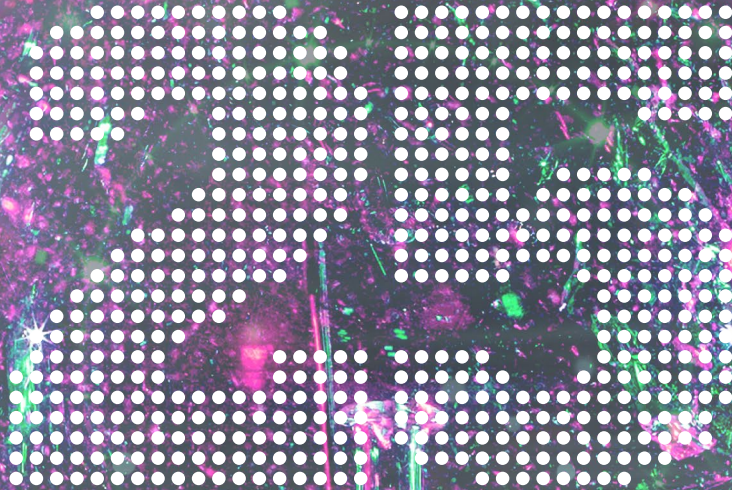


CELEBRATING
25 years
National Fraud Initiative



YEARS OF

INNOVATION...

INITIATIVES...

SOLUTIONS...

COLLABORATION...

INSPIRATION...

STRATEGIES...

DEVELOPMENT...

...AND MORE
THAN £2 BILLION
OF FRAUD AND
ERROR DETECTED!

WE ASKED PETER YETZES, HEAD OF THE NFI 1993-2011, HOW THE NFI CAME TO EXIST...

In the beginning and on behalf of the Audit Commission, I set up a small pilot data matching exercise, funded by the Society of London Treasurers (SLT) specifically designed to combat the student award fraud that was creating adverse publicity for London Boroughs. The issue, as with most public sector systems at the time, was that computer applications were not designed to talk to each other so detecting duplicate claims across different boroughs was not possible on a routine basis.

My approach was to pre-prepare the data from the pilot boroughs so that as far as possible they were all in the same format and then to press ahead with what turned out to be a very successful fraud detecting data match. The success convinced the SLT to progress to a London wide exercise which we named the London Fraud Initiative (LFI).

The next cycle of matching also focussed on student awards but new datasets for housing benefits and payroll were added.

*“This time round the results were so spectacular that local authorities outside of London requested to take part. And that is how the LFI very rapidly came to be re-named the **National Fraud Initiative**.”*

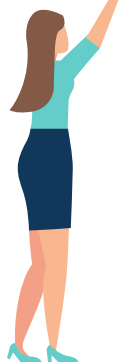
Before long all local authorities, and many other public sector bodies in the UK, were actively participating and reaping the benefits of an approach that, for the first time, allowed their data to be cross-matched to identify potentially fraudulent applications for a variety of public services.

Over time the range of datasets and participating organisations has expanded to deal with an increasing range of fraud risks so that **25 years on from NFI's inception we are able to celebrate more than £2 billion of fraud and error detected**. Much credit for this success is owed to the SLT for its initial support and to Synectics Solutions for joint working with my NFI Team to create highly secure and sophisticated data matching software.

I would also like to pay tribute to my former NFI Team colleagues, Darren Shillington, Yvonne Addison, Sally Gubbins and Nathan Nash whose dedication and enthusiasm for the NFI were critical to its growth and success. Last but by no means least, I am grateful to the Cabinet Office for securing the transfer of my NFI Team from the Audit Commission so that public services can continue to be protected by the NFI long into the future.



“For the first time [the NFI] allowed their data to be cross-matched to identify potentially fraudulent applications for a variety of public services.”



Yvonne and Peter still keep in touch and meet up at Audit Commission alumni events.



HAPPY BIRTHDAY NFI!



It's hard to believe that the NFI has been fighting fraud for an incredible 25 years.

In the early days the results were printed out and filled the back of my Volvo Estate. Thankfully, technology saved us before my car finally gave up under all the weight. Moving to producing the results on CD was still no mean feat, creating and mailing out over 3,000 CDs. I recall when we used to receive data from participants on floppy discs in the post, most notably one arrived sandwiched between two beer mats with a Second Class stamp on the envelope!

