

## LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)  
Access Croydon, Town Hall Reception

### **PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 20 SEPTEMBER 2016**

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 20 September 2016** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

**Reasons for these decisions:** are contained in the **attached** Part A report

**Other options considered and rejected:** are contained in the **attached** Part A report

**Details of conflicts of Interest declared by any Cabinet Member:** none

The Leader of the Council has delegated to the Cabinet Member the power to make the decisions set out below:

**CABINET MEMBER'S EXECUTIVE DECISION REFERENCE NO.: 61.16.FT**  
**Decision Title: London Counter Fraud Hub**

Having carefully read and considered the attached Part A report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the report, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council.

RESOLVED to: approve the award of a contract to CIPFA Business Ltd to deliver the London Counter Fraud Hub for a term of up to 9 years at a maximum contract value of £2.16m.

#### **Scrutiny Referral/Call-in Procedure**

1. The decisions may be implemented **1300 hours on 28 September 2016** (5 working days after the decisions were made) unless referred to the Scrutiny and Overview Committee.
2. The Acting Council Solicitor and Acting Monitoring Officer shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
  - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or

- ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Jim Simpson by **1300 hours on 28 September 2016**. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
  - i) The grounds for the referral
  - ii) The outcome desired
  - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
  - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Acting Council Solicitor and Acting Monitoring Officer, this would cause undue delay. In such cases The Acting Council Solicitor and Acting Monitoring Officer will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.
9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.
10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.

13. The response shall be notified to all Members of the Scrutiny and Overview Committee
14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. **URGENCY:** The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Acting Council Solicitor & Acting Monitoring Officer.

**Date: 21 September 2016**

Contact Officers: [jim.simpson@croydon.gov.uk](mailto:jim.simpson@croydon.gov.uk); [james.haywood@croydon.gov.uk](mailto:james.haywood@croydon.gov.uk)

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## PROFORMA

### REFERRAL OF A KEY DECISION TO THE SCRUTINY AND OVERVIEW COMMITTEE

For the attention of: Jim Simpson, Democratic Services & Scrutiny  
e-mail to [jim.simpson@croydon.gov.uk](mailto:jim.simpson@croydon.gov.uk) and [james.haywood@croydon.gov.uk](mailto:james.haywood@croydon.gov.uk)

Meeting:  
Meeting Date:  
Agenda Item No:

#### Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

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#### The outcome desired:

#### Information required to assist the Scrutiny and Overview Committee to consider the referral:

Signed:

Date:

Member of \_\_\_\_\_ Committee

**For General Release**

<b>REPORT TO:</b>	<b>Cabinet Member for Finance and Treasury</b>
<b>AGENDA ITEM:</b>	<b>Background document to agenda item 11.1, Cabinet 19.09.16</b>
<b>SUBJECT:</b>	<b>London Counter Fraud Hub</b>
<b>LEAD OFFICER:</b>	<b>Richard Simpson, Assistant Chief Executive (Corporate Resources &amp; S151 Officer)</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>ALL</b>

**CORPORATE PRIORITY/POLICY CONTEXT**

The work of the Governance service helps the Council to improve its value for money by strengthening financial management and further embedding risk management. Improving value for money ensures that the Council delivers effective services contributing to the achievement of the Council vision and priorities. The detection of fraud and better anti-fraud awareness contributes to this and to the perception of a law abiding borough.

**AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:**

The Counter Fraud Hub (Hub) is a London Ventures project which is supported by London Councils through its Capital Ambition Board. Its objective is to enable councils to share data in order to prevent, detect and reduce fraud. The Hub will use advanced analytics and third party data to detect fraud cases across borough boundary's and provide intelligence that will prevent future fraud losses.

London boroughs and the City of London have signed a Memorandum of Understanding demonstrating their commitment to using the Hub.

**FINANCIAL IMPACT:**

There are no up-front costs to councils joining the Hub. Payment only becomes due to the provider when fraud is successfully detected or prevented, (payment by results model), ensuring that costs are covered by recoveries and therefore additional budget is not required for this contract.

