



## Stevenage Borough Council

### Anti-Fraud Report 2020/21

#### Recommendation

Members are recommended to:

- Review the Councils work to combat fraud in 2020/21
- Review the performance of SAFS in meeting its KPIs in 2020/21

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## 1 Introduction and Background

### Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud as laid out in the Council's Anti-Fraud Action plan for 2020/21. The Committee are asked to note this work.

A number of recent reports about fraud in the public sector have been provided to officers and are used by SAFS to ensure that the Council is kept aware of its fraud risks finding ways to mitigate or manage these wherever possible. Details of these reports and other recommended reading for Committee members can be found at **Section 5** of this report.

### Background

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.

The Cabinet Office, Ministry for Housing Communities and Local Government, National Audit Office, and CIPFA have 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 vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities.

It is essential that 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.

Stevenage Borough Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this committee have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution working with services and staff at all levels.

## 2. SAFS Activity 2020/21 & Delivery of the 2020/21 Anti-Fraud Plan

### The Plan

- 2.1 This committee reviewed and commented on the Councils Anti-Fraud Plan for 2020/21 at its meeting in March 2020. A copy of the Plan can be found at **Appendix A**.
- 2.2 The plan was proposed by SAFS and agreed and approved by senior officers within the Council. Delivery of the plan is a partnership between Council

officers with key roles, and SAFS providing expertise and operational support where required. The Plan was developed at the time of the emerging Covid pandemic in March 2020. Although some 'delivery methods' and activity were reviewed a decision was made to keep the plan much as it was, focused on raising awareness and the prevention of fraud.

- 2.3 We are very pleased to report that all actions proposed for the 2020/21 Anti-Fraud Plan commenced in year with the vast majority being completed in-year. Where actions were in-complete they have been carried forward into the current years (2021/22) plan, details of which was shared with this Committee in March 2021.

### Staffing

- 2.3 In 2020/21 the SAFS Team was composed of 18 accredited and fully trained counter fraud staff based at the county council offices in Stevenage.
- 2.4 Each SAFS partner receives dedicated support by the allocation of officers to work primarily with that Council whilst allowing all officers to work with different partners from time to time. Providing the service in this manner allows SAFS officers to develop good working relationships with council staff whilst providing resilience and flexibility across the partnership as a whole.
- 2.5 In 2020/21 SAFS deployed one member of staff to work for the Council and also seconded the Councils Tenancy Fraud Investigator into SAFS in the summer of 2020. These officers are supported by SAFS management & intelligence team, a Data-Analyst and an Accredited Financial Investigator. In all this provided at least 2.5 FTE staff to support the Council with all anti-fraud /bribery/ corruption/ money laundering matters. SAFS officers have access to Council offices, officers and systems to conduct their work

### Fraud Awareness and Reported Fraud

- 2.6 A key objective for the Council is to enhance the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Councils stance on fraud and corruption.
- 2.7 The Councils legal team and senior managers began a review all anti-fraud and corruption policies in 2020, including those on anti-bribery and anti-money laundering, taking into account the latest best practice and guidance. The final versions of these policies will be published in 2021.

- 2.8 The Council's website includes pages on how fraud affects the Council [Reporting Fraud \(stevenage.gov.uk\)](#) The website has links for the public to report fraud and to the SAFS webpage. The SAFS webpage in turn provides further information on fraud, the latest news stories as well as options for the public to report fraud [Shared Anti-Fraud Service | Hertfordshire County Council](#).
- 2.9 Working with the Councils HR team SAFS have further developed its anti-fraud and corruption e-training package and completion of this training is mandatory requirement for all staff including new starters
- 2.10 During 2020/21 SAFS received 119 allegations of fraud (referrals) affecting Council services.

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

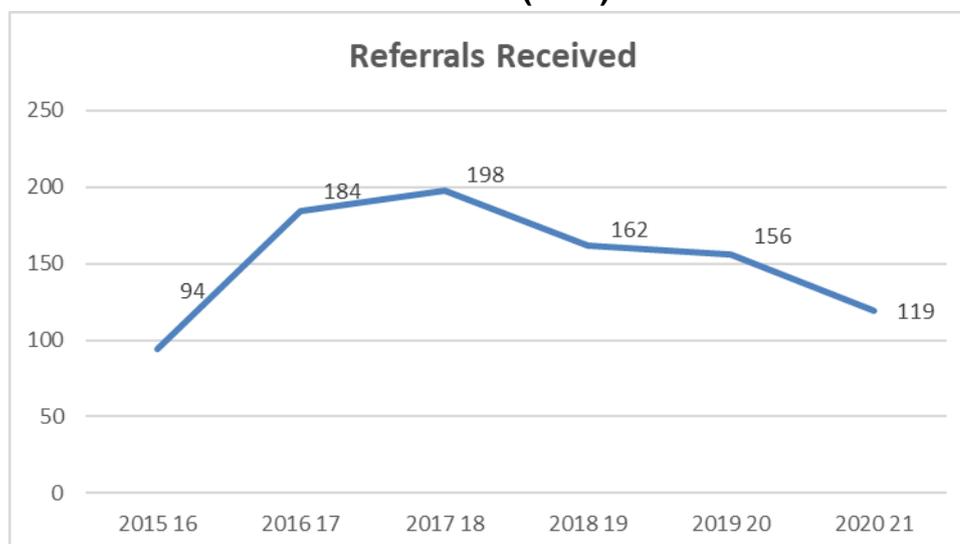
Council Tax Discount/ Housing Benefit	Housing	Blue Badge	NNDR/ Grants	Other	Total
85	19	3	8	4	119

