

Counter fraud fund

Application form

Supporting local authorities to boost their capability and capacity in tackling non-benefit fraud.

This form should be submitted to foia@communities.gsi.gov.uk no later than **5pm on 5 September 2014**. Any queries about the fund should also be submitted to this address.

Section A: Applicant contact information

Principal local authority name/name of bidding organisation:	Eastbourne Borough Council
Name of Contact(s):	Louise Powell
Position in authority:	Fraud Investigations Manager
Telephone number(s) of the contact(s):	01323 415340
Email address of the contact(s):	louise.powell@eastbourne.gcsx.gov.uk

Section B: Eligibility criteria

Please complete as appropriate:

The bid is from an English principal local authority	YES
All expenditure will be spent on counter fraud activities	YES
The bid is not dependent on a separate Counter Fraud Fund bid	YES
The bidding authority agrees to provide relevant project progress monitoring information to DCLG	YES
The proposal has been signed off by the relevant Section 151 officer and this proposal is accompanied by evidence to support this.	YES
The bid demonstrates that funding will support additional outcomes and/or service improvements.	YES

Section C: Project description

Short project title: Please give the bid a short name, unique to any other counter fraud fund bids involving your organisation.

Fighting Fraud in East Sussex

Short Project Description (75 words maximum): Please give the bid a short description, outlining the key objectives and proposed outcomes of the proposal.

An East Sussex wide partnership of District, Borough & County Councils with private sector partners. The objectives of the project are to:

- establish and develop a coordinated approach to fighting fraud locally;
- build local capacity to detect and prevent fraud;
- focus on identified vulnerable areas.

This innovative project will deliver the following outcomes:

- concrete measurable savings
- sophisticated data collection and analysis;
- data-sharing across and beyond the partnership;
- a self-supporting partnership by 2016.

Project Summary (500 words maximum): Please provide a brief description outlining the rationale for the project, the key elements of the scheme planned and how the counter fraud fund funding will be used. You should demonstrate how the funding will be used to achieve additional outcomes and/or service improvements.

Historically, the focus of dedicated fraud teams in District and Borough Councils across East Sussex has been on benefit fraud. There has been limited capacity to address non-benefit fraud and this has largely been carried out by Internal Audit teams and has included National Fraud Initiative activities. With the advent of SFIS there is now an opportunity to:

- build a coherent partnership across the county, including the County Council and neighbouring authorities;
- develop a shared, standardised approach to tackling fraud;
- build closer working relations with other bodies, (e.g. the Police), other authorities and other partnerships across Sussex.

This will enable:

- better data analysis and data sharing across all the partners;

- greater synergy and coordinated action to initially detect but ultimately prevent and deter fraud in East Sussex.

The partnership is expected to evolve over a period of some 2 years to become self sufficient, offering services across the county and developing links with other public and private sector partners. Support from the Counter Fraud Fund would bolster the initial impetus to establish the partnership and help ensure its growth.

Evidence from 'Protecting the Public Purse 2013' would indicate there is scope to target investigation in East Sussex on the following areas:

- Council Tax discounts;
- NNDR;
- social housing;
- right to buy;
- procurement;
- insurance;
- economic and third sector;
- blue badge;
- internal fraud.

In addition to recovery of incorrect payments and levying of fines and penalties investigations would help improve data on the actual level of existing fraud and enhance understanding and assessment of risk. It would also assist development of appropriate counter fraud strategies, future action plans and enable better fraud proofing of other policies and strategies.

The existing fraud teams across East Sussex have a strong record of tackling fraud. Eastbourne Borough Council was awarded IRRV Excellence in Anti-Fraud in 2012. Authorities are also part of the Sussex Tenancy Fraud Forum and play an active part in LAIOG.

The project will:

- establish a hub drawing on the extant fraud teams in each of the partner authorities to share data and develop a joint work programme;
- develop a comprehensive training programme to ensure appropriate expertise in new areas of work and leading to professional accreditation where not already held;
- share software and hardware to enhance data analysis and data sharing;
- develop a joint communication and publicity strategy, including internal and external fraud awareness campaigns;
- establish links with other potential partners across the county and build on the work of the Sussex Tenancy Fraud Forum.

Funding would:

- provide a dedicated coordinator develop the work of the hub;
- purchase appropriate software and hardware to enhance data analytics;
- support relevant training needs;
- enable development of communication and publicity strategies;
- support networking events with, e.g. social landlords, housing associations and voluntary organisations.

Support would provide additional resources to enhance the capacity of the hub to develop and enable effective delivery of services to tackle fraud across East Sussex. It would demonstrate commitment to increasing capabilities at District and Borough level to address fraud.

Grant Requirement: Please state the total amount you are bidding for from the counter fraud fund.

