



# **The Guide to Developing Regional Counter-Fraud Partnerships**

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## **1. Executive Summary - Developing Regional Partnerships across Local Government**

The National Fraud Authority's (NFA) Regional Partnerships project was launched in September 2010 with the aim of encouraging Local Authorities and other agencies to work in partnership to tackle fraud more effectively.

An important part of the Regional Partnerships project is to facilitate the exchange of information and good practice between Councils. In order to research and identify existing partnership activity across Local Government the NFA invited existing partnerships to come forward with examples of good practice for review and inclusion in this report.

As part of the work undertaken to collate information for this report several models of partnership were identified and it has become evident that there are three specific models already working successfully across the public sector. These are:

Model 1. Regular, structured forums who meet to facilitate the exchange of information

Model 2. Forums that exist for information exchange and also undertake operational exercises

Model 3. Fully operational partnerships which are co-located and funded

As a minimum it is recommended that Local Authorities set up local counter fraud forums to facilitate and exchange information and enable networking. It is important that Local Authorities aspire to develop partnership models based on the fully operational partnership as this has proven itself as the most effective.

## 2. Findings

The review found that there is a spectrum of partnership models in place, each with its own strengths. These take the following general forms and have been categorised into three models:

Model 1. Regular, structured forums who meet to facilitate the exchange of information

Model 2. Forums that exist for information exchange and also undertake operational exercises

Model 3. Fully operational partnerships which are co-located and funded

The partnerships which were co-located and funded had the most demonstrable outcomes in terms of sanctions and enforcement. The South West model delivered the greatest benefits in terms of prosecution and enforcement action taken. The Kensington and Chelsea model also demonstrated that a partnership that existed primarily to facilitate the exchange of information could also successfully undertake one-off operational exercises.

The agencies involved in a successful partnership, whatever the model, were generally the same, involving internal Council counter-fraud and enforcement teams such as Trading Standards and Parking Enforcement and also external agencies such as the NHS, UKBA, DWP and local Police.

Some Councils operate the same software for case management and this has made joint working and the setting up of partnerships easier. A good example is that forged between the London Boroughs of Greenwich and Bromley. Evidence was available to demonstrate that some Councils that had used common software to improve joint working had received external validation of the effectiveness of their arrangements. For instance Coventry, North

Warwickshire and Rugby won the Institute of Revenues, Rating and Valuation Team of the Year<sup>1</sup>.

Partnerships with less demonstrable benefits, such as facilitating information exchange, were also successful in enabling better results on a case by case basis. This is being achieved through the support members have to call upon from other members of their established and trusted network.

Resources and goodwill were key to partnerships working well, especially when they were unfunded arrangements. All the partnerships reviewed held that commitment and dedication to effective collaboration was a central factor in their success. Political support was also helpful, with some partnerships reporting that they had been endorsed by Local Councillors. Communication was also reported as forming an important part of a successful partnership. Methods used to keep members informed of each others activities ranged from newsletters to webpages to joint training days.

The London Counter Fraud Partnership is a good example of agencies coming together to share resources and goodwill to run free training days and produce good practice guidance. Formed as a response to the Crime and Disorder Act it is a partnership between the Metropolitan Police and over 100 agencies including Councils, NHS, Audit Commission, Housing Associations and the BBC.

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<sup>1</sup> Coventry City Council, in partnership with North Warwickshire and Rugby Borough Council's, won the IRRV Award for Anti Fraud Team of the Year in 2009 its entry describes that they have developed a collaborative approach to the delivery of anti-fraud services.

### **3. Case studies**

This section of the report will provide an overview of some of the following partnerships which were reviewed as part of the research conducted. These case studies provide an overview of the identified models of Regional Partnerships already in operation:

#### **Model 1 - Regular, structured forum meetings to facilitate the exchange of information**

##### **Case Study: LB Croydon Fraud and Enforcement Partnership**

The Croydon partnership has been in existence since 2008, it is geographically focussed on the London Borough of Croydon. This partnership was highlighted as demonstrating good practice in the Audit Commission's publication *Protecting the Public Purse 2009*.

The members of the Partnership include various council services including the Corporate Fraud Team, Trading Standards, Anti Social Behaviour Officers, Parking, Housing, and Town Inspectors: and other agencies including UKBA, NHS Trusts' Local Counter Fraud Specialists; Audit Commission; Document Exchange (DX); Housing Associations; DWP and various Police contacts including the Safer Neighbourhood team, Borough Intelligence Unit, Payback unit and Met Police Specialist Crime Directorate (SCD6).

