
Annual Report on the National Fraud Initiative

Audit and Risk Committee

Date of meeting: 28th September 2022

Lead director: Colin Sharpe,

Deputy Director of Finance

Useful information

- Ward(s) affected: All Wards
- Report author: Stuart Limb (Corporate Investigation Manager)
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- Report version number: Version 3

1. Summary

- 1.1 The purpose of this report is to provide an update to the Audit and Risk Committee on the National Fraud Initiative (NFI) exercises currently underway.

2. Recommended actions/decision

- 2.1 The Audit and Risk Committee is asked to note the contents of the report and make any comments it deems appropriate.

3. Background

- 3.1 There are two separate NFI exercises in which the Authority participates. One involves data matching with external organisations, including other councils and the second involves matching data held within the Council.
- 3.2 Data for the 2020/21 external NFI exercise was submitted to the Cabinet Office in October 2020 and data was available for checking from 29th January 2021.

4. Detailed report

- 4.1 The Council has participated in the National Fraud Initiative since it was introduced. The exercise has evolved over the years and is now web based and managed by the Cabinet Office. The project involves electronically matching data from a number of sources in order to identify possible fraud or irregularity. This exercise is undertaken every two years.
- 4.2 The Cabinet Office identifies matches and allocates a risk score from 100% on a decreasing order. Officers are expected to examine the high risk first on a descending basis. There is no requirement to examine all of the remaining matches and officers are encouraged to select a sample where there are large volumes of data for checking.

4.3 Examples of the different matches include:

- Housing Benefit Claimants who are tenants at a different address.
- Housing Benefit claimants who are not entitled to claim because they are in receipt of Student Loans.
- Blue Badge Parking Permits, Concessionary Travel passes and Private Residential Care Home residents where the individual is recorded as deceased on the Disclosure of Death Registration Information (DDRI) or Department for Work and Pensions (DWP) list of deceased persons
- Duplicate creditors or duplicate payments to creditors
- Housing Benefit claimants who also appear on a local authority payroll
- Council Tax Reduction Scheme to payroll

4.4 All benefit fraud is investigated by the DWP, however the Cabinet Office still require the authority to undertake an initial check of the Housing Benefit claims before passing the matches to the DWP to investigate.

4.5 Work on the 2020-21 matches has nearly concluded. Over 8,000 matches have been checked to date, with no issues identified following investigation, as summarised in the table:

Matches undertaken by 1st September 2022

| Total Matches | Matches Checked | Errors Identified | Frauds Identified | Overpayments Identified |
|---------------|-----------------|-------------------|-------------------|-------------------------|
| 14,752 | 8,336 | 2 | Nil | £1,312 |

4.6 The data matches for the 2020/2021 exercise will become dormant after the new 2022/2023 exercise is launched in January 2023.

7. Financial, legal, equalities, climate emergency and other implications

7.1 Financial implications

There are no direct financial implications arising from this report. However, the initiatives described in this report are intended to detect fraud (which is an offence of a financial nature) and error, which cause significant financial loss to the Council.

Colin Sharpe
Deputy Director of Finance

7.2 Legal implications

Fraud is a criminal offence and therefore represents breach of the law. Other forms of financial irregularity, though not criminal, may be in breach of regulation. The conduct of counter-fraud work of all kinds is bound by law and regulation and the Council is careful to ensure that its activities in this area are properly discharged.

Kamal Adatia
City Barrister & Head of Standards

7.3 Equalities implications

The report provides an update on the National Fraud Initiative (NFI) exercises currently underway. The NFI, conducted by the Cabinet Office, involves data matching to help in the prevention and detection of fraud.

There are no direct equality implications arising from the report.

The data matching can identify inconsistencies that require further investigation and allows potentially fraudulent claims and payments to be identified. No assumption can be made as to whether there is fraud, error or another explanation until the investigation process is completed."

Surinder Singh, Equalities Officer

7.4 Climate Emergency implications

This report does not contain any significant climate emergency implications.

Duncan Bell
Climate Change Manager

7.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

| OTHER IMPLICATIONS | YES/NO | Paragraph references within the report |
|-------------------------------|------------|--|
| Equal Opportunities | No | |
| Policy | No | |
| Sustainable and Environmental | No | |
| Crime and Disorder | Yes | Whole report |
| Human Rights Act | No | |
| Elderly/People on Low Income | No | |
| Corporate Parenting | No | |
| Health Inequalities Impact | No | |
| Risk Management | Yes | This report is concerned with the prevention, detection and sanctioning of fraud. Fraud is one of the risks faced by the Council |

8. Background information and other papers:

None – Information on the National Fraud Initiative is available at <https://www.gov.uk/government/collections/national-fraud-initiative>

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a “key decision”?

No