

## **Committee: Standards and General Purposes Committee**

**Date: 9<sup>th</sup> November 2023**

### **Subject: Review of the Anti-Fraud and Anti-Corruption Strategy**

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#### **Recommendation:**

**That members approve the revisions to the Anti-Fraud and Anti-Corruption Strategy.**

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### **1. Purpose of Report and Executive Summary**

- 1.1 One of the responsibilities of the Committee is to maintain an overview of the effectiveness of the Council's arrangements for corporate governance, particularly those concerned with risk management, internal control, financial governance, treasury management, and counter fraud and corruption; obtaining assurance that appropriate action is being taken on any issues raised.
- 1.2 Members recognise that the funds the Council administers and services it provides are targeted by fraudsters, and support the fight against Fraud and Corruption through an anti-fraud strategy and culture that seeks to:
  - Have robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.
  - Acknowledges and understands fraud risks and commits to support and resource tackling fraud through maintaining a robust anti-fraud response.
  - Prevent and detect more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
  - Prioritises fraud recovery and the use of civil sanctions. Developing capability and capacity to punish fraudsters. Supports collaborative work across geographical sector boundaries. Learning lessons and reducing fraud risks where possible.

- Protect ourselves, residents and service users from becoming disadvantaged by those seeking to commit fraud through recognising the harm that fraud can cause in the community and seeking to minimise this.
- 1.3 This report provides an update on a review of the Council's Anti-Fraud and Anti-Corruption Strategy. The Strategy was last reviewed in 2019 and the regular review helps ensure that the Council's response continues to be fit for purpose and is aligned to legislative, national and local changes as they impact service delivery.
- 1.4 The Anti-Fraud and Anti-Corruption Strategy sets out the Council's position for identifying, investigating and minimising fraud and corruption that impacts upon service provision and service delivery to residents and service users.

## 2. Background

- 2.1 The Strategy supports the Council's strategic objectives, it forms an important part of the Council's governance arrangements, and the detailed provisions are implemented via corporate and departmental management arrangements, structures, people and systems. Effective implementation will; support achieving maximum benefits from the Council's finances; help to concentrate both the Council's and its partners' attention on delivering services to those in genuine need; promote public confidence and reduce crime.
- 2.2 The Strategy supplements the National Local Government Fighting Fraud and Corruption Locally Strategy, where in recent years additional emphasis is being placed on the Prevent and Protect core pillars which seek to limit the occurrence and opportunity for fraud.
- 2.3 **Legislation:** The major piece of legislation in relation to the Anti-Fraud and Anti-Corruption Strategy is the Fraud Act 2006 that came into force in January 2007. The Act states there is a general offence of fraud with three ways of committing it:
- (a) fraud by false representation;
  - (b) fraud by failing to disclose information; and
  - (c) fraud by abuse of position.
- 2.4 It also creates new offences of:
- (a) obtaining services dishonestly;
  - (b) possessing, making and supplying articles for use in frauds, and
  - (c) fraudulent trading applicable to non-corporate traders.
- 2.5 In addition, the Bribery Act 2010 updated and extended existing legislation against corruption which dated back to 1889. It created 4 new offences of:
- (a) offences of bribing another person;
  - (b) offences relating to being bribed;
  - (c) bribery of a foreign official, and

(d) failure of commercial organisations to prevent bribery.

2.6 The new Economic Crime and Transparency Bill seeks to build upon the Bribery Act offences through the introduction of a new corporate offence of “Failure to Prevent Fraud” that will apply to local authorities. This offence will sit alongside the existing offences under the Bribery Act 2010 and, to help eliminate potential prosecution, authorities will need to review the suitability of their existing fraud prevention measures. The Anti-Fraud & Anti-Corruption Strategy will be a key item within this and sits alongside other key Governance and Control procedures.

### **3. Benefits to the Council and its Residents**

3.1 The Council is committed to the highest possible standards of openness, probity and accountability in order to ensure the proper use of public funds. Fraud, irregularity and misuse of public resources has an adverse impact upon the delivery of services to Sutton service users and residents.

