

Appendix A

COUNTER FRAUD STRATEGY

2025 to 2028

March 2025



HILLINGDON
LONDON

www.hillingdon.gov.uk

Contents

The key contacts in connection with this document are:

Alex Brown

Head of Counter Fraud

t: 01895 556811

e: abrown@hillingdon.gov.uk

	Page
1. INTRODUCTION	3
2. INTEGRATION OF APPROACH WITH IA	4
3. DEFINING FRAUD & CORRUPTION	4
4. STRATEGIC AIMS & OBJECTIVES	5
5. CORPORATE FRAMEWORK	7
6. COUNTER FRAUD TEAM APPROACH	8

1. Introduction

Anti-Fraud and Anti-Corruption - Vision and Priorities

- 1.1 Hillingdon Council is the second largest London Borough and a port authority with the UK's main international travel hub within its boundaries. This means that it is faced with significant challenges in ensuring that public finances are protected from fraud and corruption. Fraud is an ever-evolving pressure on public sector organisations, with those engaged in it always looking for opportunities to exploit system weaknesses to gain access to money, valuable information or benefit. It is the Council's duty to prevent this wherever it can, ensuring that fraud risk is understood, actively prevented and appropriate action taken against those who commit it.
- 1.2 The impact of fraud and corruption threatens the prosperity of the London Borough of Hillingdon (LBH) and its residents, with the potential to erode confidence in the Council as an institution. Fraud removes money from essential Council services and reduces the Council's ability to help those in the borough most in need. The effects of fraud are often compounded by its link to Organised Crime Groups (OCGs) and the negative impact on the community with increased levels of related crime. This makes counter fraud work a crucial activity for the Council.
- 1.3 The Council's vision is '*putting our residents first*'. Combating fraud and corruption within its services fully supports this vision. Our priorities are to fully implement a 'zero-tolerance' approach to fraud and a Council where fraud and corruption is unable to thrive due to an organisational environment that is hostile to fraud and its causes. To ensure that LBH is fully fraud-aware and enabled, the Council will prevent fraud through front line defences, advanced and early detection, as well as appropriate fraud deterrents.

The Purpose of the Counter Fraud Strategy 2025 to 2028

- 1.4 The Counter Fraud Strategy 2025-28 sets out the Council's approach to effectively manage both the internal and external risk of fraud and corruption against the Council and the services it provides over the next three years. LBH has a responsibility to residents for the prevention and detection of fraud and corruption. The Counter Fraud Strategy sets out how LBH will meet this requirement and supports the Council's vision by ensuring there are robust safeguards against the unlawful loss of taxpayer funds.

The Role of the Counter Fraud Team

- 1.5 The Counter Fraud Team (CFT) is the service responsible for delivering the Counter Fraud Strategy and ensuring that the Council meets its objectives in relation to fraud and corruption. The CFT supports the Corporate Director of Finance in discharging their statutory duty as section 151 officer ensuring "*local authority shall make arrangements for the proper administration of their financial affairs.*"
- 1.6 As well as a range of counter fraud activities, the CFT has historically conducted a range of other types of investigative work which do not necessarily have a criminal or fraud element to them i.e. revenue inspections, disciplinary investigations, etc. The work that the CFT carries out is set out within this Counter Fraud Work Plan. It includes preventative work such as fraud awareness training, advising management on fraud risks/fraud prevention controls and ensuring the Council has up-to-date and appropriate investigation policies and procedures.

2. Integration of approach with Internal Audit

- 2.1 An element of the overall counter fraud strategic approach since August 2017 has been to achieve collaboration between the work of Internal Audit (IA) and the work of the CFT. This remains an important feature of the ongoing counter fraud strategy due to the benefits of an IA service and CFT that are fully integrated and risk-based, whilst remaining as two distinct functions.
- 2.2 The nature of work of both IA and the CFT mean a natural alignment can be found in the provision of assurance around risk management. It is intended that through this integration, a counter fraud culture and awareness of fraud will be more easily embedded across the organisation.
- 2.3 The key elements of this approach include:
- A coordinated IA and CFT annual planning process which is monitored and continuously reviewed;
 - Flexibility of approach on cases of suspected fraud where there are elements falling across both remits;
 - Shared view of fraud risks across the Council and a joined-up approach to risk assurance where fraud risk exists;
 - IA and CFT utilisation of each other's work, focussing resource towards the highest risk areas providing a greater level of context for investigations and IA reviews;
 - Shared understanding of the emergence of new fraud risks across the Council and within the public and private sector; and
 - A greater level of assurance to Audit Committee/all Members and Senior Managers that fraud risks are being managed appropriately.
- 2.4 This approach has been proven to be more effective in the management of fraud risks. It also provides an efficient use of resource in dealing with fraud and a greater opportunity to minimise the Council's fraud losses.