Thanks to further advances in technology, data submissions and the results are now available securely over the internet.

I'm incredibly proud of the role we've played facilitating the NFI that has helped those that take part identify £2 billion fraud and error, an astronomical figure whichever way you look at it. So, what does the future hold? I'm excited by how far technology can take us and also at the prospect of the extension of the NFI's data matching powers. The combination of these factors will mean that our current £2 billion will seem like a drop in the ocean.

Congratulations NFI, and happy birthday.

**Kevin Shanahan -
President, Synectics
Solutions**



Cabinet Office



After 25 years of using data to find fraud - Mark Cheeseman, Director of the Government Counter Fraud Function - looks to the future

Back in 2013, when the NFI was looking for a new home, it was clear that such a vital tool in cracking down on fraud should continue and be invested in. As such, we brought it into the Cabinet Office's Counter Fraud Centre of Expertise, a unit that was just starting to establish itself.

The NFI had a track record of being successful in enabling those that take part to identify fraudulent individuals, and this was something that we did not want to lose. We know that finding and preventing fraud helps to safeguard public funds and protect vital public services.

It is incredible that the total amount of fraud detected and prevented has surpassed £2 billion - that is a lot of public money that has been reinvested in public services. This is thanks to the commitment and hard work of the over 1,200 organisations that share data through the NFI and then follow up on the matches it produces.

Looking forward, we know fraud is going to continue to be a challenge - in fact, data indicates that fraud levels are rising across the UK. Fraud against the public sector can damage trust in government and compromise services. We also know there can be strong links to serious organised crime.

It has been inspiring to see how the NFI has continued to evolve. It has collaborated with the private sector and established NFI FraudHub, enabling local authorities to use its data more frequently. During the C-19 pandemic the NFI designed, developed and delivered up-front frictionless countermeasures that helped expedite payments and stopped payments from going to fraudsters.

As it looks to the future, the NFI remains ambitious to help both current and future participants to better find and prevent fraud. It has developed a pilot pipeline for 2021-22 and continues to work hard on introducing new innovative approaches.

I am looking forward to supporting the NFI, part of the wider Government Counter Fraud Function, as we work with colleagues across government and wider sectors to tackle the growing challenge of fraud head on. It will be a big challenge, but we know that every successful match, every delivered innovative pilot, will lead to more fraud being stopped and more taxpayers money to spend on the public services on which so many depend.

**Mark Cheeseman OBE -
Director, Government Counter
Fraud Function**



NFI successes over the years

WINS...

2007

COOKSEY AWARD

Significant impact on fraud detection through the roll-out of the council tax single person discount pilot to a mandatory match. The pilot identified 6,000 cases where a single person discount was being fraudulently or wrongly claimed, totalling £10 million.

2018

INSURANCE TIMES CLAIMS EXCELLENCE AWARDS

Excellence in Technology - General.

Kevin Shanahan and Yvonne Addison receiving the Insurance Times Award for Excellence in Technology.



2019

INSURANCE POST CLAIMS AWARDS

Claims Innovation of the Year - Broker/Insurer.

2019

BRITISH INSURANCE AWARDS

Claims Initiative of the Year - Insurer.

2021

UK FINTECH AWARDS

Data Initiative of the Year.

A collaboration between the NFI, QBE and Synectics Solutions was established with the aim of developing a solution that harnessed NFI data within the insurance sector for fraud prevention purposes.

A proof-of-concept study with historic QBE insurance claims showed an uplift of up to 45% in the identification of potentially fraudulent insurance claims, bringing in NFI data.

SHORTLISTED/FINALIST...

2018

INSURANCE FRAUD AWARDS

Collaboration of the Year.

2019

TACKLING ECONOMIC CRIME AWARDS

Outstanding Partnership.

Case studies from the archives...

A London Borough Council recovered four social housing properties as a result of NFI matches to HMRC data.

In one case it was discovered a current tenant owned five other properties across the country, some of which had been purchased under the Right to Buy scheme.

None of the properties had been declared by the tenant when she subsequently declared herself homeless when applying for social housing.

The tenant died prior to being interviewed under caution and left an estate of over £1.5 million with no will.



Case studies from the archives...

