



Welwyn Hatfield Borough Council

Audit Committee

January 2024

Anti-Fraud Progress Report 2023/2024

Purpose

1. This report provides details of the work undertaken by the Shared Anti-Fraud Service (SAFS) and Council Officers to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Action Plan for 2023/24.
2. Further reports will be provided to this Committee in 2024 with detailed progress with delivery of the agreed Plan and SAFS KPI performance.

Recommendations

3. **Members are RECOMMENDED to:**
 - a) **Note the progress by officers and the Shared Anti-Fraud Service to deliver the 2023/2024 Anti-Fraud Plan for the Council.**

Delivery of the Anti-Fraud Plan

2023/24 Plan

4. The 2023/2024 Anti-Fraud Plan was approved by this Committee at its March 2023 meeting. This Plan covers all areas recommended by CIPFA and the *Fighting Fraud and Locally Strategy for the 2020s*. The Plan also provides assurance that the council benefits from a positive return on its investment in the SAFS Partnership. See **Appendix 1** for details of the Plan.
5. Welwyn Hatfield Council joined the Shared Anti-Fraud Service (SAFS) in April 2023 and much of this report still reflects the work undertaken to embed the service, although this now beginning to show the first signs of success. At the meeting of this Committee in March 2023 the SAFS management provided members with a background to the service and how it has been operating with other Councils across the County since 2015.

