

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO**

**Audit and Standards Committee  
7 April 2025**

**Report Title:** National Fraud Initiative

**Submitted by:** Chief Internal Auditor

**Portfolios:** All

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
To provide the Audit Committee with background information regarding the Council's participation in the National Fraud Initiative.			
<b><u>Recommendation</u></b>			
<b>That Committee:</b>			
1. <b>To note the participation in the National Fraud initiative and preliminary matches</b>			
<b><u>Reasons</u></b>			
The Council takes part in the National Fraud Initiative, a data matching exercise, which is run every two years. This report provides a brief background to the exercise and a high-level summary of matches that have been released for review by the Council.			

**1. Background**

**1.1** The NFI is a data matching exercise, designed to help participating bodies to detect and deter fraudulent and erroneous payments. It began in 1996 and is run every two years. It compares information held by and between approximately 1,200 organisations including Councils, police forces, NHS establishments and private companies. The core of the NFI is the matching of data to help reduce levels of housing benefit fraud, occupational pension fraud and tenancy fraud. The most recently completed exercise (2022) resulted in the detection (nationally) of £520 million of fraud and error across the UK, bringing a total to date over two decades of £2.59 billion.

**1.2** Currently, the NFI data matching exercise involves Newcastle-under-Lyme Borough Council (the 'Council') submitting the following data sets to the Cabinet Office for matching against relevant data from other participating organisations, including the Department for Work and Pensions (the 'DWP'):

- Creditors & creditor payments;
- Council Tax Reduction Scheme
- Housing Benefit Claimants (provided directly by DWP)
- Taxi Drivers

**1.3** Uploaded data sets are analysed for potential discrepancies, such as duplication, or inconsistencies between data sets. In December 2024, participating organisations were issued with reports of findings, or “matches” than can be considered for further investigation during 2025/26.

## 2. Issues

**2.1** The Creditors data covered a period of 5 years to September 2024, with other data sets containing records as they stood as of 30 September 2024

### **2.2** Summary of matches received

Report title	Total matches	Comments
Housing Benefit Claimants to Housing Benefit Claimants	3	To identify an individual that is claiming housing benefit from one or more local authority simultaneously.
Housing Benefit Claimants to Housing Tenants	3	To identify possible cases of housing benefit fraud and/or tenancy fraud where an individual appears to be resident at two different addresses.
Housing Benefit Claimants to Taxi Drivers	6	To identify cases where housing benefit claimants may have failed to declare income that may remove entitlement to benefit or reduce benefit payable.
Housing Benefit Claimants to DWP Deceased	10	The purpose of the match is to identify instances where the claimant has passed away, but the payment of benefit may have continued after the date of death.
Housing Benefit Claimants to Waiting List	5	To identify possible cases of housing benefit fraud where an individual appears to be resident at two different addresses as the address on the housing benefit system differs from the one they have declared on their waiting list application.
Housing Benefit Claimants to Council Tax Reduction Scheme	1	To identify an individual that is claiming housing benefit and council tax reduction from one or more local authorities simultaneously.
Duplicate creditors by creditor name	2	To identify instances where the same supplier has been set up with more than one reference number on the system thus increasing the potential for creditors to obscure fraudulent activity.
Duplicate creditors by address detail	7	To identify multiple creditors operating at the same address. These may represent simple errors, where the same creditor may have been set up twice using a slightly different spelling, for example LIMITED and LTD, or an attempt to obscure fraudulent activity.
Duplicate creditors by bank account number	1	This output shows where the same bank account details appear on more than one record. Of particular interest is where the same bank details are shown against suppliers with different names. These may indicate where a supplier has changed trading name but the standing data has not been updated to reflect this or there are links between companies with different trading names.
Duplicate records by reference, amount and creditor reference	15	This match highlights possible duplicate payments in excess of £500 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Duplicate records by amount and creditor reference	144	This match highlights possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
VAT overpaid	1	This report identifies instances where VAT may have been overpaid. This is based on the information provided within the NFI invoice history data submission and the output includes the level

		and scale of overpaid VAT. The VAT amount is compared to a calculated maximum VAT of 20%, the maximum VAT rate in the payment period covered by the NFI exercise.
Duplicate records by invoice number and amount but different creditor reference and name	1	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	1	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
<b>Total</b>	<b>200</b>	

### Proposed Approach

**2.3** In liaison with Council employees, we will agree a suitable approach to processing the above reports. This will take into consideration:

- Other exercises that have been carried out recently, such as the outsourced review of single person discount claimants.
- Where there is a significant volume of matches, review will be prioritised to focus first on matches that are either higher risk or higher value. Once the highest priority matches have been reviewed, consideration will be given to the value of completing 100% reviews.

### **3. Recommendation**

**3.1** Note the Council's participation in the NFI 2024/25.

### **4. Reasons**

**4.1** This report is for information only. Updates on progress in reviewing the NFI matches will be provided at future Audit and Standards Committee as appropriate.

### **5. Options Considered**

**5.1** None.

### **6. Legal and Statutory Implications**

**6.1** Participation in the NFI is mandatory for local government organisations.

### **7. Equality Impact Assessment**

**7.1** There are no direct implications arising from this report.

### **8. Financial and Resource Implications**

**8.1** Days for facilitating the review of matches, and reporting progress and findings are included within the Internal Audit work plan.

**8.2** The NFI is hosted by the Cabinet Office, and the Council will incur a cost of £2,690.

## 9. Major Risks & Mitigation

9.1 Participation in the NFI provides an opportunity to prevent, detect and deter fraud.

## 10. UN Sustainable Development Goals (UNSDG)

10.1 The Internal Audit and Counter Fraud Arrangement via Staffordshire County Council and the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



## 11. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

*We will make investment to diversify our income and think entrepreneurially.*

One Digital Council

*We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.*

One Green Council

*We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.*

## 12. Key Decision Information

12.1 Not Applicable.

## 13. Earlier Cabinet/Committee Resolutions

13.1 None.

## 14. List of Appendices

14.1 Not Applicable

## 15. Background Papers

15.1 None