A London Borough Council, acting on information from the NFI Operation Amberhill Pilot, identified and prosecuted a case where fake documentation had been used to secure a property. The Council launched an initiative to clamp down on this type of fraud. **Through this project the Council recovered 32 social housing properties from tenancy fraudsters and prosecuted 24 individuals.** This meant that the Council was able to reallocate these properties to those with a genuine need.

One successful prosecution brought seven fraudsters to justice. They were responsible for one of the largest housing fraud cases uncovered in recent years. Over three years, a former homelessness caseworker, and his six co-defendants, fraudulently obtained council houses for themselves, and for others, conning the Council and those in genuine need of council housing out of much needed properties.

The seven initially pleaded not guilty at Woolwich Crown Court, but changed their pleas having heard the council's prosecution case. The caseworker received a four-year prison sentence, whilst the other six received suspended prison sentences of up to eight months after admitting theft and obtaining property by deception.



25
YEARS



EQUIFAX®

CONGRATULATIONS TO THE NFI ON REACHING ITS 25TH BIRTHDAY

Equifax has been proud to work with you as a partner for a number of years and we look forward to working with you for many more! Wishing all you the very best of luck for the future."

The Equifax team

Thoughts from one of our longest serving key contacts



Brendan Costello is the Key Contact at the Royal Borough of Greenwich. He has worked with the National Fraud Initiative matches since 1996.

I can remember the start of the NFI and the first reports we ever received. It was a welcome boon to us at that time. I've been here through all of the various enhancements introduced over the years and the product is still relevant to us and our work even after all that time.

The NFI has proven to be an invaluable tool in combating fraud and error and has identified a number of successful cases for us over the years. I like that the product does not stand still and that they are open to exploring new areas of data matching.

Things have changed substantially since 1996 and the application has far more functionality and is far more intuitive with some really key developments that have made the overall process much easier to manage and improved the speed at which you can work through the report/matches".

Case studies from the archives...

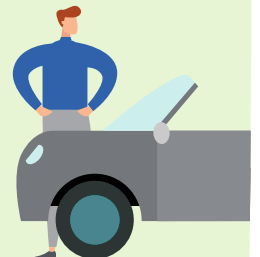
The investigation of a housing benefit to market trader match identified an individual in receipt of council tax benefit, income support, incapacity benefit and disability living allowance while running a fruit and vegetable stall.

In addition, his wife was also claiming carer's allowance for looking after him.

Further enquiries revealed that he:

- Owned various vehicles, including a convertible Mercedes sports car with an expensive personalised number plate;
- Had savings in excess of £100,000;
- Ran several businesses from the home address; and
- Enjoyed lavish and expensive holidays.

Overpayments were estimated to be in excess of **£40,000.**



25
YEARS



The NFI Journey



District Audit Study

District Audit, and representatives of 13 London Borough Councils, ran a pilot to detect housing benefit and student awards frauds. 500+ frauds were detected and in 1994 all London boroughs were invited to join the pilot.

1993



New datasets added

300 bodies submitted housing benefit, student awards, pension and deceased data.

1996

A series of pilots were undertaken around England and Wales to assess the value of expanding data matching

By 1997 the number of participating authorities exceeded 300 and more than £30 million of fraud and overpayments had been detected.

1997

£42 million

Audit Commission Act 1998

The NFI was incorporated into the ACA 1998. 470 participants.

1998



1997

2000



NFI expands

Audit Scotland come on board. Participation reaches 600 bodies.

£54 million

NFI results issued on CD

£83 million

Home Office Data

Home Office data was used for the first time. Over 1,150 bodies participated.

2002

+1,150 participants

2004

2004

Right to Buy data was added

1,200 participants took part.

£110 million

NFI goes online

Data matches were available online for the first time.

2006

£140 million

£215 million

2008

Council Tax and Electoral Register

Council Tax single person discount matching was rolled out to mandatory participants. The Serious Crime Act 2007 added Part 2 A to AC Act to put NFI on own statutory footing. NI Audit Office joined the NFI, bringing an additional 74 public bodies into the Initiative.

2010

£275 million

Highest outcomes to date for Audit Commission

Cumulative £939 million in fraud, error and overpayments across the UK.

Continued growth is achieved through pilots

£229 million

2012

NFI reach £1.17 billion

A flexible batch matching product 'ReCheck' was launched. 1,200 participants.



Transferred to Cabinet Office under the Local Audit and Accountability Act 2014

New data matching pilots were undertaken with mandatory and voluntary bodies.

