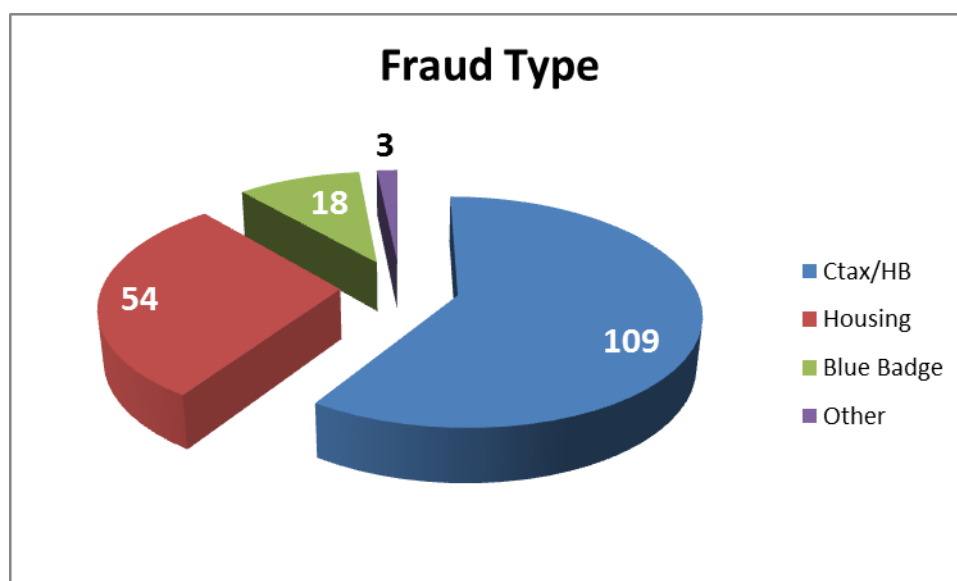
- 2.1 The Council has in place an Anti-Fraud and Corruption Strategy. This document lays out the Council's position and includes advice to Members, senior officers, and staff about how to deal with identified fraud. This document pre-dates the formation of the SAFS and will be reviewed in 2018; at present it complies with best practice guidance from CIPFA/NAO/CLG.

Anti-Fraud Action Plan 2017/2018

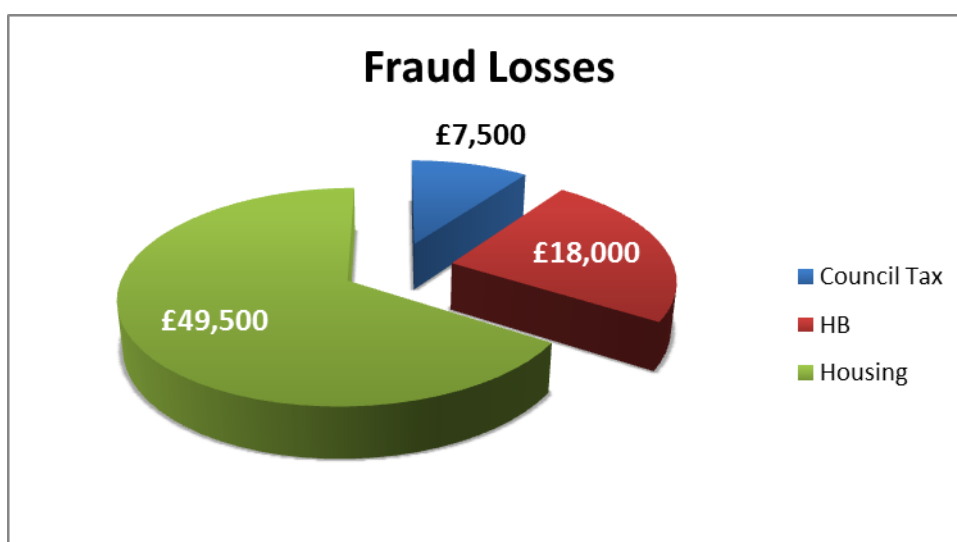
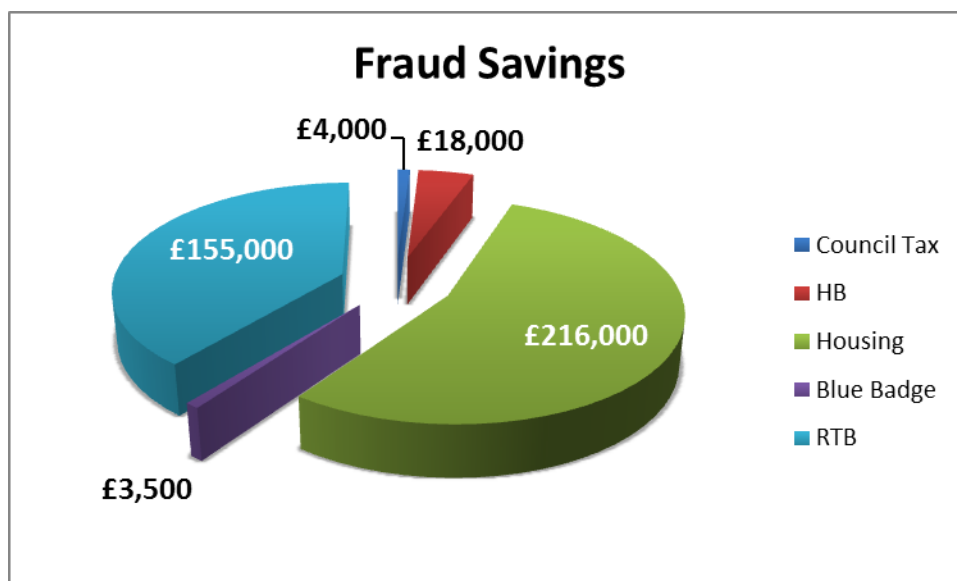
- 2.2 The Council's Anti-Fraud Action Plan for 2017/2018, approved by Members in March 2017, covered all areas recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its responsibility to combat these risks, and takes appropriate action to prevent/deter/pursue fraud. A report detailing progress against the plan was provided to Members in September 2017 and a final report for 2017/2018 will be provided to this Committee in the summer 2018.

