



Wyre Council - Audit and Risk Management
National Fraud Initiative - Data Matching Exercise
Year 2022/23

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Report Preparation

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Report Distribution

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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 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 £2.4 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 latest matches were released in January 2023.
- 1.5 A summary of the results for the biennial exercise for 2022/23 is as follows:
 - To date a total of 533 matches have been investigated out of the 541 matches returned (investigations are ongoing for the remaining 8 matches);
 - Four errors have been identified totalling £3,670.96; and
 - The council is in the process of recovering the full £3,670.96, of which Wyre will keep £2,036 as it relates to duplicate creditor payments and will receive approximately 11% of the remaining £1,364.

1.6 A summary of the results for the annual council tax SPD exercise for 2022/23 is as follows:

- To date, 108 matches have been investigated out of the 4,321 matches returned (progress has been impacted by available resources);
- Five errors have been identified totalling £2,751.56 (with a further £6,635.00 which could be subject too recovery); and
- The council is in the process of recovering £2,751.56 or which Wyre will retain approximately 11% (£302.67).

1.7 Whilst it is acknowledged that there are capacity issues within the team; it should be noted that if the council were to continue to investigate all the remaining matches and find a similar error rate, there is the potential to identify further recoverable income, this is estimated to be in the region of £110,342 of which £12,138 would be due to Wyre, with the remainder to other precepts, mainly Lancashire County Council. Therefore further consideration should be given to allocating resources to this area.

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 2022/23 NFI data matching exercise.

2.2 The 2022/23 NFI data matching exercise consisted of the following two datasets:

- Annual council tax SPD exercise; and
- Biennial national exercise (see schedule 1 for full list of data sets).

3. Overall Audit Opinion

3.1 Collectively 4,862 data matches have been received, of which only 641 (13%) have so far been examined owing to resourcing constraints. As at 2 November 2023, the council has identified £3,670.96 in errors and overpayments as part of the 2022/23 biennial national exercise, and a further £2,751.56 in council tax SPD errors and overpayments as part of the annual SPD exercise.

3.2 No further investigations will be carried out in relation to the 2022/23 annual SPD exercise as this data is now considered to be out of date. Council tax and electoral register data is in the process of being collated in relation to the 2023/24 SPD exercise. This data will be uploaded to the NFI portal in December 2023 and the matches are due to be returned in January 2024. Any matches that are still valid from the 2022/23 exercise will appear in the 2023/24 match reports and will therefore be investigated / cleared as part of that exercise.

- 3.3 The overall financial benefit resulting from the outcomes reported is currently £6,422.52 of which £706.47 will be retained by Wyre if recovered. This compares to the annual fee of £2,573 that the council pays to participate in the NFI exercise. Whilst the council itself does not always benefit from any recovered sums in full, other public bodies do and so the deterrent effect and this combined render makes it a worthwhile exercise for the public purse. There is also 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 2022/23 full NFI data matching exercise.
- 4.2 Of the 29 data match reports examined, 9 errors / overpayments have been identified. The council is working towards recovering 100% of the £6,422.52 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 (541 matches)			
Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Housing Benefit Claimants to Student Loans (1 match)	0	0	0
Housing benefit claimants to Housing benefit claimants/phone number (1 match)	0	0	0
Housing benefit claimants to Housing tenants (2 matches)	0	0	0
Housing benefit claimants to Waiting Lists (8 matches)	0	0	0
Housing benefit claimants to DWP Deceased (5 matches)	0	0	0
Housing benefit claimants to Council Tax Reduction Scheme (12 matches)	0	0	0
Council Tax Reduction Scheme to Payroll (67 matches)	2 matches still being investigated		
Council Tax Reduction Scheme to Right to Buy (1 match)	0	0	0
Council Tax Reduction Scheme to Pensions (108 matches)	£1,634.00 (2 instances)	0	£1,634.00 (2 instances)

Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Council Tax Reduction Scheme to Council Tax Reduction Scheme (11 matches)	0	0	0
Council Tax Reduction Scheme to Housing Tenants (3 matches)	0	0	0
Council Tax Reduction Scheme to Taxi Drivers (15 matches)	0	0	0
Council Tax Reduction Scheme to Housing Benefit Claimants (8 matches)	0	0	0
Council Tax Reduction Scheme to DWP Deceased (35 matches)	0	0	0
Payroll to Pensions (2 matches)	0	0	0
Payroll to Creditors (5 matches)	4 matches still being investigated		
Procurement – Payroll to Companies House (Director) (2 matches)	2 matches still being investigated		
Duplicate Creditors by Name (4 matches)	0	0	0
Duplicate Records by Reference, Amount and Creditor Reference (17 matches)	£1,752.00 (1 instance)	0	£1,752.00 (1 instance)
Duplicate Records by Invoice Number and Amount but Different Creditor Reference and Name (1 match)	0	0	0
Duplicate creditors by Address detail (11 matches)	0	0	0
Duplicate Records by Postcode, Invoice Amount but Different Creditor Reference and Invoice Number and Date (1 match)	0	0	0
Duplicate Records by Amount and Creditor Reference (192 matches)	£284.96 (1 instance)	0	£284.96 (1 instance)
Duplicate creditors by Bank account number (3 matches)	0	0	0
VAT overpaid (18 matches)	0	0	0
Resident Parking to DWP deceased (18 matches)	0	0	0
Resident Parking to Same vehicle registration (1 match)	0	0	0
Total for Two Yearly National Exercise	£3,670.96 (4 instances)	£0	£3,670.96 (4 instances)

Annual Council Tax Single Person Discount Exercise (4321 matches)			
Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Council Tax to Electoral Register (1999 matches, only 108 investigated)	£2,751.56 (5 instances)	0	£2,751.56 (5 instances)
Council Tax rising 18s (14 matches)	£0 (0 instances)	0	£0 (0 instances)
Council Tax to other datasets (2038 matches)	Not being examined due to resource issues		
Total for SPD Exercise	£2,751.56 (5 instances)	£0 (0 instances)	£2,751.56 (5 instances)

All Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Total for all exercises in 2022/23	£6,422.52 (9 instances)	£0 (0 instances)	£6,422.52 (9 instances)

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 2022/23 exercise has identified nearly £6,422.52 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 2023/24 annual SPD data matching exercise, results of which will be reported to the Audit Committee in 2024.
- 5.3 Following a recommendation from the Audit and Risk Management Team, the Revenues Team are in the process of conducting a comprehensive review of all SPD's. This involves sending a review form to all SPD recipients asking them to confirm if they are still entitled to the discount. As at 2 November 2023 forms had been sent out to all SPD recipients in council tax bands C, D, E, F, G and H and the amount of overpayments identified so far is as follows:
- Band C £3,838.32
 - Band D £16,605.41
 - Band E £19,031.54 = Total £44,373.30 (+ on-going income generated)
 - Band F £1,675.96
 - Band G £3,222.07

- Band H £0

5.4 Of the above reported overpayments total of £44,373.30, it should be noted that only £2,751.56 is included within the NFI system returned matches. Council tax payers may also subsequently provide evidence which negates some of the £44,373.30. However, this type of housekeeping exercise is routine and usually does generate additional revenues overall.

DATA MATCH REPORTS EXAMINED - 2022/23

- Housing benefit claimants to:
 - Student loans
 - Housing benefit claimants
 - Housing tenants
 - DWP deceased
 - Waiting lists
 - Council Tax Reduction Scheme (CTRS)

- Council Tax Reduction Scheme to:
 - Payroll
 - Pensions
 - Housing benefit claimants
 - Housing tenants
 - DWP deceased
 - Council Tax Reduction Scheme (CTRS)
 - Right to Buy
 - Taxi drivers

- Payroll to:
 - Pensions
 - Creditors

- Procurement to:
 - Companies House

- Duplicate Creditors by:
 - Creditor name
 - Invoice number
 - Creditor reference
 - Amount
 - Address name
 - Bank account number

- VAT overpaid

- Resident Parking Permit:
 - to DWP deceased
 - same vehicle registration

- Council Tax to:
 - Electoral Register
 - Rising 18's
 - Other datasets