Counter Fraud Activity & Reported Fraud

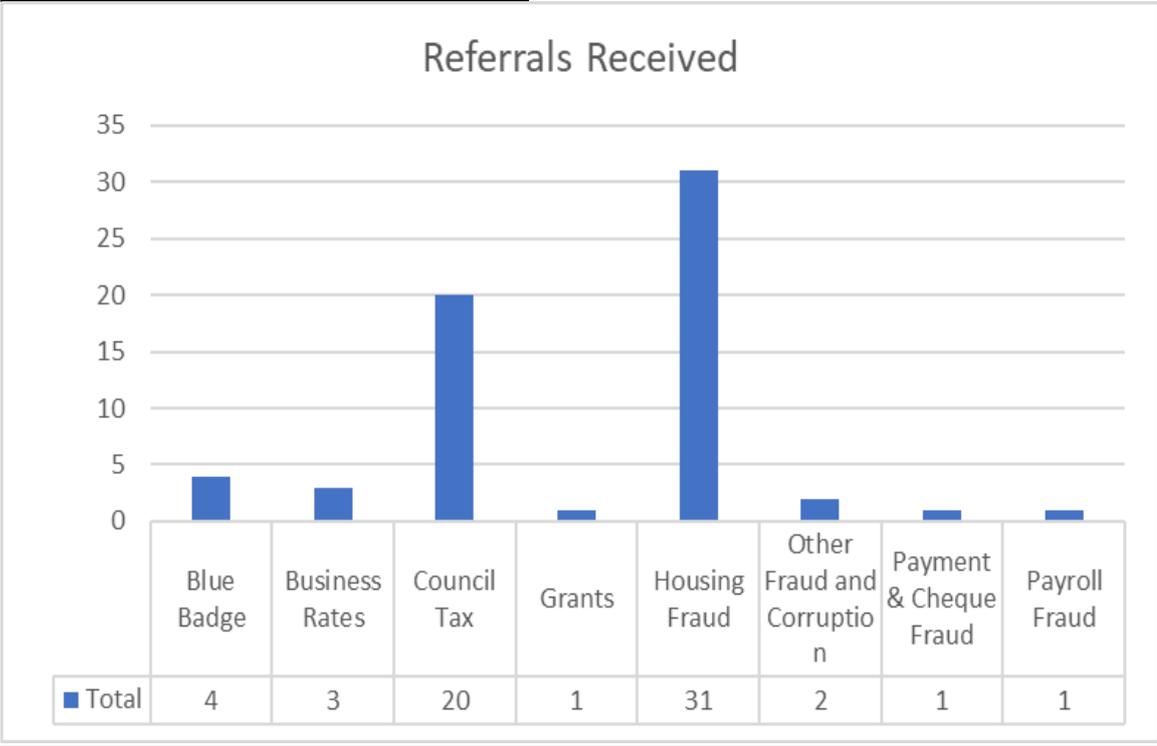
2023/2024 Anti-Fraud Activity

6. The Council has in place an Anti-Fraud, Bribery & Corruption policy and an Anti-Money Laundering Policy. A review of all policies is ongoing to ensure compliance with current best practice and any changes required by legislation, which may include the 'Economic Crime and Corporate Transparency Bill' and the 'Police, Crime, Sentencing and Courts Act 2022'.
7. A training plan to build on staff awareness and fraud reporting, along with a publicity campaigns to inform the public and encourage fraud reporting, has been developed with officers in the HR and Communication teams. SAFS have met with HR leads at the Council to arrange this and consider options to review/replace the current E-learning system in place for officers. Training was provided for Council officers working in Finance, Legal and Procurement on anti-money laundering in August 2023 and general fraud awareness was delivered to Council officers virtually in September 2023. Training, around the fraud risks in housing, has been provided to

officers working across Revenues & Benefits and Housing Services in team and management meetings.

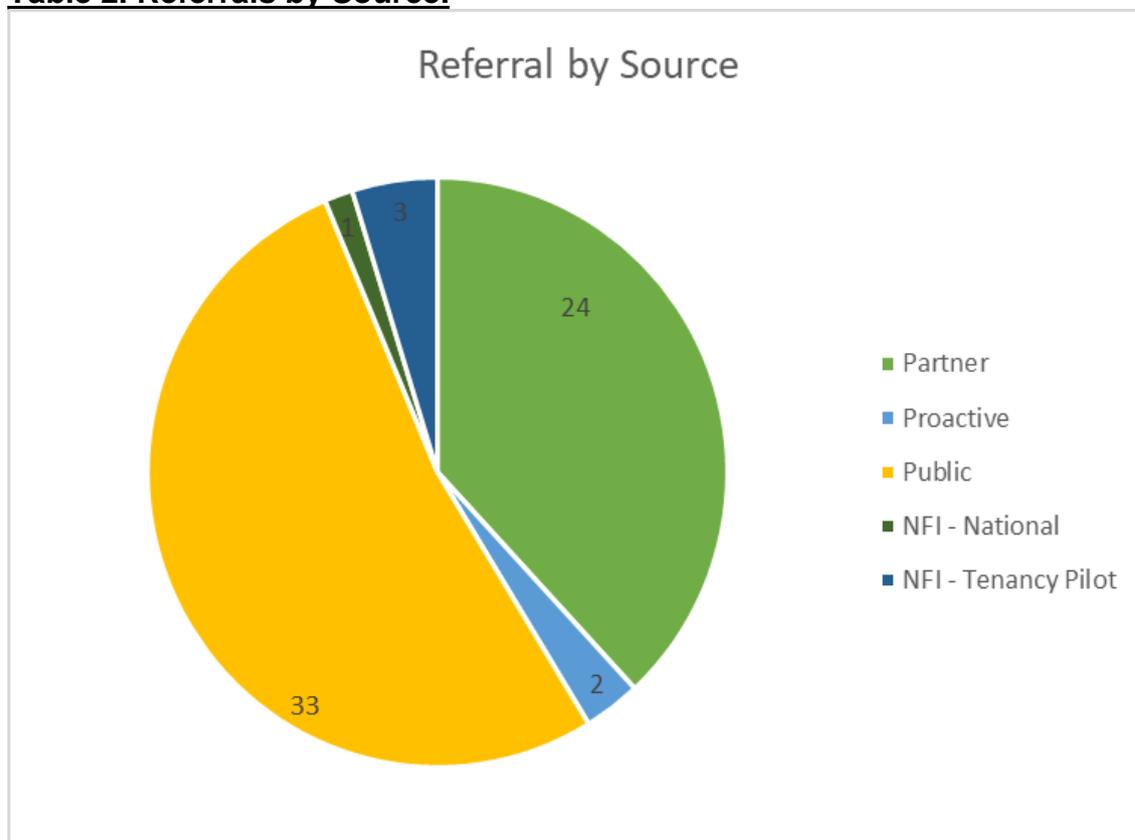
8. At the request of the Corporate Governance Group SAFS are still developing and delivering bespoke internal and external communication plans to encourage staff and the public to be aware of the risk of fraud and how suspicions of fraud can be reported.
9. SAFS have already issued a number of alerts to officers this year including matters on mandate/payment frauds, payroll frauds, QR misuse and others. These are being shared with the SAFS Board to cascade, and also with the service areas most likely to be affected via the Councils Corporate Governance Group. The Councils **Executive Director (Finance and Transformation)** is the SAFS Board representative for the Council.
10. Between April and December 2023 63 allegations of fraud were received by the Council/SAFS, this is a significant increase since our last report in September and seems to reflect the success in making both staff and public aware of SAFS and how fraud can be reported. These referrals are all risk assessed and reviewed and at present a number of cases have been selected for further investigation, not every referral requires an investigation.

