



Department for  
Communities and  
Local Government

Counter fraud fund

Prospectus

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# Introduction

It is estimated that there is over £2 billion of fraud against local government every year. This is money that could be spent on providing services to local communities. All local authorities should have a counter fraud strategy to reduce losses from fraud and should assess the effectiveness of those arrangements. This should include allocating sufficient and targeted resources to tackle fraud.

It is recognised that local authorities have complex and conflicting demands on limited resources. In addition, we acknowledge that the transfer of benefit fraud investigators from local authorities to the Single Fraud Investigation Service from 2014 may also create challenges to some authorities' investigative capacity as they adjust to the changes. However, the move to the Single Fraud Investigation Service also presents an opportunity to local authorities to focus on tackling non-benefit fraud.

Local authorities are invited to submit proposals for funding that will result in real financial savings through effective counter fraud activities. All proposals must demonstrate that the savings that will be achieved will be at least equivalent to, or exceed, the funding requested. We are keen to receive proposals that seek to achieve efficiencies and service transformation through partnership working between local authorities and/or with other public and private sector organisations. Proposals should also demonstrate an innovative and holistic approach to tackling fraud that includes detection, prevention and deterrence.

The total scheme is worth up to £16 million over the financial years 2014/15 and 2015/16 and will start paying money to successful local authorities during the third quarter of 2014/15. Government is particularly keen to fund innovative joint proposals and therefore principal local authorities may submit an individual bid and also as a named authority in a partnership bid. Authorities submitting bids under both routes must ensure that the proposals stand alone as they will be assessed independently. **All bids must be submitted by 5pm on 5 September 2014.**

Bids will be evaluated on the basis of the extent to which they meet the criteria set out in this prospectus. An assessment team will consider each bid against the criteria and will present its analysis to an assessment panel, which will comprise people with significant counter fraud expertise. Following input from the panel, ministers will take a final decision on the allocation of the fund.

# Section One: Fund objectives and requirements

The purpose of the counter fraud fund is to support local authorities during the implementation of the Single Fraud Investigation Service and increase the capacity and capability of local government to tackle losses from non-benefit fraud. We are hoping to do this in a way that is sustainable beyond the funding period. Given this, we anticipate that the fund will result in more than just providing individual local authorities with investigative capacity over the two year funding period. Instead we hope to receive bids that demonstrate an innovative and holistic approach to tackling fraud, encompassing detection, prevention and deterrence activities.

For all local authorities or partnerships, whether a leading pioneer in counter fraud work or still building counter fraud capacity, we are looking to fund proposals that show that the money will be used on genuine additional activities to achieve financial savings through counter fraud activities.

## Funding

The Department for Communities and Local Government is making available up to £16 million to English principal local authorities over two years: 2014/15 and 2015/16. Local authorities that successfully bid for funding will be offered a grant to deliver their proposal. Grants will be paid under section 31 of the Local Government Act and are, therefore not subject to ringfencing. We intend to make two payments to successful applicants, one in quarter 3 of 2014/15 and a further tranche in quarter 1 of 2015/16, the latter being subject to satisfactory progress in the early stages of the project.

## Eligibility

Any principal local authority in England can lead a bid and each bid can be for funding for an individual principal local authority, a group of authorities, or a consortium that includes businesses/third parties. However, all partnership bids must have a lead bidding local authority and this must, for grant allocation purposes, be an English principal local authority. Bidders should note that a grant can only be paid for expenditure incurred, or to be incurred, by a local authority (see Section 31 Local Government Act 2003).

We are not limiting the amount that an authority or partnership can bid for but all proposals must demonstrate that the financial savings achieved will be equivalent to, or exceed, the funding requested and any matched funding identified by the bidder. Proposals must demonstrate how the funding will be used to achieve additional outcomes and/or service improvements.

Awards will be made only where government is satisfied that the proposal meets the criteria. If more bids meet the criteria than there is funding available, bids will be prioritised based on a scored assessment of each bid.

# Section Two: Bidding information for the fund

This section presents the five criteria against which all bids will be assessed. All bids must satisfy the requirement to make the financial savings as described in criterion 1. Bids that do not meet this criterion will not be considered further. All proposals that satisfy criterion 1 will then be assessed against the remaining criteria. The scale of the estimated savings outlined by each proposal will be considered alongside the extent to which they meet the remaining four criteria.

## 1: Financial savings and benefits of the proposal

Bids will be assessed on the ambition of the proposal to achieve real savings and benefits through counter fraud activities. This effort can be focussed on a single type of fraud or spread across a number of areas.

