

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

26 June 2006

Report of the Director of Finance

Part 1- Public

Matters for Information

1 NATIONAL FRAUD INITIATIVE 2006

Summary

This report informs Members of the proposed National Fraud Initiative (NFI) data matching exercise that will be taking place during 2006/07.

1.1 Background

- 1.1.1 The NFI is a national data matching exercise undertaken by the Audit Commission every two years. The exercise consists of extracting data from all local authorities and a number of other sources then, using a specialist contractor, matching the data nationally in order to identify anomalies that could be potential fraud.
- 1.1.2 The original data matching exercises compared benefit claim details with and wage details solely from within local authorities but the exercise has been extended to include more data such as pension details and wage details from other public sector bodies.
- 1.1.3 The anomalies are referred to individual authorities and these are then reviewed to consider whether there is the likelihood of fraud arising that requires investigation.
- 1.1.4 The last exercise referred 421 anomalies to Tonbridge & Malling. These were reviewed and no fraudulent cases arose as a result of the exercise.

1.2 NFI 2006/07

- 1.2.1 The amount of data being used for the forthcoming exercise is increasing to enable a higher volume of matching to be undertaken.
- 1.2.2 This year the data extract will include previous data matches i.e. benefits, wages and pensions for public sector bodies. In addition there will an extract of creditor payments in order to look for instances of duplicate payments. These extractions are mandatory and the cost of matching this data is included in a one off fee that has not yet been determined.

1.2.3 Other areas being considered for data collection are: -

- Blue badge details
- Private care home residents
- Market Traders
- Childminders
- Door Security
- Taxi Drivers
- Details of persistent Insurance Claimants

These areas will not be mandatory and a charge will be made of £250 for matching in these areas.

1.2.4 These discretionary areas will be determined by the amount of local interest as to whether they take place, e.g. London Boroughs have piloted the Blue Badge Scheme and it has been successful in relation to congestion charge avoidance.

1.3 TMBC Participation in NFI 2006/07

1.3.1 As previously stated the first part of the exercise is mandatory and the Council is obliged to participate in the exercise.

1.3.2 In addition the participation in NFI is considered in the Use of Resources examination carried by the Audit Commission and is included as a measurement in the Housing Benefits Performance Standards.

1.3.3 Participation in the discretionary areas will need to be considered but there is no budget provision for participation in these areas.

1.4 Code of Practice For Data Matching

1.4.1 The Audit Commission have been in consultation with the Information Commissioner in order to revise their Code of Practice for Data Matching.

1.4.2 A revised version has been issued and Management Team has approved a revised code for the Council that meets the requirements of the Audit Commission. A copy of the revised code is attached as **[Annex 1]** for Members' information.

1.4.3 In addition to the NFI, the Council also participates in the Housing Benefit Matching Service (HBMS) exercise. This exercise matches data relating to Housing and Council Tax Benefit to data held by the Department for Work & Pensions.

- 1.4.4 The HBMS data is matched on a bi-monthly basis and the Code of Data Matching Practice applies to this exercise as well.

1.5 Legal Implications

- 1.5.1 The Audit Commission have legal powers under s3(9) Audit Commission Act 1998 to carry out this exercise and to request Local Authorities to provide the data for matching.
- 1.5.2 The Audit Commission have also consulted the Information Commissioner and agreed a Code of Practice for Data Matching to act within.
- 1.5.3 There is a legal risk that the Council could be challenged by the Audit Commission for failing to provide the information to comply with this exercise.

1.6 Financial and Value for Money Considerations

- 1.6.1 There is a charge for participating in this exercise of approximately £1,000. The discovery of a benefit fraud corrects the benefit entitlement but reduces the government subsidy on benefit paid from 100% to 40%. However, if the overpayment is recovered the Council keeps the difference.

1.7 Risk Assessment

- 1.7.1 Participation in the scheme is mandatory so the data must be provided.
- 1.7.2 When the referrals are received they must be properly vetted and investigated if fraud is suspected. Failure to do so would lead the Council open to criticism and poor scoring on national performance indicators.

1.8 Additional Information

- 1.8.1 Members can find out more information on the initiative from the Audit Commission NFI website at <http://www.audit-commission.gov.uk/nfi/index.asp>

Background papers:

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Audit Commission Website

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