**Table 2. Who is reporting Fraud**

Fraud Reported by Staff	Reports from Public	Data-Matching/ Proactive Investigations	Other 'Agency'	Total
40	68	11	0	119

- 2.11 The volume of reported fraud in 2020/21 decline from previous years. Fraud suspected by staff continues to decrease and last year in particular this may have been linked to staff working from home in response to the Covid pandemic. SAFS regularly review this data to see if there are any trends or concerns for reporting rates, this is shared with officers and used to develop awareness/publicity campaigns locally.

**Table 3. Historic Fraud Referrals (SBC)**



2.12 In the first half of 2020 fraud referrals from members of the public also dropped considerably, almost certainly as a result of the pandemic and national lockdowns. Working with the Councils communication and IT teams, along with other SAFS Partners, two fraud awareness/ publicity campaigns were launched in 2020.

The first, delivered in August, titled *#Fraudsters-aren't-on-Furlough* asked for the public's support to report fraud against the Council where they suspected it.

The second, launched as part of the *International Fraud Awareness Week* in November 2020, thanked the public for their support in previous campaigns and provided feedback on successes from these campaigns whilst reminding everyone to be vigilant about their own on-line safety. Both campaigns used social media for delivery.

**Case study 1:**

*Social Media Campaign- August 2020- 'Fraudsters Aren't on Furlough'*



*7 Day campaign*

*Residents reached: 353,411 (Herts wide)*

*Link clicks (to SAFS homepage): 741- normally we have around 100 hits a week,*

*Referrals: 50 in a week - normally we receive between 20 and 25 on average.*

2.13 In 2020/21 SAFS issued fraud alerts on 31 occasions. These alerts covered areas such as the vulnerability to cybercrime for home working staff, new and emerging scams and spams, impersonation or CEO frauds and the increased threat of fraud caused by the local the national response to the Covid pandemic.

SAFS receives daily/weekly updates on new threats from a variety of sources including National Anti-Fraud Network (NAFN), National Cyber Security Centre (NCSC) City of London Police & National Fraud Intelligence Bureau (national lead on fraud and cyber-crime for policing and part of Action Fraud), London

Fraud Forum (LFF), Credit Industry Fraud Avoidance Service (CIFAS), CIPFA, Hertfordshire Police (OWL, Neighbourhood Watch, BEACON-Hub) and Hertfordshire Trading Standards.

Investigation and Prevention Activity

- 2.14 At the time of writing many cases raised for investigation are still subject to investigation. However, of 38 cases investigated and closed in the year 25 identified fraud losses/savings totalling £195,000. In a further 25 cases of alleged low value fraud (where no investigation commenced) compliance action, advice or warning letters were issued rather than full investigations. At year end 41 cases remained under investigation with an estimated fraud loss of £457,000.

**Table 4. Fraud Investigations Closed by Year (SBC)**



- 2.15 SAFS ability to conduct investigations in 2020/21 was severely hampered by the decision to work wholly from home in response to the Government lockdowns from March 2020. Although the service was in an excellent position to work from home, as the IT infrastructure and working practices were already in place, the impact on our work resulted from the restrictions when working with others.

- The DWP Fraud and Error Service, who we work with on many cases, redeployed all fraud staff to frontline delivery of Universal Credit.
- We were hampered in accessing the data held by our Partner Councils where we did not have remote access to systems- we have now improved our remote access to many Council systems.
- Council staff were focused on the local responses to the Covid pandemic and we saw 'business as usual' fraud reporting decline.
- We were unable to interview witnesses or the subjects of investigations due to the ongoing lock-down restrictions.

- The courts (dealing with civil and criminal matters) were closed for all but the most serious matters.

2.16 During the pandemic we also felt that SAFS role around prevention should be increased and use of sanctions suspended as they might be counterproductive. A decision was made to deal with as most low-level fraud by advisory or compliance letters to customers. Dealing with serious fraud or that needing immediate attention would be prioritised. Where cases met this threshold but, could not be dealt with quickly, these were 'overloaded' for review post lockdown.