2014

£222 million



AppCheck was launched in March 2015

£292 million

Highest ever outcomes

Our report outlining 2016-2017 record outcomes was published in August 2018.

2016

User survey

We conducted a survey in July 2017 that focused on: customer satisfaction; the NFI products; web application functionality; and the future strategy and direction of the NFI. Positive responses received.



In May 2016 FraudHub was launched

Pilots continued including Digital Economy Act pilot with HMRC and new private sector clients

NFI strategy 2018-2022

We set out our Strategy for 2018-2022 that aimed to reduce false positives, engage with users and embrace technology.

2018

£245 million

In July 2020 cumulative UK outcomes totalling £1.96 billion were reported

2020

2020-2021

31 March 2021 outcomes reach

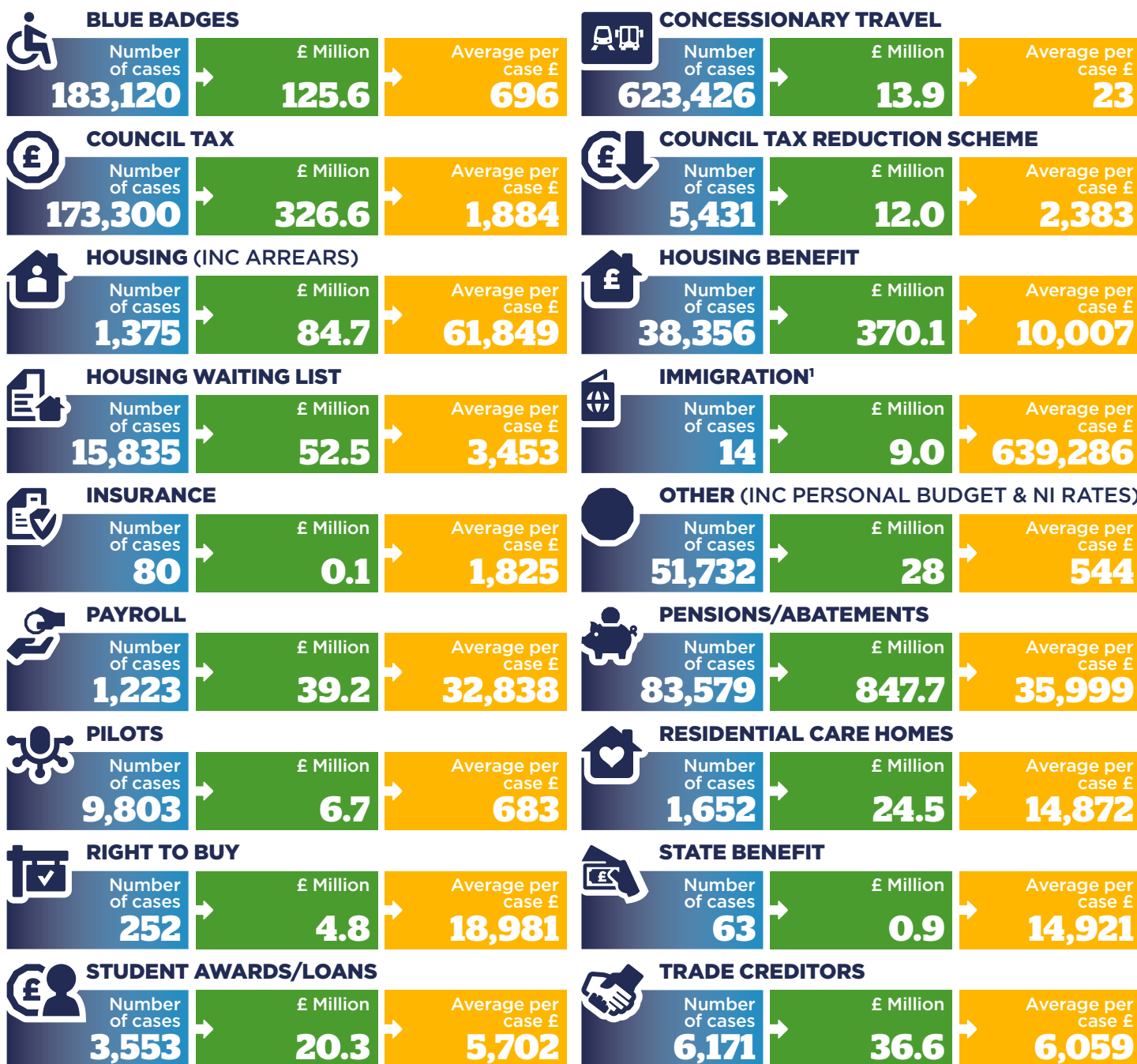
£2 billion!

