



Leicester
City Council

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All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Audit and Risk Committee

15th June 2016

Annual Report on the National Fraud Initiative (NFI)

Report of the Director of Finance

1. PURPOSE OF REPORT

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

2. RECOMMENDATIONS

- 2.1 This report is for information only.

3. SUMMARY

- 3.1 There are two separate NFI exercises that the Authority participates in. One involves data matching with external organisations, including other Councils and the second involves matching data held within the Council.
- 3.2 A progress report on the 2013/14 NFI exercise was presented to this committee in November 2014. The current position is reported below.
- 3.3 Data for the 2014/15 external NFI exercise was submitted to the Audit Commission on 6 October 2014 and data was available for checking from February 2015.

4. REPORT

- 4.1 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. Since the abolition of the Audit Commission, the exercise is managed by the Cabinet Office. The project involves electronically matching data from a number of sources in order to identify possible fraud or irregularity.

The Cabinet Office 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.

4.2 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

4.3 With effect from 1st March 2016 all benefit fraud is investigated by the Department for Work and Pensions.

4.4 Work on the 2014 matches has continued and the latest results are as follows

Matches undertaken by 1st June 2016

Cleared no Fraud/Error	Frauds Identified	Errors Identified	Total Matches Processed	Identified overpayments	Still under Investigation
6396	0	255	6651	£257,687.89	700

4.5 In addition to the NFI exercise the Revenues and Benefits Section also undertakes data matching using a company called Datatank Limited. Datatank provide a fully managed service. Single Person Discount (SPD) caseload data is sent to Datatank and matched against a number of different datasets. Where there is a likelihood of a second adult in the property, letters are issued to the household requesting confirmation of occupancy. The results are then screened by Datatank and those accounts requiring amendment are notified to the council. Where there is no response after a reminder the discount is cancelled by the council.

4.6 The 2014/15 SPD review exercise using Datatank resulted in 2525 SPD discounts being cancelled and generated additional collectable charges of £639,788.44 in the financial year 1 April 2014 to 31 March 2015. Additional collectable income of £377,829.36 was generated using Datatank matching in the financial year 2013/2014.

4.7 The exercise was repeated during the financial year 2015/16, ten months after the 2014/15 review. At that time, 1243 SPD discounts were cancelled generating additional collectable income of £340,438

4.7 In order to avoid duplication of effort the matches generated by the NFI has been was postponed until early 2016 when the new data was made available. These matches have recently been received and will be reviewed in due course.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. 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 can cause significant financial loss to the Council.

Colin Sharpe, Head of Finance.

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.

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.

Louise Buckley, Graduate Project Officer (Climate Change).

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

7. BACKGROUND PAPERS

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

8. CONSULTATIONS

None

9. REPORT AUTHOR
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