3. Defining Fraud & Corruption

- 3.1 The term '**fraud**' commonly includes activities such as theft, deception, bribery, forgery, extortion, conspiracy and money laundering. These include, but are not limited to, the specific offences in the Fraud Act 2006. Fraud can be an attempted or actual act committed against the Council and/or its partners.
- 3.2 Fraud was defined in law for the first time ever with the introduction of the Fraud Act 2006. Fraud essentially involves a dishonest misrepresentation, failure to disclose information or abuse of position, with the intent to make a personal gain for oneself and/or create a loss for another.
- 3.3 **Corruption** is 'the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour, which may influence any person to act improperly'. It is primarily an offence under the Bribery Act 2010, although there are other related offences under the Prevention of Corruption Act 1906.

4. Strategic Aims & Objectives

- 4.1 The fraud and corruption risks faced by the Council are varied and span across all service areas. Fraud risk is highly sensitive to local and national factors with new challenges in preventing and detecting fraud emerging frequently. Increases in the emergence of new fraud risks is well documented during a local or national crisis or emergency, meaning that the cost of living crisis continues to create new fraud risks for the Council to consider and respond to.
- 4.2 The aim of our strategic approach is to embed all elements of good practice in counter fraud into the existing governance arrangements for the Council to help achieve LBH's Counter Fraud Strategic Objectives. This will provide assurance to elected Members and Senior Managers that the Council's exposure to fraud risk is minimised.
- 4.3 The **Counter Fraud Strategic Objectives** for LBH are as follows:
 - 1. Maximise loss prevention within council services through effective counter fraud activity;
 - 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 support an organisation-wide fraud risk awareness;
 - 8. Achieve the CFT yearly Operational Work Plan; and
 - 9. Deliver financial savings and loss prevention across council services in line with the yearly financial target.
- 4.4 To achieve these desired outcomes/strategic objectives, we consider there to be four key elements to this strategy per **Table 1** below.

Table 1 ~ Strategic Elements



Risk-Based Strategic Fraud Overview:

- Supporting and assisting an organisation-wide approach to fraud risk management (Fraud Universe). Internal and external data and information is used intelligently and effectively to identify and fully define the key areas of fraud risk for the Council. Changes to these risks are continually monitored and the fraud risks updated in line with a current analysis.
- Implementation of a robust risk assessment model to grade fraud referrals before the deployment of counter fraud resources. The model will assess a variety of risks to the Council including the systemic, operational, reputation and financial risk, alongside intelligence gathering to corroborate allegations. This will ensure the effective use of resources within the investigative process, across a wide range of fraud risks.
- Ensuring the implementation and maintenance of appropriate counter fraud policies, processes and practices as part of a corporate framework to underpin all counter fraud measures and the effective use of deterrents.

Partnership & Engagement:

- Building and maintaining strong working relationships with counter fraud stakeholders, obtaining buy-in from residents and colleagues in order to drive a strong counter fraud culture and promote ownership of fraud issues, whilst enhancing the reputation of the CFT.
- Integration of Counter Fraud and IA functions to inform fraud risk assessment methodology, counter fraud planning and internal control recommendations.
- Collaborating with our enforcement partners, including the police, enforcement officers and agencies to enhance investigation activities, lawfully share intelligence and maximise counter fraud outcomes.
- Work jointly with council colleagues on the design and implementation of counter fraud projects, investigation activity and counter fraud controls, to embed a collaborative approach and enhance the counter fraud environment within the Council.

