



Cabinet Office

# **Proposed Work Programme and Scale of Fees NFI 2018/19**

April 2018

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# Introduction

1. This document sets out the Cabinet Office's proposals for the National Fraud Initiative (NFI) 2018/19 work programme and the associated scale of fees.

## Background

2. The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office under its statutory data matching powers set out in out in the Local Accountability and Audit Act 2014<sup>1</sup>.
3. The NFI, which started in 1996, continues to prove an effective tool for detecting and preventing fraud and error across the UK. Early analysis of the financial outcomes from the most recent NFI 2016/17 exercise indicate that the NFI has exceeded its highest level of fraud, error and overpayments achieved in any 2 year reporting period since it began in 1996. Full details of these outcomes will be reported in a NFI 2016/17 National Report, scheduled for publication in summer 2018. Cumulatively the NFI has now enabled participants to prevent and detect fraud and overpayments totalling £1.69 billion.
4. In July 2017, the Cabinet Office launched a NFI user survey to help gauge user and stakeholder views on the NFI. Overall responses from the survey indicated a high level of satisfaction with NFI products and services, with many recognising the continued importance of the NFI to local counter fraud strategies. Utilising the findings, the Cabinet Office is in the process of finalising a new NFI strategy, setting out the vision and strategic direction of the NFI over the next four years. This will be published alongside the NFI National Report.
5. To enable the NFI to continue its success and deliver this strategy, the Cabinet Office has recently procured a new IT contract to deliver and enhance the NFI service over the next four years. The contract, which is based on partnership and innovation, was awarded to the incumbent supplier Synectics Solutions. It will enable the Cabinet Office to work with Synectics Solutions and participants to:
  - enhance existing NFI data matching techniques to improve the accuracy and quality of results;
  - deliver improved functionality such as the provision of bespoke user controlled risk scoring to enable greater alignment with local counter fraud strategies;
  - innovate new techniques such as machine learning and enhanced data analytics; and
  - continue to identify and target new fraud risks.

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<sup>1</sup> 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. Following the closure of the Audit Commission in March 2015, the NFI transferred to the Cabinet Office.

## Statutory Framework

6. 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.
7. 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.
8. 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.

## Proposed Work Programme

9. The proposed NFI 2018/19 work programme setting out mandatory datasets by authority type is shown in [Appendix 1](#).
10. Following a review of NFI work programme datasets, we propose that existing mandatory data matches will continue to be a part of the NFI 2018/19 work programme, with the exception of Insurance Claimants data. We are not proposing to introduce any new mandatory data requirements for NFI 2018/19.
11. We are proposing this change because:
  - despite considerable effort in NFI 2016/17 to improve the effectiveness of Insurance Claimants data matches, reported outcomes derived from this data totalled just £15.5K;
  - only 18 of the 3,200 Housing Benefit to Insurance Claimants data matches released to Local Authorities in NFI 2016/17 were referred to the DWP as potential fraud. Furthermore, DWP separately receive data matches seeking to identify undeclared capital from HMRC;
  - we have concerns over the quality and completeness of Insurance Claimants data previously submitted to the NFI; and
  - Insurance Claimants data does not effectively enhance other NFI products such as ReCheck and AppCheck.
12. For these reasons we do not feel it is an effective use of participants' resources, or that it is proportionate under data protection legislation, to continue to mandate the inclusion of Insurance Claimants data in the NFI.
13. The review also identified that financial outcomes from Market Trader data matches (£150K) and Personal Alcohol Licence data matches (£40K) were low. We believe however that these datasets should be retained in the NFI 2018/19 work programme because:
  - Market Trader data matches could still represent an effective way to identify undeclared earnings linked to housing benefit fraud, particularly given that these earnings may also be omitted from HMRC's Real Time Information (RTI) PAYE data. In addition, the dataset has been utilised in the NFI AppCheck product to help prevent and detect fraudulent applications; and
  - Personal Alcohol License data matches contribute to housing benefit fraud investigations, albeit currently with low outcomes. However, as well as contributing to the NFI AppCheck and ReCheck products, a forthcoming NFI pilot on Business Rates will also utilise Personal Alcohol License data.
14. As part of the NFI 2018/19 programme we will work with the DWP and Local Authorities to fully evaluate the benefits derived from retaining both of these datasets in order to make a fuller decision about their continued inclusion in NFI 2020/21 and beyond.

