



Annual Report on the National Fraud Initiative (NFI)

Audit & Risk Committee

Date of committee meeting: 12th September 2018

Lead director: Alison Greenhill

Useful information

- Report author: Stuart Limb (Corporate Investigations Manager)
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1. Purpose of report

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

2. RECOMMENDATIONS

- 2.1 This report is for information only.

3. BACKGROUND

- 3.1 The Council has participated in the National Fraud Initiative since it was introduced in 1996. The exercise is managed by the Cabinet Office and is a bi-annual web based data matching exercise which involves electronically matching data from a number of sources in order to identify possible fraud or irregularity.
- 3.2 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. This report provides an update on both the external exercises.
- 3.3 With effect from March 2016 all benefit fraud is investigated by the Department for Work and Pensions (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. REPORT

- 4.1 Data for the 2016/17 external NFI exercise was submitted to the Cabinet Office in October 2016 and data was available for checking by the Authority from 24th January 2017 and is expected to be completed by December 2018.
- 4.2 The Cabinet Office (CO) matched over 11,000 of Leicester's data sets, of these the CO recommended 2,452 for examination. Officers prioritise the 'gold starred' matches which the CO highlight as the most likely to result in an error or fraud being identified. Due to the nature of the software we are unable to identify how many gold star matches Leicester received. 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 to identify whether there is a requirement to resource further investigation.

Matches undertaken by 1st August 2018

Total Matches	Recommended	Matches checked	Errors Identified	Frauds	Identified overpayments
11,739	2,452	7,008	310	3	£145,057

4.3 The exercise is coordinated by the Corporate Fraud Team (CFT) with matches initially issued to officers in the relevant services to check. Should any matches identify possible fraudulent activity this will be referred to the CFT to carry out a formal investigation. For 2016/17 data sets 3 matches have led to fraudulent activity have been identified.

4.4 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
- 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
- Private residential care homes to DWP deceased register
- Housing Benefit Claimants who also appear on a local authority payroll
- Council Tax Reduction Scheme to Payroll

4.5 The exercise has its limitations, for example the matches identified may have subsequently been reported to the LA or already reported and not yet actioned. This leads to only 310 errors identified, less than 0.5% of the 7,000 matches checked by staff

4.6 The exercise will be concluded by the end of December 2018.

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

From 1 April 2015, responsibility for NFI passed from the Audit Commission to the Cabinet Office. NFI exercises use the powers given to the Minister for the Cabinet Office by Part 6 of the Local Audit and Accountability Act 2014. The existing code of data matching practice will continue in effect until the Minister for the Cabinet Office issues a new code.

The code is subject to review following completion of each NFI exercise. Any changes proposed to the code will be consulted upon before a new code is finalised and laid before Parliament.

Kamal Adatia, City Barrister & Head of Standards

5.3 Climate Change and Carbon Reduction implications

There are no significant climate change implications arising from the attached report.

Aidan Davis, Sustainability Officer

6. Other Implications

None

7. BACKGROUND PAPERS

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

8. CONSULTATIONS

None

9. REPORT AUTHOR

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