2020-2021 delivered on time despite COVID-19

2020-2021 matches were released on time in January 2021 despite pandemic affecting data submissions. Mandatory grant recipient matches were released in May 2021.



Analysis of NFI cases and outcomes across the UK (1996-2021)

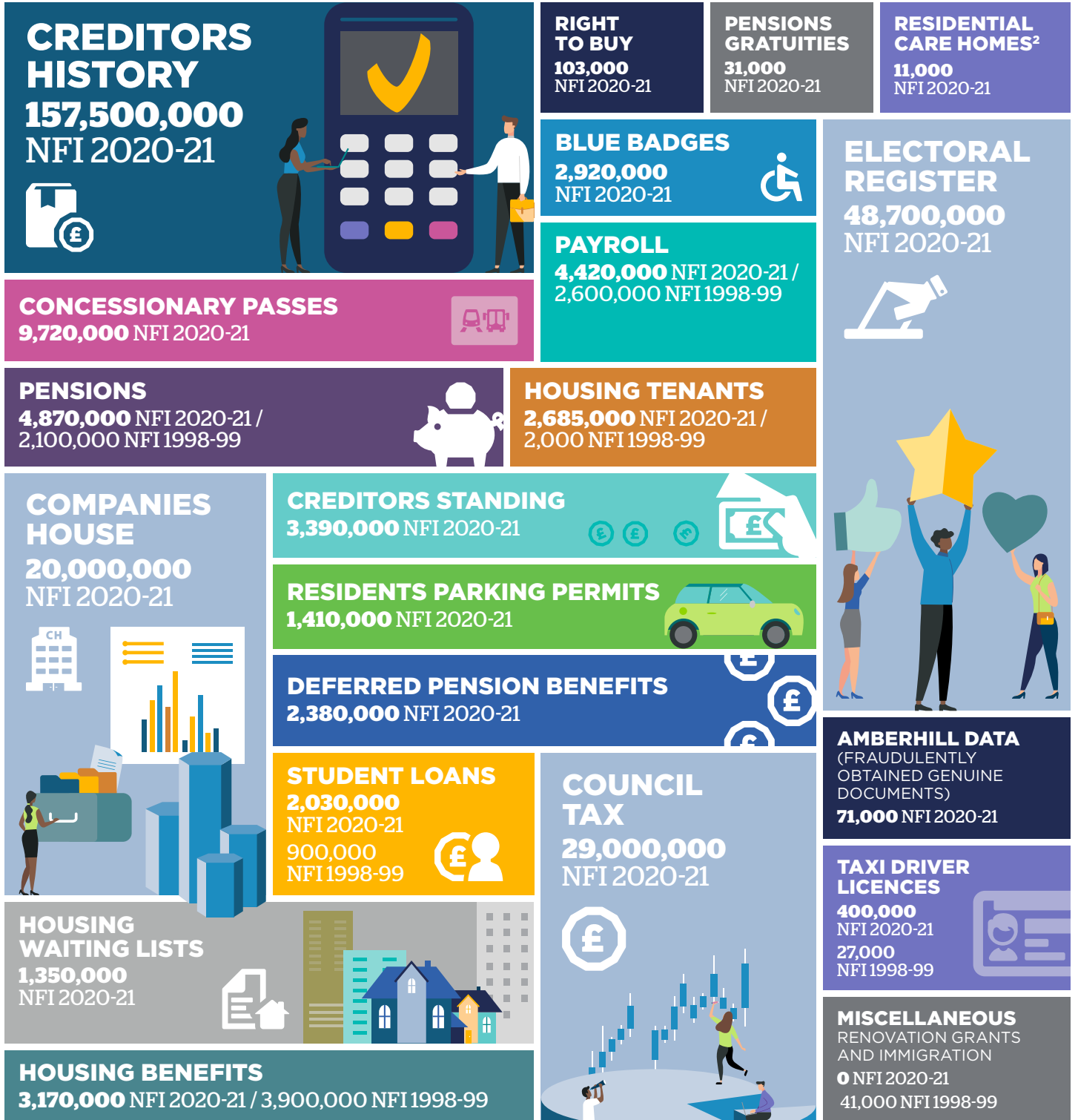


¹Post 2004-05 outcomes were split across the dataset area and not reported as Immigration.