**KEY DECISION REFERENCE NO.: 61.16.FT**

The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

**1. RECOMMENDATIONS**

- 1.1 The Cabinet Member for Finance and Treasury in consultation with the Leader of the Council is recommended to approve the award of a contract to CIPFA Business Ltd to deliver the London Counter Fraud Hub to for a term of up to 9 years at a maximum contract value of £2.16m

## 2. EXECUTIVE SUMMARY

- 2.1 The National Fraud Authority in 2013 identified that the estimated cost of fraud to local authorities currently rests at £2.2 billion per year, including £131 million in council tax discount fraud. At a time when local government is looking for ways of achieving savings against annual budgets, tackling fraud represents an opportunity to recover revenue for the purposes of supporting local services. Furthermore, new and innovative ways of preventing fraud could have a significant and positive impact on local authorities' abilities to sustainably deliver services in a changing landscape whilst reducing costs associated with fraud detection and recovery.
- 2.2 Ealing Council has taken a lead on behalf of all London boroughs and the City of London to deliver an innovative solution and has designed a Pan-London Counter Fraud Hub. The aim of the Hub is to better detect and prevent fraud and to create opportunities for cross-boundary co-operation to reduce fraud.
- 2.3 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
25/08/2016	CCB1167/16-17

## 3. Detail/Procurement Approach

- 3.1 A competitive dialogue procurement procedure in accordance with the Public Contracts Regulations 2015 (as amended) (PCR 2015) was run by Ealing Council starting July 2015
- 4.2 Regulation 38 of the PCR 2015 permits contracting authorities such as Ealing Council to jointly procure services in its own right and on behalf of other named contracting authorities. Croydon Council is one such named authority.
- 3.2 Pre-Qualification Questionnaires were received from 13 organisations, although 1 was rejected for being incomplete.
- 3.3 The evaluation of the PQQs was carried out by a panel of 3 EY managers and presented to the project board for decision. 5 suppliers were long-listed and invited to tender.
- CIPFA Business Ltd
  - Call Credit Public Sector Ltd
  - Palantir Technologies UK Ltd
  - Northgate Public Services (UK) Ltd
  - Liberata
- 3.4 Submissions for outline solutions, following an invitation to participate in dialogue, were evaluated on the basis of which was the most economically advantageous from the point of view of participating councils. The criteria used was:

- **Quality (60%)**
    - Service requirements and operational instructions (35%)
    - Technical capabilities (10%)
    - Hub implementation (5%)
    - Governance (5%)
    - Social Value (5%)
  - **Commercial Model (40%)**
- 3.5 The assessment at this stage was facilitated by EY, but carried out by:
- Tim Smith – Head of Procurement, Ealing Council
  - Edward Axe – Head of ICT and Data management, Ealing Council
  - John Jackson – Chief Executive, London grid for learning
  - Andrew Hyatt – Head of Fraud, Tri-Borough
  - Richard Simpson – Assistant Chief Executive (Corporate Resources & S151 Officer), Croydon Council
- 3.6 3 Suppliers were shortlisted and invited to provide detailed solutions.
- CIPFA Business Ltd
  - Call Credit Public Sector Ltd
  - Northgate Public Services (UK) Ltd
- 3.7 The criteria used to evaluate the detailed solutions was:
- **Quality (60%)**
    - Service requirements and operational instructions (35%)
    - Technical capabilities (10%)
    - Hub implementation (5%)
    - Governance (5%)
    - Social Value (5%)
  - **Commercial Model (40%)**
- 3.8 Following dialogue with the bidders over the proposals from the previous round and a technical site visit the following tenders were received:
- CIPFA Business Ltd
  - Northgate Public Services (UK) Ltd
- Call Credit Public Sector Ltd withdrew from the process, citing the level of investment to be greater than the return envisaged from the contract.
- 3.9 EY facilitated this stage and the evaluation panel was:
- Tim Smith – Head of Procurement, Ealing Council
  - Edward Axe – Head of ICT and Data management, Ealing Council
  - John Jackson – Chief Executive, London grid for learning
  - Andrew Hyatt – Head of Fraud, Tri-Borough
  - Richard Simpson – Assistant Chief Executive (Corporate Resources & S151 Officer), Croydon Council
  - Mark Holmes – Independent consultant, Fulmarks
- 3.10 Both bidders were invited to the final offer stage following a dialogue session. The criterion used for evaluating this stage was:
- **Quality (60%)**
    - Service requirements and operational instructions (30%)

