

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Thursday, 23 September 2021</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	National Fraud Initiative Update
Purpose of Report:	To present to Members with a status report on the progress made to date on the National Fraud Initiative
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of Finance and Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted but Officers in Legal Services and Head of Finance have
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• This is a biennial exercise co-ordinated in Wales by Audit Wales. Data is extracted from the Council's systems and reports containing 3,130 potential matches were released back to the Council in January 2021.</li> <li>• To date 88% of matches have been reviewed and £1,979 has been identified as recoverable. This is expected to increase.</li> <li>• In addition, the matches provide an opportunity to cleanse data such as identifying blue badges that should be cancelled as the recipient is deceased or that applicants should no longer be included on the housing waiting list. These changes can be counted as notional savings based on Cabinet Office guidance. For the latest round of NFI, since January 2021, £810,401 in notional savings have been identified for the Council.</li> <li>• An annual exercise matching single person discount (SPD) households has also commenced. These matches highlight where there may be more than one adult at a location in receipt of SPD. In total 3,314 households have been identified for review within the 2021 exercise and to date 2,572 have been closed.</li> </ul>	

- Work is on-going on the remaining matches with the Corporate Investigation Officer co-ordinating the approach to ensure that recovery is maximised, data is cleansed and any identified weaknesses in systems and processes are identified and improved.

## **Recommendation**

1. That members of the Governance and Audit Committee give due consideration to the NFI update report

## **Reason for Recommendation**

1. To keep the Governance and Audit Committee informed

## **1. Background**

- 1.1 The National Fraud Initiative (NFI) has run every 2 years since 1996. The exercise is co-ordinated in Wales by Audit Wales in collaboration with equivalent bodies in England, Scotland and Northern Ireland. Participating organisations, such as other Local Authorities, DWP, NHS & Trusts, Police and Housing Associations submit data to the NFI where it is matched against other data sets using specific criteria. The submitted information is wide ranging and includes data sets relating to housing benefits, council tax, payroll, creditors, licensing, disabled blue badges, concessionary travel, insurance claims, care homes and personal budgets.
- 1.2 Reports containing potential matches are released to each organisation to investigate. It is important to note that where a match is found it is not in itself evidence of a fraud and may be an error or an inconsistency that requires further investigation or an explanation for a data match prompts the organisation to update their records and/or improve their systems.
- 1.3 The most recent data extraction and matching exercise was undertaken in October 2020 and the matches were released in January 2021. Data matches included potential Covid-19 Grant anomalies. A total of 3,130 matches have been provided.

## **2. Key Issues for Consideration**

- 2.1 The Council's Corporate Investigation Officer is coordinating the NFI work and provides support to staff reviewing the matches to ensure a consistent approach across the Council. In some instances, matches instigate a review of the processes in place to identify if any improvements to existing controls are required which is undertaken by Internal Audit.
- 2.2 A breakdown of the current position is attached at Appendix A. Of the 3,130 matches received, 2,755 matches have been processed and closed whilst work is on-going on the 375 remaining matches.

- 2.3 For the latest round of NFI to date £1,979 has been identified as recoverable. Based on experience this is likely to increase.
- 2.4 Other results so far are that 173 blue badges have been cancelled and 219 applicants have been removed from the waiting list. Whilst these results do not provide a recoverable value to the Council, the Cabinet Office provides a basis on which notional savings can be calculated.
- 2.5 Appendix A identifies that the Cabinet Office estimated saving figure amounts to £810,401. This is primarily made up from the notional saving when a person is removed from the housing waiting list and a notional figure of £3,240 per case is used. This is based on the estimated annual cost of housing a family in temporary accommodation and the likelihood of the applicant being provided with a property. When a blue badge is cancelled as the holder is deceased, a notional figure of £575 is used which reflects estimated parking and congestion charge revenue.
- 2.6 NFI projected savings are a Cabinet Office defined methodology which predicts the potential or projected loss if the fraud/error had not been identified. The projected savings are also published by Audit Wales in their fraud related reports. It is not “real” money to the authority and cannot be reflected in savings. Appendix A also provides a summary of the Cabinet Office methodology.
- 2.7 Single person discount (SPD) is an annual exercise and matches highlight where there may be more than one adult at a location in receipt of SPD. Details are at Appendix B. In total 3,314 households have been identified for review within the 2021 exercise and to date 2,572 have been closed. Of the 742 that remain open, 549 matches have been identified for further investigation and 193 require an initial review.
- 2.8 Work is on-going on the outstanding matches and recovery action is underway on the identified errors. To date no fraud has been identified.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1 These measures aim to prevent or reduce the risk of fraud occurring. The participation in the national data matching exercise demonstrates collaboration with others with the aim of making improvements over the longer term.

