

**REPORT TO: SCRUTINY COMMITTEE - 22 SEPTEMBER 2021**

**REPORT ON: NATIONAL FRAUD INITIATIVE**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 260-2021**

## **1.0 PURPOSE OF REPORT**

This report is to inform Elected Members of the 2020/21 National Fraud Initiative (NFI) exercise, the mandatory 2020/21 Electoral Roll / Council Tax Single Person Discounts data matching exercise and exercises for Covid-19 Grants.

## **2.0 RECOMMENDATIONS**

It is recommended that Members of the Committee:

- i. note the progress made to date on investigating the data matches received from the Cabinet Office as part of the 2020/21 NFI exercises at Appendix 1; and
- ii. note the Council's participation in the ongoing mandatory data matching for Covid-19 Grant Funding at 4.2.

## **3.0 FINANCIAL IMPLICATIONS**

The 2020/21 NFI exercise has identified £29,392 of overpayments, which have either been recovered or a formal recovery arrangement is in place. As a result of stopping these errors now, the NFI has estimated that the Council has also saved an additional notional amount of £16,100 bringing the overall total to £45,492.

The supplementary mandatory 2020/21 Electoral Roll / Council Tax Single Person Discounts data matching exercise has also identified overpayments of £27,176 which have been, or are in the process of being recovered through the Council's normal Council Tax billing and recovery processes.

## **4.0 BACKGROUND**

The NFI is a biennial data matching exercise, co-ordinated at a national level by the Cabinet Office, designed to help participating bodies detect fraud and error. Computerised techniques are utilised to compare electronic data held by different public and private sector bodies in Scotland, England and Wales and identify data matches, which may, following further examination, uncover the existence of fraud or error. The NFI exercise in Scotland is led by Audit Scotland and participation is mandatory for the Council. Participation also assists the Council with its Deter agenda.

The Senior Responsible Officer for the NFI exercise in the Council is the Executive Director of Corporate Services and the Key Contact is the Corporate Fraud Supervisor, who reports operationally to the Senior Manager – Internal Audit. Key Contact responsibilities include:

- co-ordinating and monitoring the overall exercise
- ensuring that the specifications for data sets are adhered to
- ensuring data sets are uploaded accurately and timeously

- ensuring that key individuals required to assist with the investigation of matches are identified and adequately trained
- ensuring outcomes from the investigation of matches are recorded on the NFI Website promptly and accurately

The mandatory data sets submitted by the Council for the 2020/21 NFI exercises were:

- Payroll – Dundee City Council, Leisure & Culture Dundee, Tay Road Bridge Joint Board and Tayside Valuation Joint Board
- Pensions – Tayside Pension Fund (Current & Deferred)
- Creditors – Current and historic from 1 October 2017
- Licences – Liquor and Taxis
- Council Funded Private Residential Care Payments
- Personal Budgets – Direct Payments
- Resident Parking Permits - Current
- Housing Tenants - Current
- Housing Waiting List
- Housing Right to Buy – Former tenants
- Blue Badge
- Council Tax
- Electoral Roll
- Non-Domestic Rates
- Covid-19 Business Grants – Phases 1, 2 & 3
- Small Business Rates Relief – Businesses Eligible from April 2021

#### 4.1 NFI 2020/21 NATIONAL EXERCISES

The 2020/21 NFI biennial exercise commenced in August 2020 with the Council uploading its data to the NFI Website in October 2020. In January 2021, the Council received its data matches in the form of 92 reports, containing a total of 17,198 matches. The CFT held training sessions with all participating staff to ensure that they were fully aware of their responsibilities, the investigation procedures and how to record outcomes on the NFI Website.