On occasions Southwark, Richmond, Hounslow and Waltham Forest Councils have attended the Partnership meetings.

The Partnership meets quarterly. They invite speakers to each meeting and use the forum to network and exchange information. Speakers have included: UKBA on staff vetting, the Audit Commission's National Fraud Initiative, Transport for London, the DWP's hidden economy team, and MPS Operations Amberhill (ID factories) and Golf (Child trafficking). In addition, various other members of the partnership have spoken about their particular areas of

expertise. They produce a newsletter which publicises the partnership and has a foreword by the Council's Audit Committee Chair. The partnership does not have any independent funding.

### **Assessment**

The Croydon model has enabled more complex and potentially valuable cases to be tackled and enabled a more holistic approach to be taken to the totality of people's crimes. It has also been successful in cultivating soft benefits such as increasing inter-agency contacts and information exchange. They have had external validation by the Audit Commission, being awarded the distinction of a 'notable practice' and it has contributed to the Council receiving a level 4 (the highest) in the Use of Resources inspection by the Commission.

### **Model 2 - Forums that exist for information exchange that also undertake operational exercises**

#### **Case study: Kensington and Chelsea Fraud Forum**

This Forum has been in existence for about three years. It involves various Council services: all enforcement sections, the Corporate Anti fraud Team, the DPA Officer, Student loans and Council Tax Departments. External partners are the Police and the UKBA. The Forum meets quarterly and is chaired by officers from the Fraud and Audit department. They have both an intranet and internet page and a newsletter which covers subjects such as current frauds, ID fraud, parking enforcement and the activities of the Homeless Persons Unit.

<http://www.rbkc.gov.uk/businessandenterprise/fraudawareness.aspx>

The Forum works with the Partnership Tasking Group – which is a group of enforcement officers and the police. Through this committee they set up Operation Crosscut – which worked for over three days in the run up to the Notting Hill Carnival. The operation included intelligence-based visits jointly between the fraud team and the police. This exercise covered a wide range of council services including illegal parking, test purchasing for age-restricted

goods, noise abatement, food hygiene, market/street trading offences, abuse of disabled parking, Housing Benefit fraud and illegal tenancy audits.

The results were impressive: nine instances of underage alcohol sales were uncovered and one instance of the sale of a weapon to a minor; there were five arrests for immigration offences; five fraudulent claims for Housing Benefit were detected and cancelled; two noise abatement orders were issued; four vehicles seized in relation to the evasion of parking notices and £4,600 recovered; four vehicles were seized for lack of insurance; two arrests were made of disqualified drivers; £1000 was raised in parking fines and one arrest was made for illegal taxi touting. In addition 200 tenancy audits were conducted.

The success of the joint operation means that the partners are considering a repeat at next year's carnival.

Kensington and Chelsea are set to become a super Council, merging with Westminster and Hammersmith and Fulham. This process is at an early stage but will have an impact on this forum and could be an instructive case in terms of combined and shared services in the fraud arena.

### **Assessment**

This is a well established partnership which demonstrates that a strategic information sharing forum can take on operational exercises. It is able to show soft outcomes such as networking and also measurable outcomes in terms of enforcement and a benefit to the local community. Given the nature of the regular exercise which benefits residents and businesses by disrupting crime it may benefit from local sponsorship or funding to ensure it continues.

### **Model 3 - Fully operational partnerships which are co-located and funded.**

#### **Case study: Greenwich and Bromley**

Greenwich and Bromley Councils started working in partnership to track, trace and prosecute benefit fraudsters back in 2002.



Greenwich Council's Anti-Fraud team has won a number of awards in recognition of the work it carries out in this area including The Institute of Revenues, Rating and Valuation Anti-Fraud Team of the Year.

Bromley Council decided to form a working partnership with Greenwich in order to benefit from the latter's extensive range of skills and experience in this area. Bromley pays an annual fee to Greenwich Council in return for the services it receives.

The partnership is managed by Greenwich who report to a Client Manager in Bromley. Investigators are physically located in Greenwich and access Bromley's fraud intelligence and case management systems remotely.

Greenwich Council Investigators are well trained and highly motivated. The Bromley Partnership Team consists of five PINS<sup>2</sup>-qualified investigators and an Intelligence Officer. The Partnership also benefits from the direct involvement of one of Greenwich Council's accredited Financial Investigators. The Proceeds of Crime Act 2002 has been used to recover monies.

Economies of scale have been secured as Greenwich provide Bromley with the management function and investigators are based off site.

As a result of the partnership, Bromley went from a position in April 2002 of having achieved no benefit fraud sanctions to being the highest performing Council in London in this area. In 2009/10 they undertook the greatest number of benefit fraud prosecutions.