We acknowledge that there are inherent difficulties in quantifying the scale and value of fraud losses that could be prevented or detected through counter fraud activities. In addition, we understand that there is no universally accepted measure of fraud. Notwithstanding this, all proposals must provide reasonable estimates of how the funds will result in financial savings that are at least equivalent to the funding requested. The bid proposal should demonstrate when it is estimated that these savings will be realised and should differentiate from those savings already being achieved through current counter fraud activities.

Where proposals seek to achieve wider benefits, for example by reducing the social costs that result from types of fraudulent activity, these should be documented and quantified as far as possible.

The assessment team will examine the value for money represented by the bid in terms of the costs and projected savings. Any matched funding should also be highlighted and where matched funding is provided by a local authority, the financial savings must be at least equivalent to the amount requested through this fund and the matched funding.

## 2: Partnership working

As with other public services, improvements and efficiencies can be made from greater joint working and, as such, we will prioritise those bids that demonstrate joint working between local authorities and/or with other public and private sector organisations. We are aware that, in 2012/13, 79 district councils did not report any detected non-benefit fraud<sup>1</sup> and we believe that real progress could be made by councils joining together to deliver effective local strategies and reduce losses from fraud. Proposals must state clearly the members of the partnership or, alternatively, outline the reasons if an authority is unable to form a partnership, or there is a case as to why partnership working would not be appropriate.

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<sup>1</sup> *Protecting the Public Purse 2013*, Audit Commission

### 3: Sustainability

The assessment team will examine the sustainability of each of the bids to provide local authorities with increased capacity and capability to tackle fraud beyond the funding period. We define sustainability as the ability for project to have a continued impact beyond the funding period.

### 4: Feasibility

Linked to criteria 1-3, the assessment will look at the feasibility of each bid's proposals and scrutinise the estimated benefits or reduction in losses from fraud. We will assess feasibility as the ability for the project to deliver the stated outputs and impact in the stated time. Each bid will also require sign-off from the local Section 151 officer and any other partners.

### 5: Innovation

All bids should provide an assessment on the level of innovation in the proposal and how this approach could be transferred to other local authorities or partnerships. We consider innovation as the demonstration of new approaches to achieving a positive change to tackle fraud detection, prevention and deterrence.

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## Section Three: Process and timetable for assessing bids

Bidders are required to complete the bid form – attached as an annex. The information required in that form is needed to check that bids will fulfil the objectives of the fund and to help prioritise bids. **Bids should be received no later than 5pm 5 September 2014.** The following table summarises the timetable:

Date	Event
2 July	Start of bidding process
5 September	Deadline for receipt of bids
September/October	Assessment of bids
By end of October	Successful bidders notified

Completed bid forms, approved by the Section 151 officer<sup>2</sup>, should be returned in electronic format to the Counter Fraud Fund via:

foia@communities.gsi.gov.uk

Please start the subject line of your email with bid authority (or lead authority) name. This email inbox can also be used for any questions you may have about the counter fraud fund.

### Appraisal of Bids

An assessment team will review final bids according to the criteria set out in section two of this guidance. The assessment team will present initial results to an expert panel. Ministers will make final decisions about funding

### Payment of Support

Payment will be approved via the issue of a grant determination under Section 31 of the Local Government Act 2003. The first payment is expected to be made in the third quarter of 2014/15. Should DCLG require changes to the proposed financial profile submitted by the project, these will be agreed ahead of payment.

### Confidentiality

Throughout the bidding process details of individual bids, including feedback, will be treated as commercially sensitive and confidential. However, information may be published, or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1988 and the

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<sup>2</sup> As part of the bid, the Section 151 officer should include a confirmatory due-diligence assurance verifying that the information and assumptions presented in the bid are a true and fair reflection of the project.

Environmental Information Regulations 2004) as there is a statutory Code of Practice with which public authorities must comply, and which deals with, amongst other things, obligations of confidence.

Officials within government as well as the members of the panel and assessment team will have access to bids (and any supporting materials). Ministers will also have access to all information provided. If we receive a request for disclosure of the information we will process personal data in accordance with the Data Protection Act and in the majority of circumstances this will mean that personal data will not be disclosed to third parties.

While we will not disclose the nature, scale and scope of individual bids during the bidding process, we may use the information provided to produce an aggregate overview of the demand for the scheme and scale of projects that are likely to be funded. All feedback, written or oral, on final bids should be treated as confidential.

The department may publish top line information about successful bids where this is deemed to be in the public interest (for example, the name of the successful lead bidding authority, the amount that will be awarded and nature and scale of the successful proposal(s)). Once confirmation letters have been issued the department may disclose more detailed information about the bid. However, the actual bids (and supporting materials) and assessment scores will not be disclosed.

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