3.2 The Council seeks to minimise fraud and corruption and support its corporate objectives of delivering high quality, value for money services in line with the Council’s key objectives. This Strategy is designed to:

- (a) help maximise the application of approved resources to meet genuine service needs by rejecting bogus claims and by deterring fraud and minimising irrecoverable losses;
- (b) raise awareness of the risk of fraud and corruption, promoting detection and enhancing public confidence through engaging with stakeholders and staff to report crime, and to minimise the reputational risk to the Council from adverse publicity;
- (c) pursue a zero-tolerance policy and take action against persons who commit acts of fraud or corruption against the Council;
- (d) protect residents and businesses from fraud committed by non-corporate traders, and bring to justice those who commit acts of fraud, using relevant legislation as appropriate; and
- (e) support the Council in defending itself against prosecution under The Bribery Act 2010.

### **4. Fraud Risk Threat**

4.1 The Fraud Risk Threat has changed significantly in recent years with a substantial rise at a national level in the volume of reported fraud, up 18% year on year, to a level where fraud is the largest reported crime type.

- 4.2 The current financial climate has also had an impact on those who are willing to commit fraud. The rise in the level of fraud risk threat, combined with new methods being used within the fraudsters community means that it is increasingly more difficult to recover losses highlighted through detected fraud, this therefore highlights the need to ensure prevention measures are in place.

## **5. The proposed Anti-Fraud and Anti-Corruption Strategy**

- 5.1 The proposed Strategy is included as Annex A to this report and aims to support the Council's corporate objectives. The Strategy is designed to help maximise the application of approved resources to meet genuine service needs and to minimise irrecoverable losses. It should enhance public confidence and seeks to bring to justice those who commit acts of fraud or corruption against the Council.
- 5.2 The key changes to the Strategy are the inclusion of the two new key FFCL Pillars on Govern and Protect and the enhanced focus upon expanding the need for robust Fraud Prevention (included within the reviewed strategy at paragraphs 26 & 27). Other minor amendments to take account of changes to service teams and lead officers have been included to ensure the strategy reflects the current structures within the Council.
- 5.3 Underpinning the Strategy, the Council has a toolkit of Policies and Procedures, including The Staff Disciplinary Code and Whistleblowing Policy, and these are reviewed on a regular basis to ensure that they support the Strategy and the Council's objectives.
- 5.4 The revised Strategy will be placed on the Council's website and intranet, a staff notice will be given to all current staff, and it is currently included within the corporate induction pack for new staff. Directors will make suitable arrangements for The Strategy to be discussed and reinforced at the regular team, section, service, and directorate meetings that happen within departments. Regular anti-fraud training is regularly provided to all employees as well as targeted training for those areas of high risk, such as processing payments.
- 5.5 The Head of the Shared Fraud Partnership, in consultation with Internal Audit, Human Resources, Legal Services and other relevant officers, will continue to review the Strategy on an ongoing basis, with formal reviews by the Standards and General Purposes Committee, including notification of any necessary changes arising from the ongoing review process.

## **6. Conclusion.**

- 6.1 The Strategy provides a cohesive framework for minimising the Council's exposure to fraud and corruption and endorses the various mechanisms currently in place. The proposals for future reviews reflect the need to maintain

the effectiveness of the Strategy over time and to maximise its impact via coordination with the review of relevant codes, policies and procedures.

- 6.2 Members can be assured that there are suitable provisions and systems in place for the identification and investigation of allegations of fraud. Most referrals are received from in-house teams which is a good indication that a reasonable level of fraud awareness exists across all Council staff

supported by the Council's Anti-Fraud and Anti-Corruption Strategy and culture.

## **7. Financial, Resource and Property Implications.**

- 7.1 There are no specific financial, resource or property implications. completed within existing resources.

## **8. Legal and Statutory Implications**

- 8.1 This report provides details of the Council's top level arrangements for the protection of the public resources it administers of behalf of residents and service users via the Anti-Fraud and Anti-Corruption Strategy.

## **9. Human Rights, Equalities and Community Cohesion Implications**

- 9.1 There are no specific human rights, equalities, or community cohesion implications, except in so far as this report is wholly concerned with good governance.

## **10. Risk Management and Health and Safety Implications**

- 10.1 There are no specific risk management or health and safety implications.

## **11. APPENDICES – The following documents are to be published with this report and form part of this report**

- 11.1 Appendix A: Revised Anti-Fraud and Anti-Corruption Strategy.

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