

# Work programme and scale of fees 2014/15

Consultation Feedback

National Fraud Initiative

June 2014

**The Audit Commission's role is to protect the public purse.**

**We do this by appointing auditors to a range of local public bodies in England. We set the standards we expect auditors to meet and oversee their work. Our aim is to secure high-quality audits at the best price possible.**

**We use information from auditors and published data to provide authoritative, evidence-based analysis. This helps local public services to learn from one another and manage the financial challenges they face.**

**We also compare data across the public sector to identify where services could be open to abuse and help organisations fight fraud.**

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# Introduction

**1** Under Part 2A of the Audit Commission Act 1998<sup>i</sup>, the Commission has a statutory duty to prescribe scales of fees for the National Fraud Initiative. Before doing so, it consults mandatory NFI participants. Once the Commission has prescribed a scale of fees, the applicable fee becomes payable by the body. The scale of fees is designed to recover the full costs of carrying out the proposed data matching.

**2** This document summarises the replies received to our consultation on the work programme and scales of fees for the National Fraud Initiative (NFI) 2014/15, and our response to the main issues raised by respondents.

## Fees 2014/15

**3** No changes to the work programme and scale of fees were required following the consultation. 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.

<sup>i</sup> Provisions dealing with data matching exercises were inserted into the Audit Commission Act 1998 by the Serious Crime Act 2007.

# The Consultation

## Consultees

4 We consult mandatory NFI participants on our proposals for the work programme and scales of fees each NFI exercise. This is to enable individual organisations to contribute fully to any views expressed by their representative bodies, or to comment directly to the Commission.

## Consultation Proposal

5 The work programme and scale of fees on which we consulted proposed:

- maintaining fees at the same level as the fees charged for the NFI 2012/13;
- that existing mandatory data matches would continue to be a part of the NFI 2014/15 work programme;
- introducing a new mandatory requirement to request council tax and electoral register datasets from local authorities annually instead of every 2 years;
- introducing a new mandatory requirement to request social care personal budget data; and
- meeting the costs of pilot initiatives from the fees collected to fund the overall data matching work programme.

## Response to the Consultation

6 We invited responses from 792 potential respondents to the consultation. We received 24 responses to the consultation, from a total of 792 consultees. This represented a response rate of 3 per cent. The 24 responses comprised:

- 15 local authorities;
- 4 clinical commissioning groups (CCGs);
- 2 NHS trusts;
- 1 combined authority;
- 1 chief constable's office; and
- 1 waste authority.

**Table 1: Breakdown of responses to the 2014/15 fees consultation**

<b>Consultees</b>	<b>Total number of audited bodies or other consultees</b>	<b>Number of responses</b>	<b>%</b>
Clinical commissioning groups	211	4	1.9
NHS trusts	99	2	2.0
<b>Health subtotal</b>	<b>310</b>	<b>6</b>	<b>1.9</b>
Local authorities (councils)	356	15	4.2
Fire and rescue authorities	31	0	-
Police and crime commissioners	38	0	-
Chief constables	38	1	2.6
Other local government bodies <sup>i</sup>	14	2	14.3
<b>LG subtotal</b>	<b>477</b>	<b>18</b>	<b>3.8</b>
National stakeholders	5	0	-
<b>National stakeholders subtotal</b>	<b>5</b>	<b>0</b>	<b>-</b>
<b>TOTAL</b>	<b>792</b>	<b>24</b>	<b>3.0</b>

7 There was general support for holding fees at the same level as those that applied to the previous data matching exercise. In addition there were other specific comments that we have grouped into the following themes:

- Five local authorities were concerned that the creation of the Single Fraud Investigation Service (SFIS) is bringing about a major change in local authority fraud teams and this will make it harder to find local resources for reviewing and investigating the NFI 2014/15 matches.
- Five local authorities queried the benefits of making the Council Tax to Electoral Register data matching an annual exercise, although two others supported this change. In addition two of the authorities queried the effectiveness of undertaking this matching at all.
- Four CCGs were concerned about the benefit of participating in the NFI given the small size of some CCGs.
- Two CCGs queried whether Commissioning Support Units would be required to participate in NFI 2014/15; and
- One CCG and one mental health trust expressed interest in the personal budget matching and whether it could work for healthcare budgets.

<sup>i</sup> Including, transport authorities, waste authorities and standalone pension authorities

**8** The three most significant specific issues raised, which we have considered carefully, were the:

- potential impact on capacity to follow up and investigate matches as SFIS is implemented;
- introduction of mandatory annual council tax single person data matching; and
- mandatory inclusion of all CCGs.

**9** The introduction of the SFIS is a significant change for housing benefit services. It also potentially has major implications for many local authority non-benefit fraud investigations. In recognition of this we outlined in the [NFI national report](#) the Commission's commitment to working with the Department for Work and Pensions to ensure the remit of SFIS includes effective follow up of the NFI housing benefit matches. We also recommended that the Department for Communities and Local Government encourage councils to retain sufficient capability, in the short and long term, to investigate non-housing benefit fraud and relevant NFI matches.

**10** The level of Council Tax Single Person Discount (SPD) fraud detected by the NFI continues to be significant. Our latest national report, published last week, highlighted a further £39 million of fraud and error. In light of the continued high levels of detected fraud and error we remain of the opinion that mandating the annual collection and data matching of council tax and electoral register datasets will help local authorities to identify abuse more promptly, thereby limiting underpayments that subsequently need to be paid.

**11** While we recognise that some CCGs may be relatively small the inclusion of all organisations is required to ensure we can maximise the potential to help all participants to prevent and detect fraud and error. The NFI fee for this group is set at the lowest NFI fee rate. In response to the other specific issues raised by respondents we will also:

- invite Commissioning Support Units, which are not statutory participants, to take part in the NFI 2014/15 exercise on a voluntary basis;
- extend additional support to the organisations that raised concerns about the effectiveness of the NFI 2014/15 exercise to ensure they make best use of the matches we release; and
- research the potential to extend the personal budgets data match, initially on a pilot basis, to healthcare budgets.

## Next Steps

**12** The Commission has complied with its statutory duty to consult before prescribing the scale of fees for the NFI 2014/15. The response rate to the consultation was low, suggesting most consultees are broadly content with our proposals. Therefore following consultation, we have now set the [work programme and scales of fees](#) for NFI 2014/15.

**13** If you have any comments on this document, please send them to [nfiqueries@audit-commission.gsi.gov.uk](mailto:nfiqueries@audit-commission.gsi.gov.uk) or to Darren Shillington, Head of NFI, at:

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If you have comments or complaints about the way the consultation has been conducted, these should be sent by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk).