



Briefing Paper for SAFS Board (9) June 2017

Title: Financial Values from SAFS Activity

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Purpose of Briefing: For the Board to agree a financial reporting protocol for SAFS work

It is essential for the SAFS Partnership and its component Authorities to know how much 'fraud' is identified, deterred or prevented and how this figure is made up, whether as actual loss, future savings or new revenue.

The second long-term objective for SAFS is:

2. Deliver financial benefits in terms of cost savings or increased revenue

It is important that whatever protocol, or process, is used it reflects what other organisations quantify as fraud, and the measurement of it, so that SAFS Partners can benchmark their own and SAFS activity/success within their peer groups. This will be critical when responding to surveys such as CIPFAs Counter Fraud Annual Tracker or producing data as part of the Transparency Code that SAFS Partners are neither seen as soft on fraud nor fraud hotspots but that information is reliable, accurate and transparent.

At present there is no agreed standard to record the value of fraud other than the Cabinet Offices process for NFI which itself relies on data provided by individual bodies using their own calculations but there are some standard values for misuse of Blue Badges or Tenancy Fraud (see appendix A)

SAFS Management are currently working with LGA/CIPFA to produce a document and process for Counter Fraud Standards across local government and with The Eastern Fraud Hub (County Council anti-fraud teams) to design a common approach to the value of fraud but this may be some years off.

This will provide an update on the Financial Values agreed by the Board in December 2015 (Appendix B) and currently in use with the Service and ask for the Boards agreement to amend/update/retain these and then promote this protocol for adoption by other Authorities/CIPFA.

The terminology used in this paper to define fraud is that of the former Audit Commission:

The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation (misuse) of assets or otherwise for gain

This does not require that there is a criminal/civil/discipline outcome, or that any admissions be made by subjects of investigations, merely that the investigation/activity undertaken has identified and act which could/did result in a financial gain to the subject or (more importantly) a loss to the Authority.

The value of the 'fraud' assigned to any case can vary and may well include the following:

1. An Actual **Loss**- in this type of case the Authority could recover/invoice/recharge or otherwise seek redress from the subject, whether it chooses to do so or not. This could in cases of HB fraud or false claims for subsistence/mileage/hours by staff.
2. A Saving (**Real**)- where an ongoing payment/discount/award/grant is stopped as a result of activity delivering a real future saving. Removal of Council Tax Discounts creating a saving to the CTRS fund.
3. A Saving (**non-cash**)- Where activity has prevented a service/payment, which hadn't been put into place, occurring. This is particularly relevant for housing fraud or pre-contract cases.
4. A Future **Revenue**- Where activity has created a new source of income/revenue to the authority. This may occur in NNDR cases where new RV is identified.

It is also possible that some investigations could lead to multiple financial outcomes where a loss is identified (which may be recovered) as well as a future savings as a result of the prevention of the ongoing loss.

Below is a schedule of the areas of fraud where financial values can be recorded and how each will be recorded for Partners.

Business Area	Value Recorded	Notes on recording	Type
Procurement Pre-contract	Value of contract/tender full.	This will be assessed case by case	Saving (non-cash)
Procurement Post-Contract	Actual value of loss/saving	This would normally be a specific failure on contract delivery or contract management	Loss and/or Saving (Real)
Local Council Tax Reduction Scheme	Value of loss (re-bill) & value of future revenue (£ x 52wks)	Future value is based on how long this type lasts so may vary and needs to be reviewed annually.	Loss/Revenue
Single Person/Student Discount	Value of loss (re-bill) & value of future revenue (£ x 52wks)	Future value is based on how long this type lasts so will vary and need to be reviewed each year	Loss/ Revenue
Housing Fraud Sub-Let	£??k Local value of T/A cost – HB contribution per	Published value of average costs of TF Nationally	Saving (could be loss as well)

	annum		
Tenancy Fraud Right to Buy	Value of discount saved/recovered	Case by case valuation	Saving/ Loss to be recovered.
Housing Fraud Succession	£??k Local value of T/A cost – HB contribution per annum	Published value of average costs of TF Nationally	Saving
Housing Fraud Application for Housing/Homelessnes s	£??k Local value of T/A cost – HB contribution per annum per application rejected. Costs of TA paid for and any HB claim paid whilst in TA- If paid	Published value of average costs of TF Nationally	Saving/ Loss to be recovered.
Staff Fraud	Value of fraud/theft. Or value saved by avoidance of Partner being fined as an employer. (saving) Or Value of total payment where employee provided false ref/evidence to obtain work with SAFS client (Loss) Or £5k (Eq of 2 months salary) where employee dismissed following Discipline Hearing for dishonesty.(saving)	This type of financial may relate to those cases where an employee has caused a loss through theft/fraud or mis-rep. It may relate to false applications where no right to reside or where a false reo resulted in a person being employed who otherwise would not have been. The £5k saving relates to two months average salary that would be saved if an employee is dismissed without notice following a SAFS led disciplinary	Loss (saving if ID/right to work fraud). Non-cashable saving for dismissals from date of dismissal.
Freedom / Discretionary Travel Passes	Value of individual passes as an annual cost	Individual record for each	Saving
Public Health	Value of service loss	Not yet known how this will be valued/assessed	Loss/Saving
Grants	Value of grant lost/saved	This could relate to partial or full savings and will be recorded case by case	Loss/Saving
Social Care / Direct Payments	Value of payment lost as a total (new debt) and the future saving due to	This could relate to partial or full savings and will be recorded case by case. Future value is based on	Loss/ Saving

	prevention.	how long this type lasts so will vary and need to be reviewed each year	
NDR	Value of loss (re-bill) & value of future revenue (£x 52wks)	Individual record for each rebill with new revenue and future revenue based on length of potential average fraud	Loss/ Revenue
Insurance Claims	Value of loss if paid or saving if prevented.	Individual record for each.	Loss/Saving
Blue Badge	One off saving of BB recovered. Or for false application.	Value estimated by CO/NFI at £550 for each case. To be reviewed annually.	Saving only.
Blue Badge- parking Fines	Value of Fine issued for misuse of BB as result of SAFS action with CEO.		Loss only
Schools (Application)	Value of loss?	Individual record for each- will be hard to assess as no cost as such.	Loss/Saving
Taxi/ Other District Licensing	Value of fraud. Loss and any financial savings from prevention.	Individual record for each but essentially cost of license fee?	Loss/Saving

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Appendix.

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Adobe Acrobat
Document

B. Financial value/recording 2015