

March 2022

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## Stevenage Borough Council

### Anti-Fraud Plan 2022/23 & Anti-Fraud Activity update 2021/22

#### Recommendation

Members are recommended to:

1. Approve the Anti-Fraud Plan 2022/23; and
2. Note the activity to protect the Council against fraud and corruption in 2021/22

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## **1 Purpose**

1.1 This report provides details of the Council's anti-fraud and corruption arrangements for the current year, 2021/22, and the proposed Anti-Fraud Plan for 2022/23. The Plan for 2022/23 ensures that the Council considers and acknowledges the risk of fraud, has in place appropriate policies and processes to deter/prevent/investigate fraud, and that senior officers understand their role in protecting the Council against fraud.

## **2 Background**

2.1 Recent reports have been provided to officers and are being used by SAFS to ensure that the Council is aware of its fraud risks and finds ways to mitigate or manage these effectively wherever possible. Details of these reports and other recommend reding for Committee members can be found **at Section 5** of this report.

2.2 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. Fraud is now the most commonly reported crime in the UK and poses a particular risk to organisation with statutory duties to provide public services.

2.3 The Cabinet Office, The Department for Levelling Up, Housing and Communities (DLUHC) (formerly the 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.

2.4 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.

2.5 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 Council staff at all levels.

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### **3 Anti-Fraud Plan 2022/23**

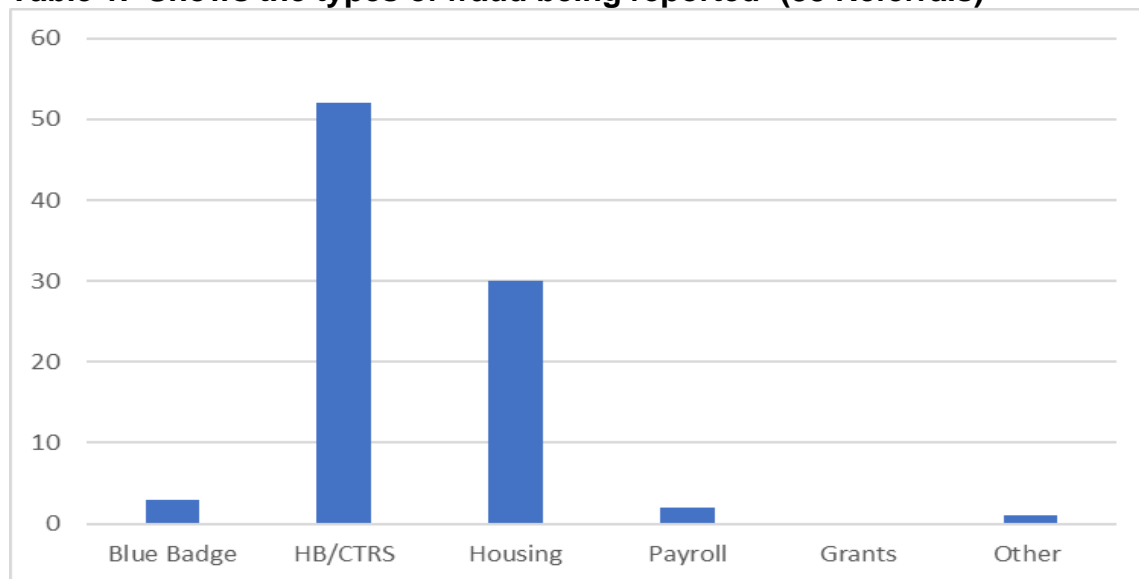
- 3.1 The reports and papers already mentioned recommend that organisations have effective and robust counter fraud and corruption measures. These measures must include the acknowledgement of fraud and corruption as a tangible risk, policies and procedures to deter and prevent fraud and resources to investigate fraud and recover losses. Above all an organisation should have a plan to protect itself against fraud and corruption.
- 3.2 Council officers and SAFS develop an anti-fraud plan each year and the proposed plan for 2022/23 is attached for approval by this Committee.
- 3.3 The Anti-Fraud Plan for 2022/23 has been designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) by adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue. A copy of the Anti-Fraud Plan is attached at **Appendix A**.
- 3.4 In 2021 we adopted the FFCL checklist as a 'To-do' list and we will continue to use this to track responsibility for actions/objectives to demonstrate how the Council is doing as a comparison against the checklist.