Given the success of the partnership, in April 2010 Bromley took the decision to extend the scope of the agreement to include 'corporate' fraud (non-benefit) investigations for Bromley.

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<sup>2</sup> Professionalism in INvestigationS

Since the partnership began, each Council has identified around £8m in terms of fraudulent claims made for housing benefit, council tax benefit and income support. Up to and including December 2010, Bromley Council secured prosecutions in 261 cases, whilst Greenwich secured prosecutions in 354 cases.

Whilst the proximity of Greenwich to Bromley is an advantage, the partnership could easily be adopted successfully elsewhere.

### **Assessment**

This partnership has been in place for many years and works well as a result of a formalised arrangement and a well managed contract. Its benefits are joint intelligence, pooling of skills and lower costs. The extensive range of skills and experience in the partnership facilitates a multifaceted approach to fraud detection and prevention.

### **Case study: South West Partnership**

This Partnership model was by far the largest and most comprehensive partnership, showing a huge commitment by enforcement agencies to work together. It was the only funded partnership that was assessed.

The South West Partnership model brings together the Regional Trading Standards Scambusters Team, the Illegal Money Lending Team and regional intelligence units all under one roof located at Portishead. There is good liaison with the Local Authority fraud teams, SOCA and HMRC.

The original intelligence capability has now been added to with a real operational capability which can be tasked. It has taken on around six cases that would not otherwise have been taken on by individual agencies. It has been adept at picking up cases that would have previously fallen between 'the cracks' e.g. a recent Environmental crime case.

There is a close relationship with the Government Agencies Network (GAIN) - GAIN is the Government Agencies Intelligence Network, which is a multi-agency group that brings together intelligence and investigation staff from public sector enforcement agencies.

GAIN<sup>3</sup> solves problems by adopting a multi-agency approach. It aims to provide a mechanism to enable different regional and local government agencies to work together in a more formal relationship, exchanging information within legislative constraints, jointly participating in enforcement action, joint training and sharing resources.

Trading Standards is a large partner in the South West partnership encompassing the enforcement of a wide range of consumer, business and environmental legislation such as fair trading, product safety, consumer credit, food standards, animal health, underage sales and intellectual property.

The officers have statutory powers to enter business premises to inspect goods, equipment and procedures in order to ascertain whether an offence has been committed. This is not dependent on the existence of grounds for suspecting that an offence may have been committed.

Whilst criminal prosecutions are taken under the Consumer Protection from Unfair Trading Regulations, enforcement orders under the Enterprise Act to stop illegal behaviour are also used; the aim being to ensure future compliance rather than the punishment of past offences.

The South West region is covered by 15 Trading Standards Services, operated by the following Councils:

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<sup>3</sup> GAIN covers:

Dept for Business Innovation and Skills ,DVLA, Environment Agency, Federation against Copyright Theft, Gangmaster Licensing Authority, Health and Safety, HMRC, DWP4Job Centre Plus, NHS Security Industry Authority, SOCA, Trading Standards, UKBA and VOSA

Gloucestershire, South Gloucestershire, Bristol, Swindon, Wiltshire, Bath and North Somerset, Dorset, Poole, Bournemouth, Somerset, North Somerset, Devon, Torbay, Plymouth and Cornwall.

The services have formed a partnership, SWERCOTS, to help them work together to maintain and improve their quality, consistency and efficiency in respect of:

- Service delivery, and the goals of
- “Healthier communities”
- “Safer and stronger communities”
- “Supporting the economy, enterprise and the environment”

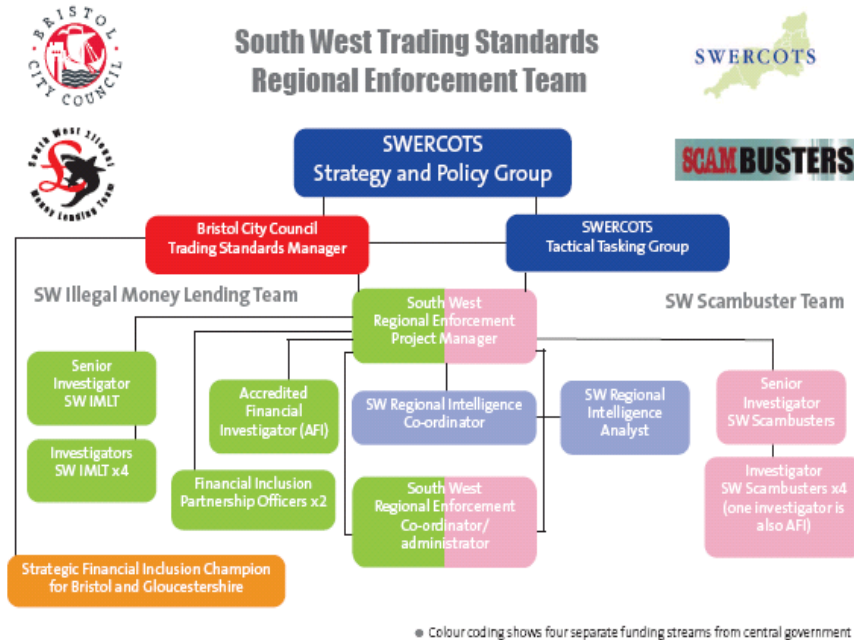
SWERCOTS operates the government funded consumer advice phone line ‘Consumer Direct’ which is the main source of consumer complaints to Trading standards services in the South West.