2014/15: £135,500

2015/16: £231,500

Total grant sought: £365,000

Bidding partners: Please describe details of any proposed partnership arrangements, detailing the number and name of partners including any local authority matched funding and/or funding from other public or private sector organisations. If this proposal has been submitted on a single authority basis, please detail why it has not been possible to form a partnership, or provide an explanation as to why partnership working would not be appropriate.

Partners are:

East Sussex County Council

Eastbourne Borough Council

Hastings Borough Council

Lewes District Council

Rother District Council

Wealden District Council

The partnership will initially be based upon working together as a hub to share information and deliver an agreed work programme. The hub would be coordinated on behalf of the partners with resources within Eastbourne Borough Council. This relationship will be developed as required to become a more formal agreement with appropriate governance arrangements as necessary. The hub will also work closely with Housing Partners and utilise their 'Who's Home' data matching module.

Other bids: If you are submitting other bids for counter fraud fund funding, please list all other bids specifying the name of the bid, lead bidding organisation, and the partnership arrangements of the bid.

None.

Section D: Financial savings and wider benefits

Your bid should provide reasonable estimates as to how the funds will result in financial savings that are at least equivalent to the funding requested.

Expenditure

Please use this box to detail the funding requested and how the funding will spent. Proposals should work on the basis of approximately one third of the total funding to be allocated in 2014/15 with the remaining two thirds in 2015/16. Additional rows can be added as necessary.

Description of expenditure	2014/15 Funding requested (£)	2015/16 Funding requested (£)	Total funding requested
Training	4,000	8,000	12,000
Software	12,500	75,000	87,500
Hardware (ID scanner)	12,000	5,500	17,500
Staffing costs (coordinator and other officer time)	20,000	50,000	70,000
Fraud Awareness campaigns	5,000	10,000	15,000
Networking events	1,000	2,000	3,000
Development of 'Who's Home' data matching module	81,000	81,000	162,000
Total funding requested	135,500	231,500	365,000
Matched Funding (if applicable)			

Please use the box below provide:

- an explanation of why you believe the costs to be reasonable, and confirmation that all costs associated with the project have been identified;
- that financial risks have been identified and mitigation plans are in place (a risk register can be attached);
- the nature and agreement on governance arrangements and project management arrangements, necessary to take forward this project.

Training costs are based on group rates on established courses provided by ITS. Staffing costs are based on employment costs for Eastbourne Borough Council of one 0.5 FTE coordinator post together with other lead officer time across the partners. Development of 'Who's Home' is based on estimates of potential costs from 'Housing Partners' for development of a programme to tackle tenancy fraud for each partner authority. These costs are based on a percentage of the stock held by each authority broken down as follows:

- Lewes, General Needs Stock level = 2,871. Cost = £25,839
- Eastbourne, General Needs Stock level = 3,132. Cost = £28,188
- Wealden, General Needs Stock level = 3,019. Cost = £27,171

Other costs are estimates, including estimated software costs for data investigation toolkits. Other day to day costs (e.g. travel, stationery, IT, printing) will be met from the existing budgets in each authority for the running of their fraud teams. Costs identified relate to running costs for establishment and operation of the hub. The main risks would be that expenditure is not incurred, or that awareness campaigns do not result in a reduction in fraud.

The initial work of the hub and for the period of funding will be run as a project with the coordinator acting as project manager. Reporting mechanisms will be through the lead authority's own governance arrangements. It is expected that the hub will develop into a more formal partnership with appropriate governance arrangements put in place in due course.

Matched funding

If this proposal is to be supported by matched funding, please detail the amount and source of the matched funding in the table below, including the level of organisational and financial commitment and any dependencies.

Work of the hub will be supported by the staff engaged in fraud investigations in each authority. It is difficult to attribute a precise cost to this but is likely to involve the engagement of some 6 FTE members of staff. In addition other resources and accommodation costs will be provided by the partners in support of the hub.

Estimated savings

Please use this box to identify the financial savings that will result from the funding. The savings identified below must be additional to those that would be realised through those counter fraud activities currently planned. Additional rows and columns can be added as necessary.

Description of financial saving	Estimated financial saving (£,000)				
	2015/16	2016/17	2017/18	2018/19	2019/20
Reduction in procurement fraud	100	300	200	200	50
Social Housing tenancy fraud	100	400	300	300	200
Right to Buy fraud	75	150	75	75	75
Council Tax Reduction fraud	50	100	75	75	50
Council Tax Discounts fraud	50	100	75	75	50
NNDR fraud	50	100	75	75	50
Grant fraud	5	10	7	7	5
Blue Badge	10	20	15	15	10
Total financial savings	440	1,180	822	822	490

Please use the box below to provide reasonable estimates of how the estimated financial savings have been calculated, including any evidence to support your estimates.