RECORD COUNTS AND BREADTH OF DATASETS OVER TIME

TOTAL NUMBER OF RECORDS:



¹Earliest data available.

²Northern Ireland only.





HAPPY BIRTHDAY TO THE NFI FROM AUDIT SCOTLAND!

It is hard to believe that the NFI has been running for 25 years. Scotland started participating in the NFI from 2006-07 after seeing the successful results in England.

The NFI has helped Scotland identify £143.6 million outcomes across an increasing variety of data sets.

We now have over 100 Scottish participants who see their data being matched across the UK public sector and increasingly with private sector NFI participants.

The NFI has grown and developed over the years from matches being provided on CDs to now where data is uploaded online with the subsequent matches released on the secure NFI portal.

Council tax discounts and pensions are the two areas which historically have identified the largest outcomes in Scotland, with outcomes of £4.9 million and £3.2 million respectively from the last NFI exercise.

Examples demonstrating outcomes in these two areas were included in our last [report](#) published in summer 2020 and are included here. More examples are in our earlier NFI reports on our [Counter-Fraud Hub](#).

Anne Cairns - Audit Scotland

Case studies from the archives...

East Dunbartonshire Council

An NFI match between a council tax reduction claimant and a pension recipient identified that a second undeclared adult was residing with the council tax reduction claimant.

Investigations identified that the pension recipient had been staying in, and jointly owned, the property since 1983. The pension recipient moved out of the property in 2013 and later returned in 2018.

As a result, a council tax reduction overpayment of £2,200 plus a council tax single person discount outcome of £9,800 were identified.



Case studies from the archives...

Dundee City Council

An NFI match indicated that a pensioner had died.

Investigations revealed that the pensioner had been living in Canada and had died in 2016.

A pension of just under £22,000 had been paid since the date of death. It was also established that the pensioner's widow had also since died. The overpaid pension was partially offset against the widow's pension.



Happy 25th, NFI, from Northern Ireland Audit Office

N I A O

Northern Ireland Audit Office

The National Fraud Initiative (NFI) celebrates its 25th anniversary this year, although here in Northern Ireland we only came on board in 2008, with the advent of new data matching powers. By opting into the NFI, we were able to draw on the many years of experience of the wonderful NFI Team, then in the Audit Commission and now in the Cabinet Office.

To date in Northern Ireland, the NFI has helped us to detect and prevent £40 million of fraud and error across over 80 public sector organisations, including government departments, local councils, health bodies and a range of arm's length bodies.

Key outcomes have been in the areas of rates (our equivalent of council tax), pensions and housing.

The cross-jurisdictional nature of the NFI, whereby our data is matched with data from England, Scotland and Wales, has proven its worth, as demonstrated by the following case example from our NFI Report published in June 2018.

Happy birthday NFI, here's to the next 25 years!!

Val Evans - Northern Ireland Audit Office

Case studies from the archives...

A data match highlighted that a housing association tenant also had a tenancy in a London Borough.

Investigations confirmed that the tenant had moved permanently to London and that the tenant's sister was living in the Belfast property without entitlement.

The housing association recovered the property.



Archwilio Cymru
Audit Wales

Audit Wales - looking back at how far the NFI has come

I remember thinking when the NFI started in 1996 that it would just be another flash in the pan that would last a couple of years and then disappear. Twenty-five years on, seeing how the NFI has made such a huge contribution to the fight against fraud within the public sector, I am delighted to have been proved wrong, and proud that Wales was part of the success story from the outset.

Since NFI started, it has helped Welsh public bodies identify fraud and other overpayments totalling £43 million. The last biennial exercise was the most successful to date, identifying outcomes of £8 million.

The most recent report on NFI in Wales is available on the **Audit Wales website**.

I look back and contemplate 'Why has the NFI lasted so long and become more successful over time?'. I could point to the way the NFI has moved with technological advances.

It's difficult to believe, but 25 years ago NFI matches were distributed on paper. The technology is now slick, user-friendly and very secure.

I could also point to the determination of the NFI Team, to keep pace with fraudsters by expanding the NFI into new fraud-risk areas.

However, in Wales, the main reason for the NFI's longevity is without question the commitment of staff in participating bodies who undertake the review and investigation of the NFI matches.

It is this work which has made the NFI a success, and I have no doubt that with this continuing commitment the NFI will be even more successful over the next 25 years!

Dave Rees - Audit Wales



Case studies from the archives...

An NHS Trust investigated a payroll to immigration data match and found that an employee had worked for the Trust for several years and been paid over £190,000, despite having no right to work in the UK.

Investigations by the Trust's Local Counter Fraud Specialists and the regional team of the NHS Counter Fraud Service showed that his visa and passport were forgeries.

It was also found that the individual was claiming asylum support stating that he was not working and did not have any income. Following arrest and interview, he absconded from the country before attending court.

The employee's wife was also discovered to have no right to reside or work in the UK, but was working for a local employer having deceived that employer who believed she had entitlement to work in the UK.

New case study for 2021...

A payroll to Companies House match identified an IT manager working for a hospital trust in Essex who was also a sole director of two companies.

The directorships had not been declared so an investigation by the Local Counter Fraud Specialist (RSM), NHS Counter Fraud Authority and HMRC followed.

These investigations revealed that the employee had filed non-trading accounts for both companies during their existence. However, he then produced fraudulent invoices from the two companies all under his own £7,500 authorisation limit, sending them by email from fictitious employees, to obtain

£674,000

from the trust.

He even added VAT of

£132,000 to make the invoices more plausible.

A dismissal and prosecution followed and he was sentenced to five years and four months' imprisonment. Confiscation proceedings are underway to try to recover the funds.

25
YEARS



NHS

Case studies from the archives...

Investigation of a housing benefit to payroll NFI match identified a council employee who had...

...illegally claimed £40,000 of housing and council tax benefit for 9 years, between 1996 and 2005, while owning a £500,000 property portfolio.

25
YEARS



Cabinet Office

The NFI ethos is all about breaking down silos to share data for the benefit of all participants

Before I penned my reflections of the NFI journey, in the spirit of the NFI ethos to break down silos to share data for the benefit of all participants (with outstanding success), I thought I should adopt this same sharing approach and first read the contributions of my other NFI colleagues in this birthday issue. After doing that I will simply say that I wholeheartedly agree with them – the fact that the NFI is still relevant 25 years later is remarkable and testament to all those who have been involved along the way.

Without the expertise of Synectics Solutions we would not have the product we have today, but equally without all the NFI participants and their dedicated staff, the NFI would not have delivered the results nor continued to evolve into the product it is today. I remain very proud to say I have been part of this journey. My greatest joy is still to lead a team with a clear purpose and goal, which is to prevent and detect fraud and to make a real difference! Empowering the team to realise their potential, with the NFI being the real winner, is a true pleasure.

Our challenge now is to continue to evolve the NFI, to exploit new technologies, to identify datasets that can make a real difference, to work with stakeholders to understand the fraud risk landscape as well as their needs going forward.

As we are all aware, the pandemic emergency response has led to significant increases in government funding that had to be distributed at speed. The need to identify and recover the fraud in this spend, as well as supporting fraud prevention as we build back better, only increases the importance of tools such as the NFI.

We are in a good place to meet this challenge. We are exploring a range of new technologies and our pipeline of future pilots continues to grow. Equally, the development of the Bank Account Verification and Active Company Check product and the expansion into Business Support Grant fraud demonstrates our ability to respond to this ever changing environment.

When this is combined with the ongoing work to expand our data matching powers beyond fraud, and the opportunities to influence and broaden data sharing across government offered to us being in the Cabinet Office Counter Fraud Centre of Expertise, I think we have an exciting future ahead of us.

Happy Birthday NFI. Here's to the exciting years ahead.

Darren Shillington - Head of the NFI Team

For queries relating to the web application contact: **0845 345 8019 / helpdesk@nfi.gov.uk**

For other queries contact:

England: **nfiqueries@cabinetoffice.gov.uk**

Scotland: **acairns@audit-scotland.gov.uk**

Wales: **david.rees@audit.wales**

Northern Ireland: **nficoordinator@niauditoffice.gov.uk**