



Stevenage Borough Council

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

November 2019

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.
- 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

- 1.2 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.
- 1.3 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.
- 1.4 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 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 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 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.

Fraud Awareness and Reported Fraud

- 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 SAFS webpage – 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 . 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 Stevenage.
- 2.7 Council staffs have been provided with fraud awareness training in areas such as procurement and contract fraud, housing/tenancy fraud, and identity and false document awareness so far this year. Working with the Councils HR team SAFS have assisted with the delivery of an e-training package for staff and Members to raise awareness of fraud as a risk which is hosted on the Councils intranet.
- 2.8 SAFS Management now form part of the Councils Corporate Governance Group and sit on the Joint Action Group (JAG), which is a partnership of police and the council to tackle various low level but prolific or persistent offending.

Counter Fraud Activity

- 2.9 In the first two quarters of 2019/20 SAFS received a total of 91 allegations of fraud affecting Council services.

Table 1. Types of fraud being reported- (91 Referrals)

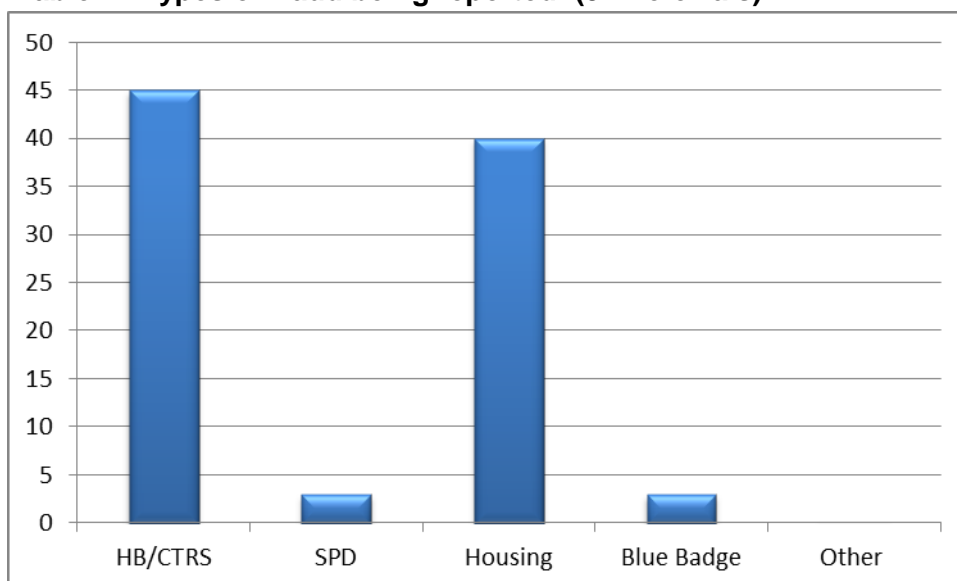
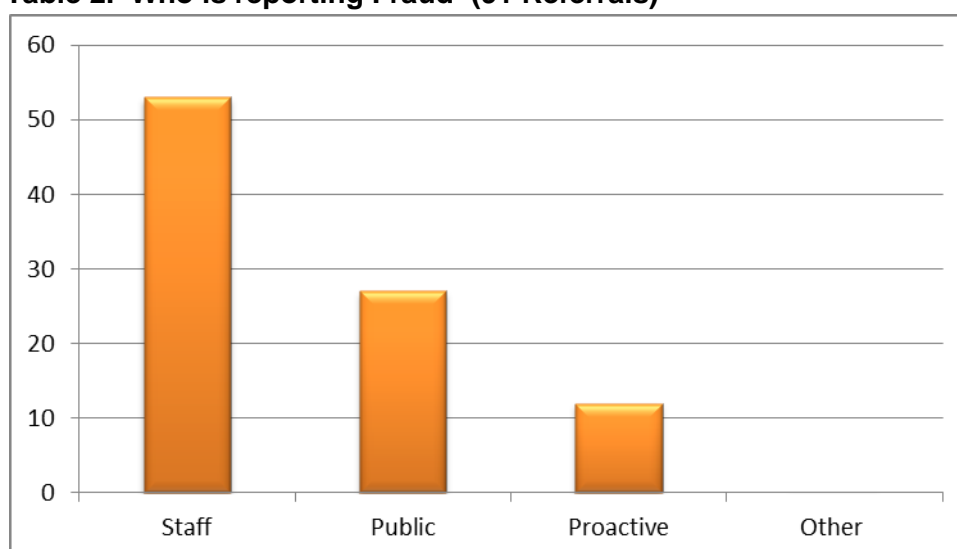


Table 2. Who is reporting Fraud- (91 Referrals)



2.10 SAFS also carried forward 74 cases from 2018/19.

2.11 At the time of this report many cases raised for investigation are still in the early stages. However, of 35 investigated and closed in the year fraud losses of £49,000 and fraud savings of £41,000 have been recorded. This is the estimated value of losses, and these monies, where applicable, will be recovered where it relates to housing benefit overpayments, or council tax liabilities.

'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.

2.12 Of 63 live cases still under investigation the estimated fraud loss and savings combined exceed £290k.

2.13 As well as the financial values identified SAFS has assisted the Council's Tenancy Fraud Investigator in the recovery of 6 Council properties that were subject to tenancy fraud.

2.14 Work is ongoing using the Housing Partners system 'Housing Insight' to assist in the identification of fraud relating to Council Properties. This can relate to tenants who are subletting their properties, or where the tenant is falsely claiming housing benefit or council tax discounts. This is still a relatively new service and is being closely supported by the SAFS Intelligence Team reviewing potential frauds against third party systems. To date around 900 reports have been received and 19 cases have been selected so far for further investigation.

2.15 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.

- 2.16 Parking Enforcement Officers, employed as part of the shared arrangement with Welwyn and East Herts Councils, continue to work closely with SAFS to bring prosecutions for persistent abuse of Blue Badges in the Council's car parks. This relationship is further enhanced by the Councils Legal Service being shared with the County Council.
- 2.17 In May and June SAFS conducted a social/ press media campaign to raise awareness and act as a deterrent to blue badge fraud and encourage the public to report it. 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 SAFS ensured the 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 1,612 potential matches were received as part of the 2018/19 NFI exercise. In total 316 of these marked as high or medium priority. All of the high risk or 'recommended' matches have been prioritised for review by SAFS or Council officers dependant on type and risk. At the end of September 161 high risk matters had been reviewed and savings of £184k recorded.

Appendices

A. SAFS/SBC Anti-Fraud Plan 2019/20



Stevenage
Anti-Fraud Plan 2019

B. Performance against Plan to 30/9/2019.



Performance to
October 2019