**Table 1 – Services where Participating Staff were trained**

Strategic Service / Client	Service Area
Corporate Services	<ul style="list-style-type: none"> <li>• Corporate Fraud</li> <li>• Corporate Procurement</li> <li>• Pensions</li> <li>• HR and Business Support</li> <li>• Payroll</li> </ul>
Neighbourhood Services	<ul style="list-style-type: none"> <li>• Housing &amp; Communities</li> </ul>
Dundee Health and Social Care Partnership	<ul style="list-style-type: none"> <li>• Blue Badge Admin</li> </ul>

Work surrounding the data matches is ongoing with 8,048 matches having been investigated so far and 30 reports completed. Errors were identified in 51 of the matches, resulting in overpayments of £29,392 which have either been recovered or a formal recovery arrangement is in place. The NFI also records estimated savings figures where it is reasonable to assume that incidents of fraud, overpayments and errors would have continued undetected without NFI data matching.

A supplementary mandatory data matching exercise was also undertaken in December 2020 to match the Electoral Roll against those households where Council Tax Single Person Discounts was being claimed. 275 matches have been investigated with overpayments of £27,176 identified. These overpayments have been recovered or are in the process of being recovered through the Council's normal Council Tax billing and recovery processes. See Appendix 1.

#### **4.2 NFI EXERCISE, COVID-19 GRANTS**

Since the start of the Covid-19 pandemic, the risk of fraud and error has increased for a number of reasons, including the introduction of government stimulus packages to support individuals and businesses. These financial packages, some of which are large and have been administered by local government, had to be provided quickly and possibly with a lower level of scrutiny and due diligence than would previously have been the case. This Corporate Fraud Team Activity & Performance Report 2020/21, also reported to Scrutiny Committee today, explains how the Corporate Fraud Team has helped prevent a total of £381,500 of grant funding being incorrectly awarded.

In addition to the above and in relation to post-event assurances to support potential fraud detection in grant payments, the Council received instructions from the Cabinet Office, via Audit Scotland, regarding corresponding mandatory NFI exercises that require to be carried out. The Council uploaded as instructed the required datasets for Non-domestic Rates and the payments made for Covid-19 Business Grants phases 1,2 & 3. The Council is awaiting the return of matches from this exercise.

Whilst locally the Council has existing controls in place to mitigate the risk of fraud in these areas, including the co-ordinated sharing of relevant data between Scottish local authorities, inclusion of these datasets in the 2020/21 NFI exercise should assist further with the detection and prevention of fraud nationally. More specifically, the identification of national / cross border matches as part of the 2020/21 NFI exercise will assist the Council and other participating bodies to focus resources through further investigation into potential fraudulent applications, claims and payments.

#### **4.3 AUDIT SCOTLAND**

Audit Scotland recommends that Audit Committees (or equivalent) and staff leading the NFI review the NFI Self-Appraisal Checklist to ensure that they are fully informed of their organisation's planning and progress in relation to the 2020/21 NFI exercise. At the 23 September 2020 Scrutiny Committee (Article XVIII, [Report 219-2020](#)) Members approved the NFI Self-Appraisal Checklist for those charged with governance for the 2020/21 Exercise.

#### **5.0 POLICY IMPLICATIONS**

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

## **6.0 CONSULTATIONS**

The Council Management Team was consulted in the preparation of this report.

## **7.0 BACKGROUND PAPERS**

None.

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**29 AUGUST 2021**

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**TABLE 1 – 2020/21 NFI DATA MATCH – work in progress**

REPORT CONTENT	NO. OF ERRORS	ACTUAL £	NOTIONAL £	TOTAL VALUE £
Deceased Pension Investigations	20	28,123		28,123
Blue Badges	28		16,100	16,100
Creditors	3	1,269		1,269
<b>TOTAL</b>	<b>51</b>	<b>29,392</b>	<b>16,100</b>	<b>45,492</b>

**TABLE 2 – 2020/21 ELECTORAL ROLL AND COUNCIL TAX SINGLE PERSON DISCOUNT DATA MATCH – work in progress**

REPORT CONTENT	NO. OF ERRORS	TOTAL VALUE £
Council Tax to Electoral Roll	29	17,411
Council Tax Household Members Reaching 18 years of age	62	9,765
<b>TOTAL</b>	<b>91</b>	<b>27,176</b>