Table 1. Referrals by Service Area.



11. Table 2 shows who is reporting fraud and along with our proactive work (NFI/Fraudhub). We are very pleased with the volume reported by staff and public alike.

Table 2. Referrals by Source.



12. As many of the cases reported this year are still in the early stages of investigation only a small number of cases have been closed. Currently 27 cases are live or still at referral stage with an estimated fraud loss in excess of £333k. Only one case has been closed and five cases have had an early intervention and have been closed as a result.
13. Two Council properties have been recovered that were being sub-let illegally or abandoned and we are working with the Councils legal team to consider whether one of the former tenants should be prosecuted for offences under the Prevention of Social Housing Act 2013. In a separate case SAFS Financial Investigator is looking into an allegation of money laundering and again we are working very closely with Council officers and the National Crime Agency on this matter.
14. SAFS continues to provide an enhanced anti-money laundering process for all applications from Council tenants to purchase their properties under the national 'Right to' scheme. This has included a review of all live applications as well as new applications since April 2023- 73 such reviews have been completed.
15. SAFS officers along with colleagues across the Council continue to resolve the output from the NFI 22/23 exercise. To date of 371 (high risk) matches of the 1,872

total matches have been reviewed. This work has identified fraud/error in 29 cases with £48k in fraud losses/savings reported- a further 16 potential frauds are under review.

16. The Council has joined the Herts FraudHub in 2023 with data now being submitted to the FraudHub, along with the other seven SAFS Partners, and we have started to review the output from this work. This work is still in the early stages but has already identified 2 cases of fraud with a further 178 discrepancies under review.
17. The Council is taking part in a pilot project with the Cabinet Office to utilise the FraudHub structure to identify fraud within the Housing stock. The first phase of this exercise has identified 984 discrepancies for review. This is a pilot and we are using this exercise to hone the system to focus on potential fraud. We do not believe that all 984 discrepancies, or even a significant portion of them, are indicative of fraud and we are working closely with the Housing Team to individually review each allowing us to develop Artificial Intelligence (AI) to identify fraud as it occurs.

SAFS Performance against KPIs

18. SAFS KPIs were agreed with senior officers for 2023/24 and progress against these is shown below. The majority of these are on target for delivery with exceptions noted below.

KPI-2A we are aware that time recording from our new case management system (CMS) has not been working fully and SAFS staff have not been recording all time spent on work for the Council. We do not anticipate achieving 100% of this target but we are confident the level of service provided is at the level agreed or above.