In addition with central government funding SWERCOTS has created three Trading Standards regional enforcement teams (SWRET)

- The South West Illegal Money Lending Team targeting loan sharks
- The South West Scambusters Team targeting serious level 2 Trading Standards crime incorporating cross border consumer fraud and other trading malpractices.
- SW Trading Standards Regional Intelligence Unit

A diagram including funding streams is attached.

Funding is through several time-bound funding streams and agency contributions such as the DWP-Connect programme, SWERCOTS, and Regional Intelligence Units.



## Assessment

The benefits of this model are that it allows a flexible and local response and allows for the recognition of crossovers between agencies remits e.g. links to serious organised crime gangs.

This model has measurable outcomes in terms of enforcement and day to day information sharing. It is clearly a success and there is huge commitment by those involved. The success of the partnership is reliant on goodwill but also dependant on funding. However, there is no sustainable funding model in place.

## **4. Conclusion**

In order to tackle the issue of fraud against Local Government it is essential that Local Authorities work together to share information and collaborate. This is even more important in a time of challenging budget settlements.

The case studies provided in this report provide examples of good practice already underway. However, not all Local Authorities participate in cross boundary information sharing, despite the increasing threat from criminals who operate across Local Authority boundaries. The main finding from this guide is that those Local Authorities and Counter Fraud agencies who collaborate across borders are more effective locally. The main recommendation from this report is that all Local Authorities should as a minimum form networks to share intelligence along the lines of Model 1. They should then work towards the creation of more operationally focussed arrangements, and aspire to form a regional partnership as identified in Model 3 to ensure they achieve maximum impact.

## 5. Recommendations

- Local Authorities and other Counter Fraud agencies should consider co-locating and jointly funding counter fraud services and other enforcement functions as developed by the South West Partnership model
- When establishing counter fraud partnerships Local Authorities should consider working with a wide range of organisations, described in this report
- Local Authorities should consider Corporate<sup>4</sup> models for countering fraud as this provides a holistic way of tackling all types of fraud suffered by the Council and reduce duplication of effort. Where possible this should be in partnership with other agencies
- As a minimum Local Authorities should set up a local counter fraud forum to facilitate information exchange, enable networking and ensure that links between counter fraud groups are in place
- Those agencies that operate information exchange groups should consider conducting regular operational exercises as described in the Kensington and Chelsea model in order to demonstrate concrete success
- Local Authorities should consider using joint case management and intelligence sharing software which has been proven to open up options for shared services and better analysis of trends and risks

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<sup>4</sup> Corporate Anti Fraud Teams in Local Authorities means collocating or creating a single investigation/counter fraud service for fraud against the local authority. Some Local Authorities have separate teams for different types fraud investigation and some Local Authorities do not investigate all types of fraud.

## **6. About the National Fraud Authority**

The National Fraud Authority (NFA) is an executive agency of the Home Office.

This means that we sit at the heart of government with access to key decision-makers and ministers across a range of key departments.

We work with a huge range of stakeholders from across the wider government, law enforcement, industry and voluntary/charity sectors. The National Fraud Authority (NFA) is active in bringing together the efforts of a large number of counter-fraud bodies across the private, public and voluntary sectors, who are involved in gathering intelligence and taking action against fraudsters intent on stealing our money and our identities.

We work with and through these bodies, identifying commonly agreed priority target areas and forming alliances to deliver an effective response to fraud. By doing this, we are removing barriers to effective information sharing and counter-fraud action, while finding new ways of approaching the issues around fraud.

While we aim to deliver the strategic objectives of the National Fraud Strategy, we are not solely responsible for putting the strategy into practice. This requires a combined effort by a community of stakeholders.