



Wyre Council - Audit and Risk Management
National Fraud Initiative - Data Matching Exercise
Year 2020/21

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Report Preparation

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1. Introduction

- 1.1 The National Fraud Initiative (NFI), conducted by the Cabinet Office (CO), involves data matching to help in the prevention and detection of fraud. The NFI provides multiple solutions, ranging from real time point of application fraud prevention checks through to the national data matching exercise which helps those that take part detect active fraud cases within systems.
- 1.2 Wyre Borough Council are active participants in the NFI national data matching exercise. A full NFI data matching exercise is completed every two years and a council tax single person discount (SPD) matching exercise is carried out annually. These exercises match electronic data within and between audited bodies to prevent and detect fraud. This includes police authorities, local probation boards, fire and rescue authorities as well as other local councils and other government departments. Each organisation carries out data matching under its own powers, but uses the CO's systems, processes and expertise.
- 1.3 Since it began in 1996, the NFI has enabled its 1,200 participating organisations from the public and private sectors to detect and prevent fraud, overpayments and errors in excess of £1.93 billion. Every time the Government spends money or provides benefits and services, it is vulnerable to fraud and error. The main categories of fraud identified by the NFI in England relate to:
 - pension fraud and overpayments;
 - creditor fraud and overpayments/duplicate payments;
 - fraudulent or wrongly received, council tax SPD payments; and
 - housing benefit fraud and overpayments.
- 1.4 This report is intended to identify how the council has contributed towards the above figure since the matches were released in January 2021.
- 1.5 The last NFI update report was presented to Audit Committee in 2017. Owing to limited resources and staff being redeployed during the Covid-19 pandemic, a report on the outcomes from the 2018/19 exercise was not produced. A summary of the results for the two yearly exercise for 2018/19 is as follows:
 - A total of 817 matches were processed;
 - One fraud and six errors were identified totalling £39,022; and
 - The council is recovering £36193.

- 1.6 Unfortunately we no longer have data relating to the 2018/19 SPD exercise as the Cabinet Office have removed access owing to it containing personal data.
- 1.7 It should be noted that since August 2015 the responsibility for housing benefit and council tax benefit fraud investigation work transferred to the Department for Work and Pensions (DWP). As a result, whilst the council retains the responsibility to sift the data matches and identify any potential frauds, the DWP are responsible for investigating these cases and taking action as appropriate. As such, the prioritisation and timescales for completion for this area of work is outside the control of the council.

2. Objectives of our work

- 2.1 The primary purpose of this report is to bring together all the findings and report the total number of frauds, errors or overpayments and their values that were identified as part of the 2020/21 NFI data matching exercise.
- 2.2 The 2020/21 NFI data matching exercise consisted of the following three data sets:
- Annual council tax SPD exercise;
 - Two yearly national exercise; and
 - Government Covid-19 business grants (new for 2020/21)

3. Overall Audit Opinion

- 3.1 Collectively over 14,000 data matches have been received, of which 4,300 (31%) have so far been examined. As at today's date (02 November 2021), the council has identified £9,196.13 in errors and overpayments as part of the 2020/21 two yearly national exercise, £10,000 in errors as part of the 2020/21 Government Covid-19 Grants exercise, and a further £38,700.13 in council tax SPD errors and overpayments as part of the annual SPD exercise.
- 3.2 The overall financial benefit resulting from the outcomes reported of £57,896.26 is 23 times greater than the annual fee of £2,573 that the council pays to participate in the NFI exercise. Therefore it is considered a cost effective exercise to complete although it should be noted that the council itself does not always benefit from any recovered sums in full. For instance, any council tax recovered benefits the council by approximately 11p in the £1, with the rest payable to other major preceptors such as Lancashire County Council. However, there is a wider public good to be considered by participating in the NFI exercise and the council has a duty to recover council tax on behalf of the vast majority of residents who pay promptly and in full and this exercise helps to fulfil that requirement.

4. Key Findings

- 4.1 Attached at Appendix A is a list of the data match reports that were examined as part of the 2020/21 full NFI data matching exercise.
- 4.2 Of the 34 data match reports examined, 101 errors / overpayments have been identified. The council is working towards recovering 100% of the £57,896.26 identified through various means (amended bills, attachment of earnings etc.). The table below shows the relevant data match reports, the number of instances and the values attached.

2 Yearly National Exercise (1852 matches)			
Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Housing Benefit Claimants to Student Loans	£6,435.24 (2 instances)	0	£6,435.24 (2 instances)
Housing benefit claimants to Housing benefit claimants/phone number	0	0	0
Housing benefit claimants to Housing tenants	0	0	0
Housing benefit claimants to Waiting Lists	0	0	0
Housing benefit claimants to Taxi drivers	0	0	0
Housing benefit claimants to DWP Deceased	0	0	0
Housing benefit claimants to Council Tax Reduction Scheme	0	0	0
Council Tax Reduction Scheme to Payroll	0	0	0
Council Tax Reduction Scheme to Pensions	£2,760.89 (5 instances)	0	£2,760.89 (5 instances)
Council Tax Reduction Scheme to Council Tax Reduction Scheme	0	0	0
Council Tax Reduction Scheme to Housing Tenant	0	0	0
Council Tax Reduction Scheme to Taxi Drivers	0	0	0
Council Tax Reduction Scheme to Housing Benefit Claimants	0	0	0
Council Tax Reduction Scheme to DWP Deceased	0	0	0
Payroll to Payroll, Payroll to Pensions and Payroll to Creditors	0	0	0
Procurement – Payroll to Companies House	0	0	0
Duplicate Creditors by Name	0	0	0
Duplicate Creditors by Reference	0	0	0

Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Duplicate Records by Reference, Amount and Creditor Reference	0	0	0
Duplicate creditors by Address detail	0	0	0
Duplicate Records by Amount and Creditor Reference	0	0	0
Duplicate creditors by Bank account number	0	0	0
VAT overpaid	0	0	0
Resident Parking to DWP deceased	0	0	0
Total for Two Yearly National Exercise	£9,196.13 (7 instances)	£0	£9,196.13 (7 instances)

Government Covid Grants Exercise (73 matches)			
Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Duplicate Small Business Grants Fund (SBGF) Within Wyre BC	£10,000 (1 instance)	0	£10,000 (1 instance)
Duplicate Small Business Grants Fund (SBGF) Between Wyre BC and other authorities	0	0	0
Duplicate Small Business Grants Fund and Retail Hospitality and Leisure Grants Within Wyre BC	0	0	0
Duplicate Small Business Grants Fund and Retail Hospitality and Leisure Grants Between Wyre BC and other authorities	0	0	0
Discretionary Grants to Other Grants	0	0	0
Unknown Grant Types Between Wyre BC and other authorities	0	0	0
Total for Covid Grants Exercise	£10,000 (1 instance)	£0	£10,000 (1 instance)

Combined Total for Two Yearly Exercise	£19,196.13 (8 instances)	£0	£19,196.13 (8 instances)
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Annual Council Tax Single Person Discount Exercise (12,289 matches)			
Council Tax to Electoral Register	£23,663.27 (55 instances)	0	£23,663.27
Council Tax rising 18s	£5,485.14 (20 instances)	0	£5,485.14
Council Tax to HMRC Household Composition	£9,551.72 (18 instances)	0	£9,551.72
Council Tax to other datasets	0	0	0
Total for SPD Exercise	£38,700.13 (93 instances)	£0 (0 instances)	£38,700.13 (93 instances)

All Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Total for all exercises in 2020/21	£57,896.26 (101 instances)	£0 (0 instances)	£57,896.26 (101 instances)

- 4.3 It should be noted that as a result of the Covid-19 pandemic Wyre Council has been responsible for administering over 2,200 lockdown one grant applications on behalf of the government. These comprised of small business rate relief grants, retail, hospitality and leisure grants and local authority discretionary grants. This has resulted in the council distributing nearly £29 million of government grant money.
- 4.4 Given the high value and number of grants administered it is pleasing to report that both internal testing and NFI data matching only identified one duplicate payment of £10,000. Action is currently being taken in order to recover this duplicate grant payment.

5. Conclusions

- 5.1 The use of the NFI data matching service is only one element of an effective counter-fraud strategy. It must be underpinned by a thorough understanding of the fraud risks that an organisation faces, to ensure effort is focused in the right places. It is also important to have strong anti-fraud cultures and anti-fraud policies and procedures that emphasise that fraud is unacceptable.
- 5.2 Given that participation in the 2020/21 exercise has identified nearly £60,000 in possible error / overpayments / frauds so far, the council will continue to participate in future NFI data matching exercises. As such, data is currently being collated in respect of the 2021/22 annual SPD data matching exercise, results of which will be reported to the Audit Committee in 2022.

- 5.3 Although clearly a worthwhile exercise for the council to participate in, there are concerns that given the 2020/21 annual SPD involved examining over 12,000 returned matches the process is a very labour intensive exercise. Currently only one employee is trained to appropriately investigate each of the returned matches and this is carried out alongside their day job. Consideration needs to be given to whether there may be scope to introduce a post specifically tasked with conducting this exercise and therefore making the most of the process and the overpayments to be reclaimed. Given the figures reported above this post could potentially be self-funded but a business case is needed to establish this in terms of direct financial benefit to the council as opposed to all preceptors.

DATA MATCH REPORTS EXAMINED - 2020/21

- Housing benefit claimants to:
 - Student loans
 - Payroll
 - Pensions
 - Housing benefit claimants
 - Housing tenants
 - Insurance claimants
 - Taxi drivers
 - Waiting lists
 - Council Tax Reduction Scheme (CTRS)
- Payroll to:
 - Payroll
 - Pensions
 - Creditors
- Procurement to:
 - Companies House
- Duplicate Creditors by:
 - Creditor name
 - Creditor reference
 - Amount
 - Address name
 - Bank account number
- VAT overpaid
- Resident Parking to DWP deceased
- Council Tax to:
 - Electoral Register
 - Rising 18's
 - Other datasets
 - Council Tax to HMRC Household Composition

- Duplicate Small Business Grants Fund (SBGF)
 - Within Wyre Borough Council and
 - Between Wyre Borough and other authorities
- Duplicate Small Business Grants Fund and Retail Hospitality and Leisure Grants
 - Within Wyre Borough Council
- Discretionary Grants to Other Grants