KPI-3 we identified an issue with our CMS which we have been working on with the provider since early 2023 for the separation of urgent and routine referrals. This work is still ongoing with our CMS provider and a fix may not be introduced until later in 2024. The Council, however, has assurance that on average every referral regardless of priority is being reviewed within 24 hours.

KPI-6 we have added 6C to review and monitor the effectiveness of the Cabinet Office Housing Fraud Pilot and the use of AI to detect fraud.

Table 3. SAFS KPI Performance

KPI	Objectives	Progress
1	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. Meetings to take place with the Councils S.151, quarterly. Executive Director (Finance and Transformation) or deputy will sit on the SAFS Board that meets quarterly.	SAFS Mgt have meetings planned throughout the year with RB/HO. RB/HO are invited to attend all SAFS Board meetings in 23/24 Meetings are taking place. SAFS have been invited to SMT and have met with senior officers across Housing Services/Finance. Monthly meeting and reports in place with Farhad Cantel and Client Support Services .

	<p>Regular meetings to take place with Directors/Service Leads to agree and update local work plans.</p> <p>Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.</p>	
2	<p>350 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management).</p> <p>3 Reports to Audit Committee.</p> <p>SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.</p>	<p>179 days to end of December (51%). We have provided more resource in Jan 24 to assist with NFI Housing Fraud Pilot September 23, January & March 2024</p> <p>SAFS Mgt attends Corporate Governance Grp each month.</p>
3	<p>A. All urgent/ high risk cases 1 Day.</p> <p>B. All other cases 2 Days on Average.</p>	<p>Less than 1 days to respond to <u>all</u> referrals. see above.</p>
4	<p>Membership of NAFN & PNLD</p> <p>Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts/trends/best practice</p> <p>NAFN Access/Training for relevant Council Staff</p> <p>10 Training events for staff/Members in year. (To be agreed with Directors/ Service leads and HR)</p>	<p>SAFS has membership of PNLD which has been shared with WHBC Legal. NAFN membership paid for by WHBC 23/24. SAFS/HCC member of CIPFA and CIFAS. NAFN service awareness to shared across Council service areas for relevant officers</p> <p>SAFS liaising with WHBC HR to arrange training programme</p>
5	<p>All reported fraud (referrals) will be logged and reported to officers by type & source.</p> <p>All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.</p> <p>6 Social homes secured from unlawful use or sub-letting.</p> <p>100% Review of all Right to Buy and 'Succession' applications.</p>	<p>Fraud reporting options available for staff and residents on the WHCB webpage and intranet.</p> <p>All cases will be recorded on SAFS CMS</p> <p>No data available yet</p> <p>73 reviews complete so far- 100% of those requested.</p>
6	<p>Support the output from NFI 2022/23 Council services.</p> <p>Membership of the Herts FraudHub in 2023/24</p>	<p>SAFS Officers now have access to all systems and working with officers to resolve OS NFI matches.</p> <p>Contracts with C/O & WHBC and DPIA all in place for 23/24 and data is being uploaded. SAFS working with officers to review matches.</p> <p>We have the additional Housing Pilot with the Cab/Off live with the Council</p>

Appendices

19. The following appendices are attached to this report:

Appendix 1 - SAFS/Welwyn Hatfield Borough Council *Anti-Fraud Plan 2023/24*

Further Reading

20. List of Background Papers - Local Government Act 1972, Section 100D

- (a) ***Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)***
- (b) ***Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)***
- (c) ***Tackling Fraud in the Public Sector (CIPFA 2020)***
- (d) ***Guide to Understanding the Total Impact of Fraud (International Public Sector Fraud Forum 2020)***
- (e) ***Code of Practice – Managing the Risk of Fraud and Corruption (CIPFA 2014)***
- (f) ***Government Counter Fraud Standards (Cabinet Office 2021)***
- (g) ***Lost Homes, Lost Hope. (Fraud Advisory Panel & Tenancy Fraud Forum 2023)***