With a general election rapidly approaching, all eyes are on Westminster, but what are the issues facing local government on a day-to-day basis? Mark Nicholson, Principal Consultant at Equifax, talked to Perspective about what local authorities are doing to crack down on fraud.

In October 2014 the Audit Commission published a report stating that, in 2013, it was estimated that "fraud cost local government £2.1 billion" but that this was "probably an underestimate". Fraud arises "from ineligible claimants who are not entitled, or from the continued receipt of such services or benefits after the claimant is no longer eligible. Each pound lost to fraud puts pressure on other claimants, putting more strain on already tight spending budgets which is valued at £845m."

In November 2014 the Department of Work and Pensions (DWP) launched the Fraud and Error Reduction Incentive Scheme (FERIS). This will offer financial reward to local authorities who tackle fraud against local government fraud, said: "We will not tolerate fraudsters who rip off councils and hardworking taxpayers, which is why this government is pumping millions of pounds into helping councils catch these thieves and claw back this money. Our clamp down on money wasted through fraud will help expose this scourge, free up homes for the families that really need them and protect frontline services."

In a survey of local authorities run by the Audit Commission in 2014, a number of issues and concerns were raised that indicate the need for a more effective approach to fighting fraud. These included:

- Collecting and using data effectively
- Better data-sharing
- Effective fraud risk management
- Improved partnership working

It is clear that, in order to combat fraud, local authorities need an accurate and detailed understanding of the person or business applying for the relevant service or benefit. Similar diligence is required when a business, be it a sole trader or a company, is bidding to become a supplier.

Melanie Hosker, Head of Public Sector at Equifax states: "We are doing a lot of work with local authorities who have asked us for help to better identify where, when and how fraud occurs. By working with them to understand their issues and challenges, we have provided solutions which have a direct and tangible impact on reducing fraud. This has resulted in local authorities having more robust processes for identifying and preventing fraud, as well as delivering efficiency and cost savings; things that are vital when budgets and resources are under such pressure."

For further information, please contact Melanie Hosker at melanie.hosker@equifax.com or on 07766 247 744.

Source: Audit Commission: Protecting the public purse 2014. gov.uk

FRAUD IN THE PUBLIC SECTOR: THE LOCAL GOVERNMENT VIEW

Clamping down on fraud

The UK Government recognises fraud as a major issue and is taking the battle against it very seriously. This is evidenced by a number of key initiatives:

- In July 2014 the Department of Communities and Local Government (DCLG) launched the Counter Fraud Fund, with up to £13m being made available to share across local authorities over the financial years 2014 – 2015 and 2015 – 2016. This will help fund a series of council-led anti-fraud projects to clamp down on social housing tenancy cheats, business rates evasion, procurement fraud, and social care and health tourism. Details of local authorities who have been successful in their bid for counter fraud funding can be found on the gov.uk website.

Lord Ahmad of Wimbledon, who is leading the DCLG's campaign against local government fraud, said: "We will not tolerate fraudsters who rip off councils and hardworking taxpayers, which is why this government is pumping millions of pounds into helping councils catch these thieves and claw back this money. Our clamp down on money wasted through fraud will help expose this scourge, free up homes for the families that really need them and protect frontline services."

- In November 2014 the Department of Work and Pensions (DWP) launched the Fraud and Error Reduction Incentive Scheme (FERIS). This will offer financial reward to local authorities who tackle fraud (and error) in their Housing Benefit caseload. Preliminary estimates for 2013/14 indicate losses from such fraud and error are £1.45 billion.

- By 2016, all benefit fraud investigation will have transferred from local authorities to a new Single Fraud Investigation Service (SFIS) run by the DWP. Local authorities will need to focus on non-benefit fraud such as housing tenancy fraud (the second largest area of local authority fraud loss) which is valued at £184m.

- Other key initiatives include a new Single Fraud Investigation Service (SFIS) and a Counter Fraud Fund.

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- Strategies to implement

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Understanding applicants

Equifax is already helping a number of local authorities across the UK to combat fraud and error through provision of the comprehensive reports on citizens and businesses available via its new, secure, web-based application, the Equifax Public Sector Gateway. Such reports are delivered either as single transactions, in real time, or via bulk processing of batch case files. They enable local authorities to generate any of a series of focused reports to help them “Find”, “Verify” and “Investigate” people or businesses. They also include purpose-built reports to assess Council Tax Single Person Discount claims and to perform tenancy verification of citizens living in social housing.

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