Prevent, Detect, Pursue & Deter:

- Embed fraud awareness through an ongoing programme of training and fraud risk control review, championing the implementation and maintenance of effective counter fraud controls.
- Deter fraud through fraud awareness campaigns focussing on key stakeholder groups including, staff, residents and partner organisations.
- Ensure regular communication on fraud referral and whistleblowing processes and fraud issues, both internally and externally to encourage and maintain levels of fraud and corruption reporting.
- Identifying fraud, corruption and financial loss through a programme of targeted proactive counter fraud projects, targeting the highest fraud risk areas within the Council, as informed by the Fraud Universe.
- Robust and lawful intelligence led investigation of suspected cases of fraud and corruption in line with council policy and professional good practice, and the application of appropriate sanctions and prosecutions where proportionate and necessary.

Innovation & Modernisation:

- Utilising existing and new technology to enhance and progressively modernise case management, intelligence gathering and investigative capabilities.
- Streamline operational processes to drive efficiencies, identify smarter ways of working and innovative counter fraud practices aimed at delivering enhanced outcomes.

- Introduce digitally driven processes to reduce the departments carbon footprint, whilst providing an effective and efficient Counter Fraud Service.
- Explore enhancements in data analytics and artificial Intelligence to support preventative measures and to identify instances of fraud, loss or error. Analytics will also contribute to the fraud risk profile of the Council, as well as providing key fraud statistics for proactive counter fraud initiatives.
- Implementation of council-wide data warehousing and data matching, utilising available information sharing, whilst working with internal and external partners, to deliver increased financial savings across all service areas, identify new fraud and error and enhance data management.

5. Corporate Framework

- 5.1 This strategy is part of an established corporate framework of interrelated policies and procedures covering the main elements of the Council's approach to countering fraud and corruption. These include:
- Enforcement & Sanctions Policy;
 - Whistleblowing Policy;
 - Fraud Response Plan;
 - Anti-Bribery Policy;
 - Anti-Money Laundering Policy; and
 - Surveillance & RIPA Policy.
- 5.2 It is the responsibility of the Head of Counter Fraud, Borough Solicitor and Director of Community Safety & Enforcement to ensure this framework is reviewed and updated where necessary for compliance with statutory requirements and best practice in counter fraud and anti-corruption.
- 5.3 Clear information on the Council's approach to combating fraud and error and the related procedures will be regularly communicated with all council staff. Clear lines of communication are available for staff and residents to ensure there are no barriers to raising concerns about fraud and corruption. These include:
- Dedicated 'report a fraud' telephone hotline;
 - Fraud reporting form available to members of staff and members of the public via the Council's website and internally on SharePoint with clear guidance;
 - Anti-Money Laundering reporting with clear guidance for staff on when to report; and
 - Fraud Awareness e-Learning package - recommended for all new staff (although it is Management's responsibility to implement/monitor this).
- 5.4 Staff responsibilities in relation to fraud, corruption and money laundering reporting are contained within the staff Code of Conduct and relevant policies. All staff are required to report suspected fraud, corruption and/or money laundering under all circumstances. Failure to do so will be considered a breach of the staff Code of Conduct and may lead to action under the Council's Disciplinary Policy and Procedure.

6. The Counter Fraud Team Approach

- 6.1 The CFT has implemented a risk-based approach to all counter fraud work. This methodology is in line with CIPFA's counter fraud and corruption strategy for local government '*Fighting Fraud & Corruption Locally 2020*'. It helps ensure that the CFT's resources are consistently deployed in an effective manner to help LBH achieve its overall Counter Fraud Strategic Objective of '*Maximising Loss Prevention*'.
- 6.2 To hold to account the Head of Counter Fraud and the CFT in relation to its performance, a set of key performance indicators (KPI's) have been introduced. The KPI's not only assess the team's performance against counter fraud activity but also against other investigative work such as revenues inspections and financial assessments. These KPI's are reviewed each year and updated as part of annual planning.
- 6.3 Alongside KPI's the team's success is measured against its financial performance as part of its strategic objectives. Financial performance is reported to key stakeholders including the Audit Committee and CMT on a quarterly basis.
- 6.4 For transparency on how the CFT calculates its financial outcomes, the annual workplan includes the methodology set for fraud valuations. This list of valuations is not exhaustive, as throughout any financial year the CFT will adapt to combat any new emerging fraud risks.

7. Acknowledgement

- 7.1 The CFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the Council's management as part of the process for setting this strategy.

Alex Brown APCIP
Head of Counter Fraud

1st March 2025