



Cabinet Office

# **National Fraud Initiative (NFI)**

## **Final Work Programme and Scale of Fees 2016/17**

June 2016



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## Introduction

1. This document sets out the work that the Cabinet Office will undertake as part of the National Fraud Initiative (NFI) 2016/17 and the associated scale of fees.

## Background

2. The National Fraud Initiative (NFI), is a data matching exercise. It has been run every two years since 1996 and, to date, has been used to identify fraud and overpayments totalling £1.17 billion.
3. Prior to March 2015, the NFI was conducted by the Audit Commission under its statutory data matching powers set out in Part 2A of the Audit Commission Act 1998. The previous NFI 2014/15 exercise commenced under the Audit Commission and was completed by the Cabinet Office following the closure of the Audit Commission and subsequent transfer of its data matching functions in March 2015.
4. The full outcomes from NFI 2014/15, will be reported in the NFI national report, scheduled to be published July 2016. Reported outcomes show that that NFI participants have identified significant fraud, overpayments and errors from NFI 2014/15, demonstrating that NFI continues to prove effective at preventing and detecting fraud and error.

## Statutory Framework

5. The Cabinet Office, as the 'relevant minister' responsible for data matching exercises, conducts the NFI under its statutory data matching powers set out in Part 6 of the Local Audit and Accountability Act (LAAA) 2014.
6. Under this legislation the Cabinet Office:
  - may carry out data matching exercises for the purpose of assisting in the prevention and detection of fraud;
  - may require certain bodies to provide data for data matching exercises;
  - may accept data submissions on a voluntary basis;
  - must prescribe a scale or scales of fees for mandatory data matching exercises;
  - may charge a fee for voluntary data matching exercises; and
  - must consult mandatory participants and relevant stakeholders before prescribing the mandatory scale or scales of fees.
7. Our aim is to ensure that, while upholding and protecting citizens' rights in relation to their personal data at all times, the NFI continues to serve the public interest by:
  - safeguarding public money against losses from fraud or misappropriation; and
  - making an effective contribution to the wider fight against fraud and, potentially, other crime.

## Work programme and scale of fees consultation response

8. We received a limited response to our consultation on the 2016/17 work programme and scales of fees, in total 34 responses representing the views of 39 bodies. This equates to an overall response rate of 4 per cent. The 39 bodies represented comprised:
  - 24 local authorities;
  - 1 clinical commissioning group (CCGs);
  - 1 NHS trust;
  - 4 foundation trusts;
  - 4 police bodies;
  - 1 fire authority;
  - 2 community interest companies (CIC) / social enterprises
  - 1 LA representative body
  - Greater London Authority
9. A summary of the consultation responses is available on our website (<https://www.gov.uk/government/collections/national-fraud-initiative>).
10. No changes to the work programme and scale of fees were required following the consultation, with the exception of reducing the fee for Greater London Authority from £4,150 to £1,000. Although a relatively small number of bodies responded to the consultation, those that did so were generally supportive of the programme and in particular, the proposal to keep fee levels unchanged.

# Final Work Programme

11. The NFI 2016/17 work programme setting out mandatory datasets by authority type is shown in [Appendix 1](#).
12. Existing mandatory data matches will continue to be a part of the NFI 2016/17 work programme. In addition we are introducing two new mandatory requirements for NFI 2016/17:
  - Social Housing Waiting List data;
  - Council Tax Reduction Scheme (CTRS) data.

## Pilots

11. The Code of Data Matching Practice states that the NFI will undertake new areas of data matching on a pilot basis to test their effectiveness in preventing or detecting fraud. Only where pilots achieve matches that demonstrate a significant level of potential fraud do they become mandatory.
12. As in NFI 2014/15, authorities participating in NFI pilot schemes will not incur an additional fee. This removes cost as a barrier to participation in pilot initiatives, Approved pilot initiatives will be funded from existing resources during NFI 2016/17.

## Final Scale of Fees

13. The NFI 2016/17 final scale of fees for mandatory participants is set out in [Appendix 2](#).
14. Mandatory participants include the same authorities from NFI 2014/15, with the addition of Foundation Trusts, which were added to the list of bodies from whom data could be mandated in the LAAA 2014.
15. Despite extensions to the NFI 2016/17 work programme, the scale of fees for mandatory participants will remain the same as in NFI 2014/15. To do this we will absorb the costs of additional activity in NFI 2016/17, including further investment in developing the service, through efficiency savings and increasing our commercial income from use of NFI products.
16. The scale of fees is designed to recover the full costs of carrying out the proposed data matching. If it appears to the Cabinet Office that the work involved in a data matching exercise is substantially more or less than that envisaged by the appropriate scale, the Cabinet Office may charge a body a fee that is larger or smaller.