## Pilots

15. The Code of Data Matching Practice requires 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 does the data become a mandatory requirement.
16. We propose that where possible the Cabinet Office will fund approved pilot initiatives from existing resources, with no participation fee levied during NFI 2018/19.
17. In some instances however, we may elect to offer additional pilot initiatives on a voluntary but chargeable basis. For example we have recently successfully piloted matching adult social care data against deceased person records. Although we do not have the full evidence yet to make this a mandatory part of the NFI, the initial success means we are now evaluating using NFI Recheck to give all Local Authorities the chance to undertake this match. Any additional take up would then inform a future decision about whether to propose the mandatory inclusion of this match in future NFI exercises.

## Proposed Scale of Fees

18. Undertaking data matching pilots and investing in the continued development of the NFI will further enhance the benefits of participation in the NFI and help ensure that the NFI continues to effectively target important fraud risks faced by participants.
19. Doing so will increase the Cabinet Office operational costs of running the NFI. Despite this we propose that the NFI 2018/19 scale of fees for mandatory participants will remain as they were for NFI 2016/17. This means that NFI fees have not increased for ten years, and are at the same level as the NFI 2008/09 exercise.
20. Rather than increasing fees, the Cabinet Office plans to meet these additional costs through efficiency savings and increasing commercial income from the voluntary use of the NFI product range. The cost saving from the proposed removal of Insurance Claimants data from the NFI work programme will also contribute.
21. The proposed scale of fees for mandatory participants is shown in Table 1. Mandatory participants remain unchanged from NFI 2016/17.

**Table 1 Mandatory participant fees**

Authority type	2016/17	2018/19
	£	£
London borough council <sup>2</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	1,000	1,000
Police <sup>3</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	1,000	1,000

<sup>2</sup> Transport for London will be charged the same rate as a London borough council

<sup>3</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

## Invoicing arrangements

17. The NFI is run over a two year period, so the NFI 2018/19 work programme and scale of fees covers the two financial years 2018/19 and 2019/20. However to avoid duplicating administration, mandatory participants will be billed in one instalment around December 2018.
18. To streamline the billing process, we will introduce a new billing section within the administration area of the NFI web application to enable participants to specify details of invoicing arrangements such as where invoices should be sent to and any purchase order information that needs to be included.

## Timetable

19. A provisional timetable for NFI 2018/19 is shown in table 2. This will be confirmed following the consultation period and published on our [web pages](#)

**Table 2 Provisional timetable for NFI 2018/19**

Activity	When
Issue NFI draft data specifications	3 April 2018
NFI 2018/19 work programme and scale of fees consultation begins	12 April 2018
Consultation ends	25 May 2018
Publication of the final NFI 2018/19 work programme and scale of fees	9 July 2018
Issue NFI final data specifications	10 July 2018
Issue NFI Instructions	10 July 2018
Submit privacy notice compliance returns	By 28 September 2018
Extract and submit NFI 2018/19 data	8 October 2018
2018/19 matches available	From 31 January 2019



## Next Steps

20. NFI 2018/19 will be undertaken under the Cabinet Office's data matching powers in Part 6 of the Local Audit and Accountability Act 2014. Prior to prescribing a work programme and scale of fees, the Cabinet Office is required to consult with all authorities that it requires to provide data, as well as other bodies as the Cabinet Office sees fit.
  
21. We therefore welcome comments from NFI participants and stakeholders on any aspect of the proposed work NFI 2018/19 programme and scale of fees, as set out in this document.
  
22. Comments on the proposed work programme and scale of fees should be sent to **[nfiqueries@cabinetoffice.gov.uk](mailto:nfiqueries@cabinetoffice.gov.uk)** or by post to:  
  
Darren Shillington,  
Head of the NFI Team,  
Cabinet Office FED team,  
4<sup>th</sup> Floor, 1 Horse Guards Rd,  
London, SW1A 2HQ
  
23. The deadline for consultation responses is **Friday 25 May 2018**.
  
24. Following the consultation, the Cabinet Office will approve the final 2018/19 work programme and scale of fees for publication in July 2018.
  
25. If you have comments or complaints about the way this consultation has been conducted, these should be sent by email to [COCComplaints@cabinetoffice.gov.uk](mailto:COCComplaints@cabinetoffice.gov.uk).

## Appendix 1 – NFI 2018/19 Proposed Work Programme

Authority type	Mandatory Dataset
<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>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</li> <li>Concessionary travel passes<sup>4</sup></li> </ul>
<ul style="list-style-type: none"> <li>Police body<sup>5</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>

**Note:** Relevant Local Authorities are required to upload council tax and electoral register data every year. All other datasets are required every 2 years.

<sup>4</sup> Passenger Transport Executives only

<sup>5</sup> This includes both police and crime commissioners and police chief constables.