### **4. Anti-Fraud Activity 2021/22- Quarters 1-3.**

- 4.1 Between April and December 2021 SAFS received 88 allegations (referrals) of fraud affecting Council services – this is down somewhat on the same period last year (100). It should be noted that these are only allegations at this stage and not all will need to be investigated. However, every referral received will be reviewed, risk-assessed and appropriate action taken.
- 4.2 Table 1 shows the number of allegations of fraud received by the Council and which services these relate to. The majority of matters, 52, relate to council tax discounts and/or housing benefit followed by 30 allegations were about misuse of the Councils housing stock or the housing register. No Covid-grant frauds were reported in 2021/22.

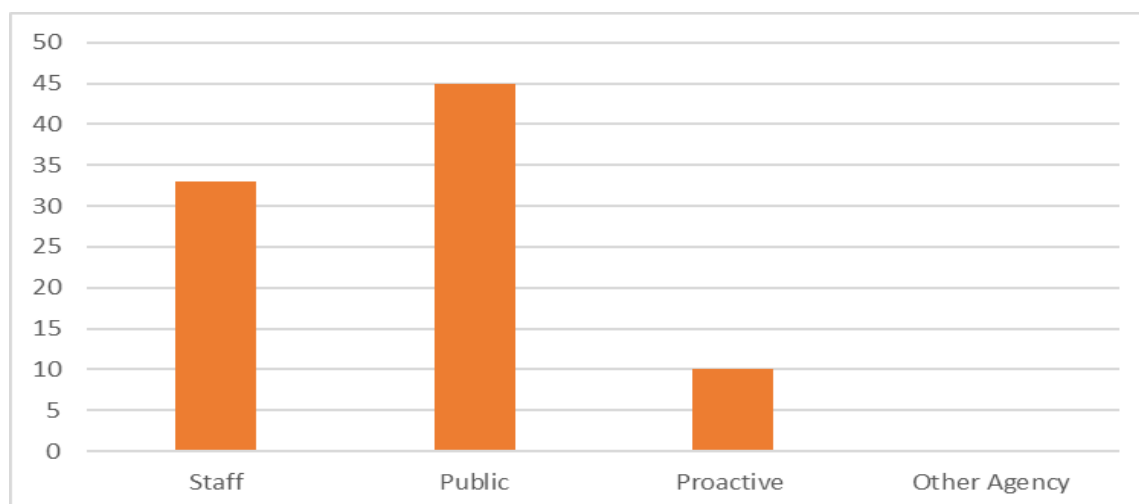
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**Table 1. Shows the types of fraud being reported- (88 Referrals)**



4.3 Table 2 shows who is reporting suspicions of fraud to the Council. Of the 88 matters reported the majority, 45, were reported by the general public, 33 by staff and 10 from proactive work including data-analytics.

**Table 2. Shows who is reporting Fraud to the Council- (88 Referrals)**



*Proactive; includes the use of data-analytics where fraud identified.*

4.4 SAFS carried forward 57 live cases from 2020/21 and currently 45 cases are open and under investigation with estimated fraud losses/savings of £519k.

4.5 At the time of this report many cases raised for investigation are still in the early stages, however, of the 41 investigations closed in year fraud loss/savings in excess of £475k have been reported.

