



Hertfordshire County Council  
Shared Anti-Fraud Service  
Progress Report  
23 March 2016

Recommendation

Members are asked to  
Note the progress of the Shared Anti-Fraud Service to date;  
Note progress made against the SAFS Business Plan for 2015/2016;  
Agree the SAFS/HCC Anti-Fraud Action Plan 2016/2017;  
Note the content of the TEICCAF Fraud Briefing;  
Review and comment on the introduction of a new Fraud Sanction/ Prosecution Policy for use from April 2016.

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### Appendices.

1. SAFS Business Plan 2015/2016 & 1A Progress against objectives
2. Draft SAFS/HCC Anti-Fraud Business Plan 2016/2017
3. TEICCAF Presentation
4. Draft HCC Fraud Sanction/Prosecution Policy

# 1 Introduction and Background

## Purpose of Report

1.1 To provide Members with:

- An update on progress made by the Shared Anti-Fraud Service (SAFS) since its launch on 1<sup>st</sup> April 2015 including an update on the county-wide fraud awareness campaign
- A review of some of the Pilot Projects that SAFS have been involved with.
- Progress against the SAFS Business Plan 2015/2016 and the Objectives set within this
- Details of a proposed SAFS/HCC Anti-Fraud Action Plan for 2016/2017
- A comparison, from 'The European Institute for Combatting Corruption and Fraud', of HCC anti-fraud arrangements and activities in 2014/2015 against other Councils
- An update on a new Fraud Sanction & Prosecution Policy for use where fraud is identified clearly stating how the Council will deal with such occurrences.

## Background

- 1.2 In its 2010 Welfare Reform Act the Government announced its intention to create a single body to deal with welfare fraud across local and central government. The formation of a Single Fraud Investigation Service (SFIS), covering all welfare benefit fraud was announced by the Chancellor of the Exchequer on 5 December 2013.
- 1.3 The implementation of SFIS commenced in October 2014 and went through to March 2016. The creation of this new service, led by the Department of Work and Pensions potentially exposed District Councils to a heightened risk of fraud as all of their counter fraud staff and resources would move to a central organisation that was focused only on welfare fraud.
- 1.4 Between 2012 and 2014 reports produced by central and local government identified that non-welfare fraud in local government, including County Councils, was a growing area of financial risk.
- 1.5 In 2014, as a response to these combined risks, the Department for Communities and Local Government (DCLG) announced that it would provide challenge funding to local authorities that developed anti-fraud arrangements of their own and, in addition, would favour those activities that created shared services.
- 1.6 In response to this, Hertfordshire County Council became the sponsoring authority for the Hertfordshire SAFS Project. One of the key reasons for the County's lead was that the Shared Internal Audit Service in Hertfordshire (part of HCC Assurance Services) had also identified an increased risk of fraud risk to its district council clients.

- 1.7 The SAFS Business Case concluded that the district councils in Hertfordshire, were at significant risk of fraud once staff and the associated funding transferred to the DWP leaving the districts particularly exposed. Areas at risk of fraud included Procurement, Payroll, Council Tax, Business Rates and Housing. The Business Case recommended that a shared anti-fraud service across Hertfordshire's Councils could deliver effective anti-fraud arrangements for all partners.
- 1.8 In late 2014 a joint bid was submitted to DCLG for £366k to part fund the development and creation of a shared anti-fraud service in Hertfordshire. In December 2014 the DCLG agreed to fund the Hertfordshire Bid in full from 2015 to 2017.
- 1.9 In April 2015 Broxbourne Council, East Herts Council, North Herts Council, Hertfordshire County Council, Hertsmere Council and Stevenage Borough Council signed an agreement to pilot a Shared Anti-Fraud Service based at the County Council's offices in Stevenage to work alongside the existing Shared Internal Audit Service and wider Assurance Services.
- 1.10 The total contribution by the partner councils to the SAFS Service is £60k in 2015/2016 rising to £105k in 2016/2017.

