

AUDIT COMMITTEE

11 March 2015

Report

Subject Heading:

Blue Badge and National Fraud Initiative
2012/13 – Final Summary Report

Report Author and contact details:

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Policy context:

To provide information requested about
Blue Badge Fraud and inform the
Committee on the results of the National
Fraud Initiative 2012/13

Financial summary:

N/a

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	X
Excellence in education and learning	X
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

SUMMARY

This report provides the Audit Committee with an update regarding work performed as part of the National Fraud Initiative and the results of the matching exercises and investigations undertaken.

It also provides information regarding blue badge fraud, as Members had concerns following a briefing on fraud based on a report from the Audit Commission.

RECOMMENDATIONS

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

REPORT DETAIL

1. Introduction

- 1.1 The National Fraud Initiative (NFI) is a data matching exercise designed to help participating bodies identify possible cases of fraud and detect and correct any consequential impact or loss. The core of the NFI is the matching of data to help reduce the level of housing benefit fraud, payroll and occupational pension fraud, housing tenancy and blue badge fraud.
- 1.2 The Corporate Fraud Team have overseen the participation in the NFI and pick up some of the cases regarding employees however the majority of the work to first download and then review the match within the NFI system is undertaken by the relevant service area.

2. Results of matches

- 2.1 A programme of key dates and actions were set out in order that the Council could fully participate in the 2012/13 exercise and once again as in previous years the exercise has proven successful and overpayments, fraud and financial savings have been identified. The total amount identified as at 31st December 2014, amounts to £262,393 of which £172,266 is recoverable by the Council.
- 2.2 There are a number of areas that have proved successful; the most significant are highlighted below:
 - Housing Benefits 42 cases referred for investigation
 - Student Loans - £146,045
 - Local Government pensioners - £41,216
 - Local Government employees - £44,964
 - Central Government pensioners - £13,434
 - Central Government employees - £15,398
 - Administrative Penalties - £19,427
 - Blue Badge – 445 deceased cases - £222,500

- Deceased Pensioners - £1,335
- Single Persons Discount – Ongoing assessment

Deceased Pensioners

- 2.3 Following the review of deceased pensioners there were two cases that had not been previously identified with a value of £1,335 which has been subsequently recovered.
- 2.4 It is pleasing to note that there were no cases of overpayments to private residential homes, where residents were also deceased.

Single Person Discount

- 2.5 Those occupiers receiving Single person discount were again matched with the Electoral Register and further matched to information supplied by Data Tank and a separate exercise has commenced in order to identify cases where the discount for 2013/14 should not be applied.
- 2.6 The original report from audit contained 732 NFI targets. However, it was found that 185 of these had already been included within the main SPD review with the following results:
- 2.7 Of those remaining 547 Datatank screened 356 with the credit bureau as these were the only ones which still had a live SPD claim. The analysis of the 547 cases is as follows
- 356 still claiming SPD were screened of which 146 received a review letter results of which are still being processed;
 - 94 now paying full council tax;
 - 9 on an exemption or disregard; and
 - 88 who are no longer living at the property.

Blue Badges

- 2.8 In October 2013 data relating to Blue Badges was supplied to the Audit Commission and the data matched to Department of Works and Pension deceased persons. Following investigations of the 632 matches 438 badges were cancelled and letters sent to executors asking for the badge to be returned and informing them that the badge had been cancelled and should not be used. The number of cancelled badges was reported to the Audit Commission as part of the annual fraud survey, Protecting the Public Purse. Members received a briefing on the survey results and were concerned that Blue Badges may be a high risk fraud in Havering.

- 2.9 There are 11455 blue badges on issue from the 1st Jan 2012 (this is when the Council started recording on Northgate system) till the 31st Dec 2014.
- 2.10 The Audit Commission treat these cases as fraud because the person who originally applied for the badge is now deceased. It should be noted that although the badge may not have been returned or cancelled there is no evidence that the badge was being used illegally by relatives of the deceased and were cancelled as soon as the Council became aware of the deceased.
- 2.11 Blue badges are available to enable eligible residents who have a disability to enable them to park closer to their destination. Since 1st April 2015 the number of badges issued totals 3536.
- 2.12 During the year the Corporate Fraud Team perform a number of pro-active audit reviews in order to identify possible fraud. On Thursday 21 August 2014 the Corporate Fraud Team organised a team involving partnership working with the Counter Fraud Investigation Team, Parking Services and the Metropolitan Police Safer Transport Team in Romford to identify illegal use of Blue Badges.
- 2.13 A total of seven badges were seized in a clampdown on fraudulent use of the disabled permits in Romford Market. The Audit Commission values the confiscation of a Blue Badge @ £1,000 each. Although there were no prosecutions on this occasion the “event” was well published in the local media and a warning to badge holders that the misuse of a Blue badge is a criminal offence and may be liable to a fine of up to £1,000.
- 2.14 Following the success of the above another exercise was carried out on 19th February 2015 which involved the cautioning and subsequent prosecution of offenders. The outcome of the exercise will be available in time for the Committee meeting.

3 Reporting results

- 3.1 As reported last year the review is now web based and this enables the Council to review and update records instantly. The Audit Commission were able to monitor the performance of each authority and met with the Council’s Key Contact to discuss our performance. There were no adverse comments received following the meeting with the Audit Commission who have complimented the Council on the work undertaken.

4 Conclusion

- 4.1 Comments have been made to the Audit Commission regarding the web based application process and the content of reports in order to assist in improvements for subsequent exercises.

- 4.2 Overall the matching exercise continues to highlight overpayments, fraud and subsequent savings for the Council although the work involved, especially with the Housing Benefit matches, is time consuming but on the whole the exercise has once again been extremely successful and worth while.
- 4.3 The NFI continues to play an important role in protecting the public purse against fraud. On 1 April 2015 the Audit Commission's data matching powers and the Commission's NFI team transfer to the Cabinet Office. It is currently unclear if the NFI and other publications the Audit Commission have produced in the past will continue into the future, it is likely some changes to approach will occur.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications or risks arising directly from this report which is for information only.

However, Fraud and corruption will often lead to financial loss to the authority. By maintaining robust anti fraud and corruption arrangements and a clear strategy in this area, the risk of such losses will be reduced. Arrangements must be sufficient to ensure that controls are implemented, based on risk, to prevent, deter and detect fraud. The work of the fraud team often identifies losses which may be recouped by the Council

Legal implications and risks:

There are no Legal implications from noting the contents of this Report.

Human Resources implications and risks:

There are no HR implications from noting the contents of this Report.

Equalities implications and risks:

There are no Equalities implications from noting the contents of this Report.

BACKGROUND PAPERS

National Fraud Initiative – National Report June 2014

Protecting the Public Purse – Fraud Briefing 2014