## Invoicing arrangements

17. The NFI is run over a two year period, so the NFI 2016/17 work programme and scale of fees covers the two financial years 2016/17 and 2017/18. However, to avoid duplicating the administration, mandatory participants will be billed in one instalment around November / December 2016
18. Following the transfer of the NFI to the Cabinet Office, the majority of NFI participants will need to set up the Cabinet Office as a new supplier to enable the invoice to be paid. To facilitate this, we will issue each NFI participant with a standard document containing all the information needed to set up the Cabinet Office as a new supplier on their respective payment systems.
19. HMRC ruled in July 2011 that data matching is a non-business activity for VAT purposes. As a result VAT is not charged on the NFI invoices issued to participants.

## Appendix 1 – Final NFI 2016/17 Work Programme

Authority type	Mandatory Datasets
<ul style="list-style-type: none"> <li>London borough council</li> <li>Greater London authority</li> <li>Transport for London</li> <li>Metropolitan borough council</li> <li>County council</li> <li>Unitary authority</li> <li>District council</li> </ul>	<ul style="list-style-type: none"> <li>Payroll</li> <li>Pensions</li> <li>Trade creditors' payment history and trade creditors' standing data</li> <li>Housing benefits</li> <li>Housing - Tenants, Waiting list, Right to buy</li> <li>Council tax</li> <li>Council tax reduction scheme</li> <li>Electoral register</li> <li>Students eligible for a loan</li> <li>Private supported care home residents</li> <li>Transport passes and permits (including residents parking, blue badges and concessionary travel)</li> <li>Insurance claimants</li> <li>Licences – market trader/operator, taxi driver and personal licences to supply alcohol</li> <li>Personal budget (direct payments)</li> </ul>
<ul style="list-style-type: none"> <li>Passenger transport executive</li> <li>Integrated transport authority</li> </ul>	<ul style="list-style-type: none"> <li>Payroll</li> <li>Pensions</li> <li>Trade creditors' payment history and trade creditors' standing data</li> <li>Concessionary travel passes<sup>1</sup></li> </ul>
<ul style="list-style-type: none"> <li>Police body<sup>2</sup></li> <li>Fire and Rescue authority</li> <li>Waste regulation or disposal authority</li> </ul>	<ul style="list-style-type: none"> <li>Payroll</li> <li>Pensions</li> <li>Trade creditors' payment history and trade creditors' standing data</li> </ul>
<ul style="list-style-type: none"> <li>Pension authority (stand-alone)</li> </ul>	<ul style="list-style-type: none"> <li>Pensions</li> </ul>
<ul style="list-style-type: none"> <li>Clinical commissioning group</li> <li>NHS Trust</li> <li>Foundation Trust</li> </ul>	<ul style="list-style-type: none"> <li>Payroll</li> <li>Trade creditors' payment history and trade creditors' standing data</li> </ul>

<sup>1</sup> Passenger Transport Executives only

<sup>2</sup> This includes both police and crime commissioners and police chief constables



## Appendix 2 – NFI 2016/17 Final Scale of Fees

Authority type	2014/15 £	2016/17 £
London borough council <sup>3</sup>	4,150	4,150
Metropolitan borough council	4,000	4,000
Unitary authority	3,650	3,650
County council	3,750	3,750
County council (with fire)	4,500	4,500
District council (large)	2,300	2,300
District council (medium)	2,200	2,200
District council (small)	2,100	2,100
Pension authority (stand-alone)	3,000	3,000
Greater London Authority	4,150	1,000
Police <sup>4</sup>	1,000	1,000
Fire and rescue authority	1,000	1,000
Integrated transport authority	1,000	1,000
Passenger transport executive	1,000	1,000
Waste regulation or disposal authority	1,000	1,000
NHS trust	1,000	1,000
Clinical commissioning group	1,000	1,000
Foundation trust	1,050	1,000

<sup>3</sup> Transport for London will be charged the same rate as a London borough council.

<sup>4</sup> Both police and crime commissioners and police chief constables are mandatory participants. A fee of £1,000 will be charged to the police body in each area which will submit data on behalf of both bodies