## 2 SAFS Update

### Staffing

- 2.1 The SAFS team is comprised of nine FTE staff structured as follows:

Role	Abbreviation	No. of Posts
Counter Fraud Manager	CFM	1
Counter Fraud Assistant Manager	CFAM	1
Counter Fraud Officers	CFO	5
Counter Fraud Assistants	CFA	2

The Team also receives support from the Head of Assurance (SIAS Lead), a Business Manager and a Data Analyst.

- 2.2 Recruitment commenced in December 2014 with the Counter Fraud Manager being appointed in March 2015 and was fully completed in June 2015.
- 2.4 It was the intention that each SAFS Partner receive dedicated support and response from the team in a transparent way. The most effective way to do this was to allocate a Counter Fraud Officer (CFO) to each Partner. The CFO is the first point of contact for that partner's services with responsibility for building relationships at a service level, delivering training, and working on local pilot projects.

- 2.5 A Board comprised of each Partner Authority’s Chief Financial Officer, and the Head of SIAS & the SAFS Counter Fraud Manager determines the roles and priorities for the service.

#### Fraud/SAFS Awareness

- 2.6 One measure of SAFS having successfully heightened awareness is that fraud can be easily reported by both staff and the public. All SAFS member authorities have been asked to update their internal and external fraud reporting procedures. Work is ongoing with HCC to develop reporting lines and relationships with services including Children’s Services / Education, Social Care, Legal, Human Resources, Procurement, and Customer Services.
- 2.7 SAFS has its own webpage – [www.hertsdirect.org/reportfraud](http://www.hertsdirect.org/reportfraud) which utilises an online reporting tool. A fraud reporting ‘hotline’ has been operational since 1<sup>st</sup> April 2015 (0300 123 4033) and a shared secure email account has been created for reporting fraud – [fraud.team@hertscgcsx.gov.uk](mailto:fraud.team@hertscgcsx.gov.uk).
- 2.8 In June 2015 SAFS was officially launched at an event in Stevenage attended by Senior Officers and Members from all SAFS partners (including HCC) and representatives from both the Chartered Institute of Public Finance and Accounts (CIPFA) and The European Institute for Combatting Corruption and Fraud (TEICAFF).
- 2.9 A media campaign, supported by the HCC Communications Team and Partner portfolio holders, was rolled out across the County in October/November 2015. The **‘Spot the Cheat in your Street’** campaign was very well received with hits on the SAFS webpage rising from 50 per week to over 800 at its height. The Team received 60 allegations of fraud in that period and since then the number of referrals from the public has remained high.
- 2.10 Since April SAFS has received reports on allegations of fraud for each partner from various sources as detailed in the table below.

SAFS Partner	Public	Partner	Other
HCC	33	63	18
Stevenage	30	39	N/A
Hertsmere	18	39	N/A
East Herts	40	10	6
North Herts	40	52	7
Broxbourne	16	94	20
Other Agencies	47	N/A	N/A
Total	224	297	51

The breakdown of the differing types of alleged fraud being reported at District partners is as follows:

SAFS Partner	Council Tax Fraud	Tenancy Fraud	Other	Total
Stevenage	31	32	6	69
Hertsmere	41	14	2	57
East Herts	42	10	4	56
North Herts	88	8	3	99
Broxbourne	120	6	4	130
<b>Total</b>	<b>322</b>	<b>70</b>	<b>19</b>	<b>411</b>

*Other Includes Staff fraud, insurance fraud, grants fraud, & payment fraud.*

At Hertfordshire County Council the alleged fraud types are broken down as follows:

Blue Badge	Staff	Schools	Payment & Procurement	Other
60	18	9	11	16

*Other fraud includes pension fraud, social care fraud, and complex fraud*

### High Profile Work at HCC

2.11 SAFS have undertaken significant work at HCC which has included:

- Reports to all Senior Management Boards
- Delivery of an HCC wide internal fraud awareness campaign
- Training events for service delivery teams, school governors, SIAS and others totalling more than 500 staff/governors (with more planned for 2016).

Cases investigated at HCC have so far identified fraud in excess of £3m and future savings of £300k. These have included a number of internal disciplinary cases, cases of alleged procurement or contract fraud, fraud involving schools services and payment frauds. More than 30 Blue Badges that were being misused by third parties have been seized or cancelled.

