



Leicester
City Council

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FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Audit and Risk Committee

14 November 2013

Annual Report on the National Fraud Initiative (NFI)

Report of the Director of Finance

1. PURPOSE OF REPORT

The purpose of this report is to update the Audit and Risk Committee on progress made on the National Fraud Initiative 2012/13 and to advise them about the NFI 2013/14 Data Matching exercise for Council Tax Single Person Discount Fraud.

2. RECOMMENDATIONS

This report is for information only.

3. SUMMARY

Data for the 2012/13 NFI exercise was submitted to the Audit Commission on 8 October 2012 and became available for checking from 29 January 2013. Data required for the Council Tax Single Person Discount Fraud initiative will be submitted early next year.

4. REPORT

The Council has participated in the National Fraud Initiative since it was introduced in 1996. The exercise has evolved over the years and is now web based. The Audit Commission manage the exercise, which involves electronically matching data from a number of sources in order to identify possible fraud or irregularity.

Matching now takes place annually. In 2012/13 the matches identified in Appendix A were undertaken and in February or March next year Council Tax data will be matched against the Electoral Register to identify potentially fraudulent single person discounts and young people who are approaching age 18.

Historically, Leicester City Council has not identified many frauds or irregularities through the NFI. Other measures already in place, such as the

Housing Benefits Matching Service, where data from the Department for Work and Pensions (DWP) is regularly matched with Housing Benefits data and checks undertaken by payroll to identify incorrect National Insurance Numbers have proved more successful. A further measure undertaken by the Council is a data matching exercise with a partner organisation to identify fraudulent single person discounts. This targeted activity commenced in June 2013 and is expected to be concluded early in the New Year. Results from this exercise will be reported in the Income Collection report June 2014.

The Audit Commission identifies recommended matches and officers are expected to examine these first. 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.

Examples of the different matches include

- Housing Benefit Claimants who are not entitled to claim because they are in receipt of Student Loans
- Housing Benefit Claimants who are tenants at a different address
- Housing Benefit claimants who are also licensed taxi drivers or hold a personal alcohol licence
- Housing tenants who appear to be resident at two addresses
- 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 list of deceased persons
- Duplicate Creditors or duplicate payments to creditors
- Housing Benefit Claimants who also appear on a local authority payroll

A summary of the matches and results to the 17 October 2013 is attached at appendix A. Of the 24,946 matches, 867 have been investigated and 203 are in progress. Only four errors have been identified.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

There are no direct financial implications arising from this report. However, the National Fraud Initiative is intended to detect fraud, which is an offence of a financial nature and can cause significant financial loss to the Council.

Colin Sharpe, City Development and Neighbourhoods & Corporate Resources, 18 October 2013.

5.2 Legal Implications

The National Fraud Initiative is undertaken by the Audit Commission under specific statutory powers including Part 2A of the Audit Commission Act 1998. Participation by local authorities is mandatory and all parties must comply with the Audit Commission's Code of Data Matching Practice and the Data Protection Act so far as these apply.

Kamal Adatia, City Barrister & Head of Standards, 21 October 2013.

5.3 Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Chloe Hardisty, Senior Environmental Consultant, 22 October 2013.

6. OTHER IMPLICATIONS

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

6. BACKGROUND PAPERS

None – Information on the National Fraud Initiative is available at <http://www.audit-commission.gov.uk/fraud/nfi/pages/default.aspx>

8. CONSULTATIONS

None

9. REPORT AUTHOR

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National Fraud Initiative 2012/13

In October 2012 Leicester City Council submitted data to the Audit Commission as part of the annual data matching exercise – The National Fraud Initiative.

The data matching exercise is designed to alert local authorities to potential fraud by identifying individuals whose names appear on more than one database in circumstances suggesting that they or others acting on their behalf may be committing fraud.

Some data is matched within the Authority and some data is matched with external records.

Participation in the NFI is mandatory under the Audit Commission Act 1998, Part 2 A.

Data is supplied to the Audit Commission by a variety of other organisations including the NHS, Home Office and Department for Work and Pensions.

The matches are made available to authorities via a secure website and users are therefore able to record the results of their enquiries on line.

Once the matches have been received by the Council they are shared with the relevant sections and considered for investigation. The Council always has discretion whether or not to investigate. Where there are large numbers of matches a sample may be checked and if no irregularities are discovered no further action need be taken. In order to assist local authorities identify the most appropriate matches for further checking the Audit Commission has developed recommended filters and provides guidance on the action to be taken.

The table below details the number of matches identified by the Audit Commission for further checking, before and after, the recommended filters have been applied.

Data Sets Identified For Further Checking – Totals And Recommended Matches

Data Set	Total matches	Matches after recommended filter applied
Housing Benefits	4678	1098
Payroll	342	146
Creditors History	11094	905
Creditors Standing	7987	None
Housing Rents	245	142
Insurance Claimants	58	26
Right to Buy	83	80
Blue Badge Parking Permit	380	337

Data Set	Total matches	Matches after recommended filter applied
Private Residential Care Homes	71	5
Resident Parking Permit	None	None
Concessionary Travel Pass	4	None
Market Traders	None	None
Taxi Drivers	4	None
Personal Alcohol Licence	None	None
TOTAL	24,946	2,739

The table below illustrates the checks that have been undertaken by Council Officers on the above matches and any frauds or overpayments identified.

Matches undertaken by October 2013

Cleared no Fraud/Error	Frauds Identified	Errors Identified	Total Matches Processed	Identified overpayments	Still under Investigation
863	None	4	867	£50.55	203

The errors identified relate to data entry errors, for example incorrect National Insurance numbers being recorded.

The overpayment that has been identified relates to overpayments of VAT.

The table below illustrates the matches undertaken to date

Breakdown of Matches Undertaken

Type	Processed	In Progress
Housing Benefit Claimants	273	141
Disabled Badges	17	5
Creditors History	184	12
Creditors Standing	17	7
Housing Tenants	37	5
Insurance Claimants	58	Completed
Payroll	157	31
Right to Buy	42	2
Residential Care Homes	71	Completed