



Committee and Date

Audit Committee

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Public

THE LOCAL GOVERNMENT FRAUD STRATEGY

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1. Summary

The Government has recently released The Local Government Fraud Strategy this report brings members attention to the key aspects of the Strategy. The strategy draws on the best practices of councils already successfully tackling fraud, offers practical anti-fraud advice and is accompanied by a set of supporting online products that councils can use to more aggressively tackle fraud.

2. Recommendations

Members are asked to consider and endorse with appropriate comment The Local Government Fraud Strategy against which the Council's policies will be reviewed and aligned to.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The Council has in place an effective Counter Fraud, Bribery and Anti-Corruption Strategy. The Council proactively encourages the detection of fraud and irregularities and the appropriate management of them. Learning and application of best practice identified in The Local Government Fraud Strategy, **Appendix A**, will help to ensure optimum counter fraud management.
- 3.2 The Strategy recognises that radical changes to the way local services are to be delivered, major reforms to the welfare system, policing and the Council moving from being a provider to a commissioner of services will change the risk profile of fraud, as well as the control environment in which risk is managed. More arm's

length delivery of services by third parties in the voluntary and not for profit sector and personal control of social care budgets for example, will mean that more public money is entrusted to more independent people and external organisations, with the controls presently exercised by the council being removed or reduced. Therefore new safeguards for preventing, detecting and investigating fraud will be more difficult to identify and apply. These changes are occurring against a depressed economic activity in which the general fraud risks tend to increase.

- 3.3 Against this the counter fraud environment is changing with, for example, the abolition of the Audit Commission and the creation of a Single Fraud Investigation Service to tackle benefit fraud.
- 3.4 This strategy offers a new tougher approach to tackle fraud against local government to address some of these challenges.
- 3.5 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

4. Financial Implications

- 4.1 The incorporation of key aspects of The Local Government Fraud Strategy into present practices should be met from within existing budgets. If there are any unforeseen financial requirements, these will subject of a further report to members.

5. Background

- 5.1 The strategy is the result of an eight-month review led by the National Fraud Authority (NFA) and supported by the Department for Communities and Local Government (DCLG), the Local Government Association (LGA), local government representative organisations and council chief executives.
- 5.2 The strategy recognises that the urgent issue facing the country is the need to reduce the deficit. Fraud has a serious effect on all parts of the economy and is estimated to cost the UK economy in the region of £73 billion per year. The cost of fraud to local government is estimated at £2.2 billion a year, this money could be used for local services.
- 5.3 Over 400 individuals from a wide range of councils and local government bodies were consulted during the development of the strategy, which meets a recommendation made in Fighting Fraud Together, the national plan to reduce fraud.¹ Every local authority is now being encouraged to implement the recommendations to help identify and address their own levels of fraud.
- 5.4 The National Fraud Authority has worked with private and public sector partners to develop an online package of anti-fraud products and guides to support the strategy. These include:

¹ Reported to Audit Committee in November 2011

- a fraud checklist to help local authorities identify possible gaps in a council’s current fraud response;
- an online fraud resilience check to help local authorities measure their resilience to fraud and assess if they need to improve;
- a counter fraud and corruption e-learning training course to help councils raise levels of awareness among staff and facilitate better detection rates;
- an online ‘fraud zone’ and discussion forum containing examples of anti-fraud best practice.

5.5 The strategy sees the local authority approach to tackle fraud organised around the three themes of **acknowledge, prevent** and **pursue**. The approach recognises the need for a partnership between central and local government.

5.6 The document is divided into four sections: the context, the strategic approach, tackling the main fraud risks and the delivery plan, at the end of each section there are actions for the council to consider. Your officers will be reviewing these actions and further updates will be brought to Members attention in respect of delivery against their application and that of the strategy.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>The Local Government Strategy, NFA, April 2012</p> <p>NFA Fighting Fraud Together, The strategic plan to reduce fraud</p> <p>Annual review of Counter Fraud, Bribery and Anti-corruption Strategy and an update on the Government’s strategic plan entitled ‘Fighting Fraud Together’, Audit Committee, 10 November 2012</p>
<p>Cabinet Member (Portfolio Holder) Keith Barrow (Leader of the Council) and Brian Williams (Chairman of Audit Committee)</p>
<p>Local Member n/a</p>
<p>Appendices</p> <p>Appendix A The Local Government Fraud Strategy</p>