Anti-Fraud Activity April - December 2017

- 2.3 In the first three quarters of the current financial year 184 cases of alleged fraud were reported to SAFS for investigation (69 from staff, 79 from public, 20 from proactive data matching and 16 from other sources), including allegations of fraud affecting areas such as council tax liability, housing applications, blue badge use, housing benefit and business rates.



- 2.4 Of 51 cases where action has been taken, and investigations closed to the end of the 3rd Quarter, financial savings of £396.5k and fraud losses of £75k have been identified. In 6 of the most serious cases sanctions, including fines totalling £1,000 and prosecutions have been applied, several cases are currently awaiting court hearings. As noted above, a full report will be provided to this committee later in 2018 as a number of significant cases are still awaiting financial reporting in the 4th quarter.
- 2.5 For the Council '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. For Stevenage this includes social housing that has been misused through sub-let or non-occupation or fraudulent Right to Buy (RTB) applications that have stopped.
- 2.6 SAFS working with the Councils in-house Tenancy Fraud Officer has assisted with the recovery of 10 properties and prevented 2 RTBs and one fraudulent housing application. SAFS continues to provide intelligence, administrative and management support for this officer.



- 2.7 In the table above for Housing Benefit ‘Loss,’ which can recovered in full through civil and legislative routes, the Council will also receive an additional 40% subsidy from the DWP for identifying and seeking to recover these losses. Todate this additional subsidy will be £19k (40% of £49.5k) for 2017/2018.
- 2.8 Work in 2017/2018 has been focused on the opportunity to work jointly with the DWP through the National Pilot, of which the Council is one of six sites in England. This pilot allows investigators from SAFS (working for the Council) and the DWP to work together 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. The following are some examples of this work in 2017/2018 todote.

A Stevenage woman who had claimed benefits for several years as a single person submitted an application to buy her council house. Checks conducted into her mortgage application by SAFS revealed that the lady had been living with her partner for some years and that he was in full time work. These facts had never been reported to the Council.

Further checks by SAFS revealed that the lady's partner had been living with her since 2006 and as a result she had been overpaid £21,000 in housing benefit and council tax benefit. The lady was prosecuted by the County Councils Legal Team and received a 7 month prison sentence suspended for 18 months, she was also ordered to repay all the monies falsely claimed from the Council.

SAFS are currently working on 6 cases with the DWP where allegedly fraudulent claims for housing benefit, council tax support and council tax discounts and various other welfare benefits totalling more than £60k. These cases are still live but a number of them are likely to result in prosecutions which in these cases will be led by the DWP/CPS.

2.9 As can be seen, joint working with the DWP is progressing well and 3 further cases are at various stages of preparation for court hearings to commence. This work could not have been so successful without the co-operation of staff working in the Council's shared Revenue and Benefit Service.

2.10 SAFS have worked with Parking Enforcement and the Police in the town centre; investigating allegations of Blue Badge abuse/misuse, this has included several seizures of badges and prosecution where the offending was serious or persistent.

A Stevenage woman, who was reported as parking her car in a disabled parking bay at a town centre carpark for several months, was identified as part of a routine check along with the Councils Parking Enforcement Agent.

The lady claimed that the Blue Badge she had been displaying belonged to her grandmother who she had just brought into town, although she was not with her at the time she was spoken to. Further enquiries, which included speaking to the ladies grandmother, revealed that the lady had been using the Blue Badge without the holder's knowledge or permission for some time.

The lady appeared at Stevenage Magistrates where she pleaded guilty to misusing a Blue Badge and was fined £200 and ordered to pay the Councils costs.

2.11 SAFS have assisted with and funded the delivery of two tenancy fraud prevention projects this year. *Housing Partners* provide a system which will alert the Council to potential fraud in its stock as part of a real time process and the Councils Housing Team will roll this system out for use from April 2018. A mobile phone application /-

Latch has been procured and has been shared with local letting agents for free since February 2018. This App will allow the letting agent and any prospective tenants to check any address in the Stevenage area to see if the property belongs to the Council and is being offered for subletting. If anyone were to search for a property and that property was part of SBC's stock an alert will be sent to SAFS and the Council.

Anti-Fraud Plan 2018/2019

- 2.12 The plan for 2018/2019 uses a similar format to that used in previous years taking into account changes in guidance from CIPFA and/or changes in fraud risks for the Council. See **Appendix B** for a copy of the plan.
- 2.13 Adherence to the proposed plan for 2018/2019 will ensure compliance with the Council's own Strategy, and the best practice guidance issued by the CLG, NAO, LGA, and CIPFA.

Transparency Code Data 2017/2018

- 2.14 SAFS will also provide data to meet the requirements of Transparency Code for publication by the Council in the summer of 2018 on its activity on Counter Fraud for the whole of 2017/2018.

Appendices

- A.** LGA Councillors Workbook.



LGA Councillors
Workbook 2017

- B.** SAFS/SBC Anti-Fraud Plan 2018/2019-



SAFS/SBC Plan 2018/
2019