- Technical capabilities (10%)
- Hub implementation (10%)
- Governance (7.5%)
- Social Value (2.5%)
- **Commercial Model (40%)**

- 3.11 EY facilitated this final stage and the evaluation panel was:
- Tim Smith – Head of Procurement, Ealing Council
  - John Jackson – Chief Executive, London grid for learning
  - Andrew Hyatt – Head of Fraud, Tri-Borough
  - Richard Simpson – Assistant Chief Executive (Corporate Resources & S151 Officer), Croydon Council
  - Mark Holmes – Independent consultant, Fulmarks
- 3.12 As a result of the evaluation, the panel recommended that CIPFA Business Ltd be selected as the preferred bidder for the London Counter Fraud Hub and be awarded the contract for this service. This is on the basis that their tender was ranked first in the evaluation, based on both their quality and commercial scoring.

#### 4. CONSULTATION

- 4.1 As part of the initial planning phase of the project extensive soft market testing was carried out. The results showed considerable appetite for such a contract amongst potential providers who were keen on innovating and developing the solution on an ongoing basis and London Boroughs. All 33 London Boroughs (including the City of London) have signed a Memorandum of Understanding demonstrating their commitment to using the Hub.

#### 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 Based on forecasts provided by tenderers, the net level of savings generated is expected to be in the region of £1.87m per council per year as shown in the table below. The estimated annual cost per individual council is approx. £0.24m per annum, however payments will only be made on a ‘payment by results’ basis.

Fraud Type	Estimated Annual Saving per Individual Council	Estimated Annual Cost per Individual Council
Council Tax SPD	£0.19m	£0.02m
Freedom passes	£0.19m	£0.02m
Taxi card	£0.01m	£0.01m
Housing tenancy	£0.28m	£0.05m
Business rates	£0.13m	£0.02m
Blue Badge	£0.10m	£0.02m
Right to buy	£0.97m	£0.1m
<b>TOTAL</b>	<b>£1.87m</b>	<b>£0.24m</b>

- 5.2 A contract management team will be hosted by Ealing Council and the cost of the team will be covered by a top slice of the contracts proceeds that will be



collected and paid to Ealing. The team is estimated to cost in the region of £250k which will be shared with all participating boroughs.

Approved by Zulfiqar Darr, on behalf of the Head of Finance and Deputy Section 151 Officer.

## **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

6.1 It is noted that external specialist legal support was also procured through the London Boroughs Legal Alliance Framework to assist Ealing Council's legal team in the preparation of documentation, and to provide any legal advice that was required.

6.2 The Acting Council Solicitor to the Council comments that the procurement process as described in this report is in accordance with the Council's Tenders and Contracts Regulations and seeks to support the Council's duty to achieve best value pursuant to the Local Government Act 1999.

Approved by Scott Couzens for and on behalf of Gabriel MacGregor, Acting Council Solicitor & Acting Monitoring Officer

## **7. HUMAN RESOURCES IMPACT**

7.1 There are no immediate HR considerations that arise as a result of this contract award.

Approved by: Jason Singh, Interim HR Business Partner on behalf of Heather Daley, Director of Human Resources.

## **8. EQUALITIES IMPACT**

8.1 An initial Equalities Impact assessment was undertaken which showed that no further analysis is required because the change will not have a significant impact on groups that share a protected characteristic (compared to non-protected groups)

## **9. ENVIRONMENTAL IMPACT**

9.1 None

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 The detection of fraud and better anti-fraud awareness contributes to the perception of a law abiding Borough.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 The development of a Pan-London Counter Fraud Hub is an innovative solution to the fact that fraudsters have no respect for borough boundaries. The regular matching and analysis of data held by all participating councils will be a significant additional tool in the identification of fraud against the council.

**12. OPTIONS CONSIDERED AND REJECTED**

12.1 No other options are being considered.

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**CONTACT OFFICER:**

<b>Name:</b>	Simon Maddocks
<b>Post title:</b>	Head of Governance
<b>Telephone number:</b>	X 65573

**BACKGROUND PAPERS - None**