**Case study 2:**

Subletting / Council tax reduction (CTRS) Housing benefit (HB) Single person discount (SPD)

*Allegation received from an anonymous source stating that a tenant had been subletting their council property at Newton Road for the past 12 years whilst residing at another address.*

*Since 2000 the tenant had been in receipt of HB and CTRS at the Newton Road address. The occupier of the second address where the tenant was alleged to have been living with was also in receipt of HB – CTRS – SPD, neither person had disclosed changes in circumstances to the Councils benefit or housing departments*

*In January 2020 the tenant of Newton Road applied to succeed the tenancy at the second address, as the tenant at that address had passed away, declaring that he had lived at that address since May 2006.*

*Evidence obtained by SFAS placed the tenant at the second address from 2006, and that the property at Newton Road had been sublet for some years.*

*The property at Newton road was returned to housing stock. A report was provided Councils benefit team. All benefits paid since 2006 were cancelled and the sums are being recovered from the tenant.*

2.17 SAFS provided support with all the Grants schemes administered by Council officers, as well as undertaking data-cleansing exercises providing pre and post payment assurance.

SAFS also provided guidance to the NNDR Team on the services provided by NAFN, CIFAS and the Cabinet Office. SAFS conducted several investigations where fraudulent applications for grants appeared to have been made and worked closely with Council officers to resolve these.

2.18 SAFS provided enhanced and frequent 'fraud alerts' regarding mandate / phishing frauds from national bodies including Cabinet Office, CIFAS/CIPFA/NFIB, Police and NAFN. SAFS continue to provide alerts about new and emerging fraud threats to SAFS Partners and sharing this intelligence with Action Fraud, County Trading Standards, NCSC and CIFAS.

- 2.19 SAFS worked with NAFN and the Department for Business Energy & Industrial Strategy (BEIS) sharing data and intelligence about national scam emails to local councils attempting to obtain data about local businesses in the hospitality and pharmacy sectors so that fraudulent grant applications can be submitted.
- 2.20 A Large part of SAFS involves housing benefit or council tax discounts and SAFS usually works very closely with officers from Department for Work and Pensions to ensure that all these cases are jointly worked in accordance with a national framework. In 2020/21, as mentioned above, we encountered significant delays when working with the DWP as their staff were redeployed as part of the Governments wider response to the pandemic. Many cases of alleged 'benefit' fraud are still unable to proceed due to staffing DWP redeployments.
- 2.21 As well as the financial values identified SAFS assisted in the recovery of 2 council properties that were subject to some form of tenancy fraud. SAFS have conducted 22 reviews of 'right to buy' applications to prevent any fraudulent or improper applications.
- 2.22 SAFS had also identified, by the end of March 2021, that a number of council homes were being sub-let or misused in contravention of the tenancy agreements. These matters had all been reported to the council's housing and legal services but due to the Governments decision to protect tenants from eviction during the Covid lock-downs no action could be taken to begin recovery of these properties until early 2021.

**Case study 3:**

Subletting / abandonment

*Allegation received from residents reporting a council tenant of a property at Windsor close had vacated the 2 bedroom house to reside with his wife in Brighton whilst subletting the council property.*

*The Councils housing records showed that rent arrears had accumulated and amounted to more than £3,000.*

*Evidence obtained by SAFS showed the tenants former partner had purchased a property in Suffolk. Further evidence revealed that the tenant was living in the same area in Suffolk. SAFS and Council officers attended the Windsor Road address and found the property completely void of furniture or personal belongings, it was evident the property had been abandoned.*

*A notice was served, and the property was recovered and brought back into stock on the 26<sup>th</sup> October 2020. On the 23<sup>rd</sup> of December a new tenancy began by a family who had been waiting in temporary accommodation since February 2020*

- 2.23 The Councils Shared Revenue & Benefit service made good use of the Council Tax Review Framework in 2020/21 with 12,605 properties in receipt of a council tax discount (normally for single occupancy) being reviewed. As a result of the review 327 discounts were withdrawn raising around £133,000 in additional council tax revenue in 2020/21. SAFS and the County Revenues Managers group are working closely with to introduce a new framework from the summer of 2021.
- 2.24 The Council fully complied with the statutory requirement of the National Fraud Initiative (NFI) 2020, with all datasets being uploaded by the deadlines in October, and some later ones (relating to the business grants data) in February 2021. SAFS and Council officers are now working through the output from that exercise received in March 2021. **Tables 5/5A** breaks down this work, and outcomes reported, so far.