Savings estimates have been based on Table 3 in Protecting the Public Purse 2013 – 'Estimated annual loss to fraud in local government'. Percentage levels of fraud listed in that table have been applied to caseload and/or expenditure across all authorities in the partnership for each of the areas above. When relevant, lower percentage estimates have been used to avoid overstatement of potential savings (for example, for council tax discounts a figure of 1% has been used instead of the 4% cited by the Audit Commission). Based on these estimates assumptions have then been made about likely levels of savings which result in the figures included in the table above. It has been presumed that savings will gradually increase over years 1 & 2 as the work of the hub takes off and then reduce for later years as a consequence of the deterrent effect.

Wider benefits

If this proposal seeks to achieve wider benefits, for example reducing the social costs that result from types of fraudulent activity, these should be documented and quantified as far as possible.

It is anticipated that the establishment of county wide fraud investigation will have a deterrent effect and serve to reduce levels of fraud more generally. Due to absence of data it is not yet possible to quantify such impacts but the work of the hub would

generate these data. There would also be beneficial effects to general perceptions of tax payers by seeing their councils taking a pro-active approach to fraud.

Intelligence gathering and sharing across authorities and other partners will generate synergies and enable greater expansion across the region.

Section E: Sustainability

Please provide evidence (up to 250 words) of how the funding requested will result in financial savings, and any wider benefits, beyond the funding period.

Funding will provide an impetus to establishment of an East Sussex wide hub. Subsequent development of that hub will lead to closer working ties across partner authorities and other partner organisations. The intention of the partners at this juncture is that this will evolve into a self supporting partnership providing links into other initiatives such as the CIPFA Counter Fraud Centre. This will generate efficiencies through a standardised approach and enhanced data analysis to provide a robust counter fraud strategy for East Sussex. It is expected that such a partnership will be proven and established by the end of the funding in April 2016. At the very least, the establishment of a shared data hub would in itself generate efficiencies.

Section F: Innovation

Please provide an assessment (up to 250 words) on the level of innovation in the proposal and how this approach could be transferred to other local authorities and partnerships.

A shared approach to fraud across District, Borough and County Councils is itself an innovative approach in the region. The large, rural areas involved, particularly Lewes, Rother and Wealden, would also provide an unusual case study of the nature and extent of fraud in such rural areas, highlighting any peculiarities involved. This would help enhance data sources beyond an urban and metropolitan focus and enable more sophisticated analysis that would have relevance for other authorities in developing appropriate counter fraud strategies. The coastal authorities will also generate insight into transient populations, issues around HMO's, bed and breakfast and student accommodation that would have relevance for other areas. The mix of the two types of authority would provide enhanced specialised knowledge with the potential for wider application and lesson sharing. In addition, the initial work programme of the hub is expected to investigate potential fraud in IER and taxi escort. So far as we are aware these would be new areas of investigation that may generate lessons for others in tackling and preventing such fraud. Development of the partnership would also provide a valuable template for other authorities and a toolkit would be developed and made available through the partner's websites.

Section G: Procurement Strategy

Where applicable, please outline any procurement strategy including evidence of compliance with European Procurement Rules as relevant.

Not applicable

Section H: Other Information

Please use this section to provide any additional information that you think the assessors may require to evaluate your bid. Please limit your comments to no more than 250 words (Arial font, size 12).

The intention of the hub is to expand and include other partners from the public and private sector leading to a more effective, coherent and shared approach to tackling fraud. In addition to the local authority partners listed the intention is that work will be taken forward with 'Housing Partners' from the outset with gradual expansion to others.

Disclaimer

There shall be no expectation of grant until authorities have been formally notified in writing by the department. All the Applicant's costs and charges incurred as a result of making this application shall be for the applicant's account and cannot be claimed as part of the project.

The Data Protection Act: Freedom of Information Act 2000

The Department for Communities and Local Government undertakes to use its best endeavours to hold confidential any information provided in any application form submitted, subject to our contracting obligations under law, including the Freedom of Information Act 2000. If you consider that any of the information submitted in the application form should not be disclosed because of its sensitivity then this should be stated with the reason for considering it sensitive. The department will then consult with you in considering any request received under the Freedom of Information Act 2000 before replying to such a request.

Applicants should be aware that the following conditions will also apply to all bid applications:

- We may use your information for the purposes of research and statistical analysis and may share anonymised information with other government departments, agencies or third parties for research and statistical analysis and reporting purposes.
- Our policies and procedures in relation to the application and evaluation of grants are subject to audit and review by both internal and external auditors. Your information may be subject to such audit and review.
- We propose to include light touch monitoring by the department utilising publicly available information. We would encourage applicants to regularly publicise progress on their websites and disseminate good practice.
- The department will publish summaries of all successful bids.