### Pilot Projects

2.12 SAFS is currently working closely with the Council's Blue Badge Service and our District partners' Parking Enforcement Teams to target fraudulent misuse of Blue Badges across the County.

2.13 SAFS and two of our District partners, East Herts and North Herts, were selected as pilot sites for joint working with the Department for Work and Pensions from November 2015. There are only six sites across England and Wales for this project. This work has progressed well with staff from SAFS and DWP working together and sharing information to assist in fraud investigations where there is a joint interest.

- 2.14 SAFS have worked with the housing benefit teams in the District Councils across Hertfordshire as well as the County Council's care commissioning teams to deal with a highlighted risk of fraud, wherein housing benefit is paid to vulnerable tenants in 'supported accommodation'. This exercise culminated in a SAFS hosted training event held at East Hertfordshire District Council in January 2016, which was attended by 40 delegates from Districts and the County Council.
- 2.15 SAFS are hosting a cyber-crime training and awareness session for all the IT Managers and their staff in March 2016. This event is free for SAFS Partners to attend.
- 2.16 SAFS are leading on the development and procurement of a county-wide data matching exercise to identify fraud in Council Tax, particularly around fraudulent discounts and exemptions, as well as business rates, empty homes, and council tax support schemes. This will be introduced in the summer of 2016 for all Districts, and will be funded by HCC and all participating Districts.

### 3 Anti-Fraud Documents

#### Performance against SAFS Business Plan 2015/2016

- 3.1 The Council has in place an Anti-Fraud and Corruption Policy and this is currently under review to reflect recent changes and the partnership approach of SAFS.
- 3.2 A copy of the SAFS Business Plan 2015/2016 can be found at Appendix 1. Activity against the plan includes key dates for delivery.
- 3.3 All of the objectives set in the Business Plan 2015/2016 have been achieved, or are well on the way to delivery with the exception of a Peer Review that has been deferred to later in the project. Progress against each objective in the business plan can be seen at Appendix 1A.

#### Proposed SAFS/HCC Anti-Fraud Action Plan 2016/2017

- 3.4 Due to the success of the format and delivery of the SAFS Business Plan 2015/2016 the SAFS/HCC Anti-Fraud Action Plan 2016/2017 uses a similar format with some slight changes to roles or delivery dates. The plan is shown at Appendix 2.
- 3.5 Adherence to the proposed Anti-Fraud Action Plan 2016/2017 will ensure compliance with the Council's own Strategy, best practice issued by central government, the National Audit Office, and CIPFA and deliver the best outcomes for the Council.

## SAFS Reports 2016/2017

- 3.6 SAFS will provide a full report to this Committee in June 2016 on the Council's anti-fraud performance and SAFS activities in 2015/2016. This will include the number of, and types of, cases investigated with outcomes and the financial savings identified from all anti-fraud activity. In March 2017 SAFS will provide a revised HCC Anti-Fraud Action Plan for 2017/2018

## 4 Fraud Briefing presented by TEICCAF

- 4.1 The European Institute for Combatting Fraud and Corruption (TEICCAF) was established in 2015 following the disbanding of the Audit Commission. TEICCAF provide support and assistance to local government across the UK, including an annual survey of fraud to which HCC subscribed in 2015.
- 4.2 The survey conducted in 2015 has been used by TEICCAF to provide fraud briefings to those councils that submitted data, to help them benchmark against other councils and highlight areas of emerging fraud.
- 4.3 The fraud briefing is attached at Appendix 3 is for HCC's sole use; it is not published and all the data regarding other agencies is anonymised to prevent its use by potential fraudsters.

## 5 Fraud Sanction & Prosecution Policy

- 5.1 Due to the varied types of fraud being investigated across services provided by the Council and our District partners it has been necessary to create a new policy that states how offenders will be dealt with where fraud is identified.
- 5.2 The draft policy as Appendix 4 includes various options for disposal, using the appropriate legislation for each and outlining how the decision making process will be followed.
- 5.3 The Committee are asked to review and comment on this new policy for use from April 2016.