**Table 5A. NFI Activity Main exercise**

Total Matches received 2020/21	High Priority Matches	Matches Reviewed end July 2021	High Priority Matches Outstanding at 21.6.2021	Total loss detected
1361	336	170	166*	£0

*\*The focus at present is on high priority matches.*

**Table 5B. NFI SPD and Covid Grants reports**

Report	Matches	Matches Reviewed end July 2021	Matches Outstanding end July 2021	Total loss detected
SPD*	901	0	901	£0
Covid Grants**	17	0	17	£0

*\*SPD cases are being reviewed by SAFS*

*\*\* Covid Grant discrepancies are being reviewed by Council officers. We suspect an error in the data has caused the high number of matches rather than actual fraud.*

### 3 SAFS KPI Performance 2020/21

3.1 As part of the Councils Anti-Fraud Plan for 2020/21 a number of KPIs were agreed with SAFS to measure its performance and the return on investment from this shared service. The targets and performance against these are shown below.

3.2 All KPIs were met in 2020/21 with the exception of 5D 'Properties Recovered'.

KPI	Measure	Target 2020/21	Performance in Year
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Reports to SAFS Board in June, September, and March 2021. SBC S.151 sits on the SAFS Board. Reports and meetings with s.151 quarterly.
2	Provide an investigation service.	A. 1 FTE on call at the Council. (Supported by SAFS Intel/AFI/Management). B. 3 Reports to Audit Committee. C. SAFS Attendance at Mgt Meetings/ R&B Liaison Meetings.	A. 2.5 FTE working on SBC cases and projects in 2020/21 B. Reports to AC in June 2020, September 2020 and March 2021. C. SAFS has close working with relationship with R&B and regular liaison is taking place. SAFS reps sit on JAG and CGG.
3	Action on reported fraud.	A. All urgent/ high risk cases 2 Days. B. All other cases 5 Days on Average.	A&B. both met within 2 days on average.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre C. NAFN Access/Training for relevant Council Staff D. 5 Fraud training events for staff/Members in year.	A. SAFS has access to both and SBC staff can access NAFN (from April 2021 Legal Services can access PNLD) B. SAFS Mgt are members of the CF Centre. C. See A above. D. 7 Training sessions were provided to council officers often via virtual or on-line delivery.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. 60% of cases investigated and closed in year with a positive outcome. C. All cases investigated will be recorded and the financial value, including loss/recovery/savings of each, Reported. D. Recover between 6 and 12 council properties where tenancy breaches for POSHFA, Housing Act, Fraud Act offences are suspected	A. This is happening daily as referrals received B. 66% of cases closed had a positive outcome - (25 from 38 cases)). C. This is happening daily as cases are investigated/closed and is used to produce reports to SAFS Board, SAFS Partner Senior Management and Audit Committees. D. Only two properties were recovered as a result of misuse in 2020/21 due to the Government decision not to evict tenants during the lock-downs.
6	Making better use of data to prevent/identify fraud.	A. Develop the Hertfordshire FraudHub for the Council. B. Support the NFI 2020/21 data upload for the Council. C. Consider other areas where the better use of data will benefit the Council financially.	A. A fraud-hub approach is being taken where data/knowledge/experience/expertise is shared across SAFS Partners. SBC is signed up the FraudHub participation in 2021/22. B. SAFS supported the Councils full compliance with NFI 2020/21 C. This includes the Herts Fraud-Hub as well as specific one-off data-matching/analytics.

#### 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 requires that Local Authorities publish the following data in relation to Fraud. The response for Stevenage Borough Council for 2020/21 is in **Bold**:

- Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.

**Nil. (The Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and makes use of the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf.**

- Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.

**2.5 FTE**

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

**2.5 FTE**

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

**£145,080 (includes salary cost of seconded officer)**

- Total number of fraud cases investigated.

**38 cases investigated and closed in year, a further 25 cases of irregularity investigated, and 41 cases still live at year end.**

4.3 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 Cases identified fraud.**

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

**£195,000 of fraud loss/savings identified in year (a further £457,000 of estimated fraud loss was under investigation at year end) and £133,000 from Council Tax Review.**

## 5. Further Reading

- *Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- *Fighting Fraud and Corruption Locally a Strategy for the 2020's. (CIPFA/CIFAS/LGA)*
- *Tackling Fraud in the Public Sector. (CIPFA 2020)*
- *Guide to Understanding the Total Impact of Fraud (International Public Sector Fraud Forum 2020)*
- *Fraud in Emergency Management and Recovery (International Public Sector Fraud Forum 2020)*
- *COVID-19 Counter Fraud Measures Toolkit. (Cabinet Office 2020)*
- *Local Authority Covid-19 Business Support Grants Fact Sheet (Government Counter Fraud Function 2020)*
- *UK Annual Fraud Indicator 2017.*
- *Fraud and Corruption Tracker 2020. (CIPFA)*
- *United Kingdom Anti-Corruption Strategy 2017-2022. (HMG 2017)*
- *Code of Practice – Managing the Risk of Fraud and Corruption. (CIPFA 2014)*