

COUNTER FRAUD STRATEGIC PLAN 2021/22

Cabinet Member(s)	Councillor Ian Edwards Councillor Martin Goddard
Cabinet Portfolio(s)	Leader of the Council Cabinet Member for Finance
Officer Contact(s)	Alex Brown, Finance
Papers with report	Counter Fraud Strategic Plan 2021/22

HEADLINES

Summary	This report seeks Cabinet approval for the updated Business Assurance Counter Fraud Team (BACFT) Counter Fraud Strategic Plan including Operational Workplan.
Putting our Residents First	<p>This report supports the following Council objectives of: <i>Strong financial management.</i></p> <p>The BACFT supports the Council's statutory obligation to safeguard public finances through strong financial management. The Counter Fraud Strategic Plan demonstrates the Council's corporate approach to tackling fraud and corruption.</p>
Financial Cost	There are no direct financial implications arising from this report.
Relevant Committee	Audit Committee
Relevant Ward(s)	All wards

RECOMMENDATION

That the Cabinet approve the Counter Fraud Strategic Plan for 2021/22 as set out in Annex 1.

Reasons for recommendation

The BACFT's primary objective is to provide the London Borough of Hillingdon Council, and its residents, with a professional and highly performing risk-based counter fraud service covering all areas of Council business. A service which proactively and effectively manages the risk of fraud inherent in the provision of services to the residents of the Borough and within the administration of public finances. This includes robustly pursuing the prevention and detection of fraud and corruption through reactive and proactive investigation, championing and reinforcing a borough-wide counter-fraud culture, taking appropriate sanction and prosecution action where necessary. This gives assurance to the Council over its fraud risks and builds residents' confidence in the Council and its protection of the public purse.

The recommendation is to approve the updated Counter Fraud Strategic Plan 2021/22 (including the BACFT's operational work plan), which includes a revised fraud risk assessment and strategic approach to fraud prevention and detection. This is in response to the significant changes to the fraud landscape resulting from the Covid-19 pandemic.

Audit Committee comments

The Audit Committee noted and commented on both the draft Counter Fraud Strategic Plan for 2021/22 and the Operational Counter Fraud Team Operational Work Plan 2021/22. The Committee's comments were minuted as follows:

"The Committee were encouraged by planned work with maintained schools in the Borough and the development of a toolkit to aid in promoting fraud awareness within school structures. With regard to the key amnesty, Members were satisfied that similar schemes had worked for other local authorities; it was deemed an effective tool for the recovery of properties with reduced effort on the Council's part. Further to this, it was highlighted that even if uptake was lower than expected, the scheme would not have been too resource intensive and therefore the potential benefits of such a scheme would outweigh any negatives should the scheme not be successful."

SUPPORTING INFORMATION

The role of the Business Assurance Counter Fraud Team

The BACFT supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the BACFT underpins the Council's commitment to a zero-tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.

According to the Chartered Institute of Public Finance & Accountancy (CIPFA) the public sector, and more specifically local authorities, lose an estimated £2.1bn each year to fraud and corruption. This loss directly affects the services that local authorities provide, negatively

impacting on the availability of resources, reducing the money able to be spent on key services and damaging the reputation of councils with their residents. The scarcity of councils' resources within the current economic and public health climate creates a further urgency to respond robustly to the fraud threat and is a key element when ensuring the proper administration of public money.

Wherever a local authority provides a valuable service to its residents, such as social housing, grants payments, the disabled facilities grant, payment to suppliers or staff, or a benefit payment, there is the opportunity for fraud. The challenge for all councils is to ensure that fraud losses within its services and payments are minimised or, where possible, prevented altogether. The challenge is increased further when considering that fraudsters are continually innovating, finding new ways to defraud, to access benefits and services they are not entitled to, and receive wrongful payments. The number and range of fraud risks faced by the Council has also changed as a direct result of the Covid-19 pandemic, due to the changes to services provided, ways of working and financial help available to individuals and businesses, all of which carry an inherent risk of fraud and which the Counter Fraud Strategic Plan seeks to address.

A strategic approach to counter fraud

It is vitally important to have a clear strategy in place to define and direct the Council's approach to effectively manage both the internal and external risk of fraud and corruption. This demonstrates the Council meeting its statutory responsibilities and supports its vision of '*putting our residents first*' by ensuring that public funds are not lost to fraud and corruption.

The Counter Fraud Strategic Plan 2021/22 sets out the BACFT's strategy within eight key objectives:

1. Maximise loss prevention across Council services through effective counter fraud activity and deliver loss prevention financial savings of at least £1.5m;
2. Limit the opportunity for instances of fraud and corruption across the Council through effective prevention measures;
3. Create a strong deterrent effect to fraud and corruption;
4. Improve the Council's reputation across all stakeholders through the visibility of effective counter fraud activities;
5. Improve the Council's overall governance arrangements;
6. Reinforce an organisational culture of zero-tolerance to fraud;
7. Embed and maintain an organisation wide fraud risk awareness; and
8. Achieve the BACFT Operational Work Plan 2021/22.

Financial Implications

There are no direct financial implications linked to the Counter Fraud Strategic Plan 2021/22.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities

The impact of fraud and corruption threatens the prosperity of the London Borough of Hillingdon and its residents, with the potential to erode confidence in the Council as an institution. Fraud and corruption take money away from essential Council services and reduces the Council's ability to help those most in need. The effects of fraud are often compounded by its link to organised criminal activity and the negative impact on the community and increased levels of related crime. This makes counter fraud work a crucial activity for the Council, with the benefits of an effective counter fraud service, supported by an effective corporate framework, being felt by all residents, essential service users and communities alike.

Consultation carried out or required

No consultation was carried out in relation to this report. The Counter Fraud Strategic Plan does not involve proposals that directly affect residents; therefore, no consultation is required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed the report and concur with the financial implications set out above, that there are no direct financial implications associated with the recommendations in this report.

Legal

The Borough Solicitor confirms that the legal implications are included in the body of the report.

BACKGROUND PAPERS

NIL