### **4. Resources and Legal Considerations**

#### **Financial**

- 4.1 To ensure that the Council funds and resources are used appropriately.

## **Employment**

- 4.2** There is a resource impact in relation to the investigation and resolution of potential fraud matters. The impact is borne by Directorates and Internal Audit.

## **Legal (Including Equalities)**

- 4.3** Public Service organisations have a responsibility to embed effective standards for countering fraud, corruption and bribery into the organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

## **5. Background Papers**

None

### Vale of Glamorgan Council 2021/22 NFI Biennial Exercise

Report Group	Total Matches	Matches Closed	Matches Still Being Investigated	% Still Being Investigated	Outcomes / Example Resolution
Blue Badge	424	424	0	0%	173 Blue Badges cancelled.
					Sector Finalised
					Projected Cabinet Office savings £99,475
Creditor Reports	1832	1,573	259	14%	259 recommended matches outstanding.
Council Tax Reduction Scheme	333	244	89	27%	89 recommended matches outstanding.
Covid Grant Recipients	12	12	0	0%	Sector Finalised
Housing Benefits	45	27	18	40%	18 recommended matches outstanding.
					Housing Benefit Claimants to Student Loans: 3 errors identified, all fully recoverable, £1,979
					Cabinet Office estimated saving: £1,366
Housing Tenants	98	98	0	0%	Sector Finalised
Payroll	24	16	8	33%	8 recommended matches outstanding.
Resident Parking Permit	4	4	0	0%	Sector Finalised
Right to Buy	3	3	0	0%	Sector Finalised
Waiting List	355	354	1	99%	219 applicants removed from Waiting List
					Projected Cabinet Office savings £709,560
<b>Totals</b>	<b>3130</b>	<b>2755</b>	<b>375</b>	<b>12%</b>	<b>375 recommended matches outstanding.</b>

Data Match	Basis of Calculation of Notional Savings
Welfare Benefits	Value of sanctions applied plus weekly benefit reduction multiplied by 21
Pensions	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85
Blue Badges	Number of badges confirmed as deceased multiplied by £575 to reflect lost parking and congestion charge revenue
Concessionary Travel	Number of passes cancelled multiplied by £24, based on the cost of reimbursement to bus operators for journeys made under the concessionary pass scheme
Tenancy Fraud	£93,000 per property recovered based on average four year fraudulent tenancy. Includes: temporary accommodation for
Right to Buy	£65,000 per application withdrawn based on average house prices and the minimum right to buy discount available.
Payroll	£5,000 per standard case - £10,000 for an immigration case
Council Tax SPD	Annual value of the discount cancelled multiplied by two years
Housing Waiting Lists	£3,240 per case, based on the annual cost of housing a family in temporary accommodation and the likelihood a waiting list applicant would be provided a property
Personal Budgets	Monthly reduction in personal budget payment multiplied by three months
Residential Care Homes	£7,000 per case based on the average weekly cost of residential care multiplied by 13
Other Immigration	£50,000 for an removal from the UK case

### Vale of Glamorgan Council - NFI Annual SPD Exercise 2021

Report Group	Total Matches	Matches Closed	Matches Still Being Investigated	% Still Being Investigated	Outcomes / Example Resolution
SPD to Electoral Register	1107	867	240	22%	240 recommended matches being investigated.
					1 error identified, totalling £190. Full recovery action has been implemented on this case.
					Cabinet Office estimated saving: £1,140
SPD - Rising 18s	202	9	193	96%	193 recommended matches outstanding.
SPD - Other Data Sets	2005	1696	309	15%	309 recommended matches being investigated.
<b>Totals</b>	<b>3,314</b>	<b>2,572</b>	<b>742</b>	<b>22%</b>	<b>549 matches currently under further investigation. 193 matches require initial review.</b>