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*'Fraud Loss' is fraud that 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.*

- 4.6 A significant number of cases have been delayed or suspended due to the restrictions with face-to-face interviews resulting from social distancing and some cases where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), have been delayed as staff have been redeployed during the Covid crisis.
- 4.7 As well as identifying or preventing financial loss SAFS have worked with the Councils Housing Department and Shared Legal Service to recover 7 Council properties that were subject to an element of 'tenancy fraud' and completed the review of 66 Right to Buy (RTB) applications to prevent any potential money laundering. The RTB review process also helped to identify an ongoing tenancy fraud in 2021 assisting in the securing of the property in question.
- 4.7 Fraud awareness training has been delivered to Council Officers during 2021/22 via virtual training events and team meetings that have been very well attended. SAFS have worked with the National Anti-Fraud Network (NAFN) to roll out further staff training in maximising the use of the fraud/error/debt recovery services provided by NAFN. SAFS have also supported Council officers using the various National Fraud Initiative (NFI) programmes in 2021/22 and continue to do so.
- 4.8 Since early 2021, a focus of SAFS work has been to work with Council officers to ensure that the Council has been able to deal with the output from the National Fraud Initiative (NFI). The Council received a number of reports in February 2021 and 1,202 individual data matches to review. The NFI matches data between bodies that is collected in October and shared with participants the following February, this results in numerous 'false-positive' matches and many matches which just need administrative action as opposed to fraud investigation.
- The Council received 1,023 matches as part of the main exercise. These matches covered areas such as Housing Benefit/ Council Tax/ Housing/ Creditors/ Payroll- 330 of these were highlighted as 'priority' matches. By the end of December 2021 285 priority matches had been fully reviewed (320 total matches cleared) but, a significant number are still under review at present. The vast majority of the priority Housing/Creditors/HB/CTax matches have been cleared.
  - The Council received a report with 901 matches in a separate NFI exercise focused entirely on council tax discounts. As mentioned above this can create a large number of false positives and a decision was made to use further data

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analytics (Council Tax Review Framework) to try and reduce the volume of matches that needed intervention. A plan for this to happen in 2022 has been agreed.

- The final report from NFI in 2021 was used to review the Council's data for the payment of grants to businesses as part of the Covid response between 2020 and 2021. All of the data held by the Council about those grants was reviewed as part of this report by the Cabinet Office and matches to grant data held by every other Council in England & Wales, HMRC, Banks and Companies House. The Council received a report indicating that 17 grant awards needed further review and this has now been undertaken revealing no concerns and providing further assurance around the Council's administration of Covid grant schemes.
- As we are now in a position to start using Council data in the Herts-FraudHub we tested this successfully in 2021 with some basic data-sets. We are now loading data from council tax/ housing register /payroll on an agreed schedule. To the end of January 2022 matches for review were identified in council tax and payroll data and these are under review by the relevant service areas at present.

4.9 As part of the Government and Council's ongoing response to the Covid-19 pandemic, SAFS continues to provide the following additional services:

- Support with those ongoing Business Grant schemes.
- Assistance and support on new schemes to support residents who are required to self-isolate.
- Review of new grant schemes that the Council may need to operate during local/national lock-downs that may happen in the future as a result of increased infection rates. SAFS are offering support to Council officers to review the various grant applications related to the OMICRON variant where this is required.
- Enhanced provision of alerts around mandate and phishing frauds from national bodies including National Fraud Intelligence Bureau, National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service and CIPFA (Chartered Institute of Public Finance and Accountancy).

4.10 The Council adopted new Anti-Fraud, Anti-Money Laundering and Anti-Bribery policies in 2021 and these are now available to officers on the Council's intranet and are published on the Council's webpage.

4.11 A detailed report of all counter fraud activity undertaken in 2021/22 will be provided to this Committee in the early summer 2022.

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4.12 SAFS KPI data can be found at **Appendix B**

## **5. Further Reading**

- *Councillors Workbook on Bribery & Fraud Prevention*
- *Fighting Fraud and Corruption Locally a Strategy for the 2020's.*
- *Tackling Fraud in the Public Sector.*
- *COVID-19 Counter Fraud Measures Toolkit.*
- *UK Annual Fraud Indicator 2017.*
- *Fraud and Corruption Tracker 2019.*
- *United Kingdom Anti-Corruption Strategy 2017-2022.*
- *Local Government Transparency Code.*
- *The National Fraud Strategy: Fighting Fraud Together.*
- *CIPFA Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption.*