



Cabinet Office

Proposed Work Programme and Scales of Fees NFI 2016/17

March 2016

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Introduction

1. This document sets out the Cabinet Office's proposals for 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 current NFI 2014/15 exercise commenced under the Audit Commission and is being completed by the Cabinet Office following 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 in June 2016. Early analysis of outcomes indicates 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.

Proposed Work Programme

8. The proposed NFI 2016/17 work programme setting out mandatory datasets by authority type is shown in [Appendix 1](#).
9. We propose that existing mandatory data matches will continue to be a part of the NFI 2016/17 work programme. In addition we are also proposing to introduce two new mandatory requirements for NFI 2016/17:
 - Social Housing Waiting List data;
 - Council Tax Reduction Scheme (CTRS) data.
10. The additions will increase the benefits of the NFI to mandatory participants. We are proposing these changes because:
 - Social housing waiting list data has been piloted over NFI 2012/13 and NFI 2014/15. In total across the pilots, 3000 applicants have been removed from a social housing waiting list. The local authorities removing these applicants have estimated savings at almost £20m.
 - This data match is designed to prevent fraudulent tenancies before they occur, potentially reducing the number of future cases and subsequent cost of tenancy fraud. Mandating this data aligns with NFI work in fraud prevention.
 - Following the replacement of council tax benefits by locally administered council tax reduction schemes (CTRS) in April 2013, CTRS data matching was piloted in NFI 2014/15 to capture fraud in this area. In previous years, council tax benefit fraud was identified in the NFI via the Single Housing Benefit Extract (SHBE). As CTRS data is not available via the SHBE, CTRS fraud was not automatically targeted in the same way.
 - 51 local authorities took part in the CTRS pilot as part of the NFI 2014/15, with matches released in July 2015. With work still on-going, fraudulent and erroneous overpayments prevented and detected stand at £250K. Based on these figures, it is estimated that mandating this dataset for NFI 2016/17 would prevent and detect fraudulent and erroneous CTRS overpayments worth around £1.5m.

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, we propose that authorities participating in NFI pilot schemes will not incur an additional fee. Approved pilot initiatives will be funded from existing resources during NFI 2016/17.

Proposed Scale of Fees

13. Extensions to the work programme and funding pilots will incur extra costs. However, they will further enhance the benefits of participation in the NFI and ensure that the NFI continues to effectively target the key fraud risks faced by participants.
14. We propose that the scale of fees for mandatory participants will remain the same as for 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.
15. Many mandatory participants will therefore receive more data matches, targeting further fraud risks, for the same fee.
16. The proposed scale of fees for mandatory participants is shown in table 1. 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.

Table 1 Mandatory Participant Fees

Authority type	2014/15	2016/17
	£	£
London borough council ¹	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
Police ²	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

¹ The Greater London Authority and Transport for London will be charged the same rate as a London borough council.

² 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 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.

Timetable

19. A provisional timetable for the NFI 2016/17 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 2016/17

Activity	When
NFI 2016/17 work programme and scale of fees consultation begins	10 March 2016
Issue NFI draft data specifications	31 March 2016
Consultation ends	6 May 2016
Publication of the final NFI 2016/17 work programme and scale of fees	20 June 2016
Submit Fair Processing Notifications	From 30 June 2016
Issue NFI final data specifications	30 June 2016
Issue NFI Instructions	30 June 2016
Extract and submit NFI 2016/17 data	3 October 2016
2016/17 matches are available	By 29 January 2017

Next Steps

20. NFI 2016/17 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 key stakeholders on any aspect of the proposed work NFI 2016/17 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** or by post to:

Darren Shillington,
Head of the NFI Team,
Cabinet Office FED team,
4th Floor, 1 Horse Guards Rd,
London, SW1A 2HQ
23. The deadline for consultation responses is **Friday 6 May 2016**.
24. Following the consultation, the Cabinet Office will approve the final 2016/17 work programme and scales of fees for publication in June 2016.
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.

Appendix 1 – NFI 2016/17 Proposed Work Programme

Authority type	Mandatory Datasets
<ul style="list-style-type: none"> London borough council Greater London authority Transport for London Metropolitan borough council County council Unitary authority District council 	<ul style="list-style-type: none"> Payroll Pensions Trade creditors' payment history and trade creditors' standing data Housing benefits Housing - Tenants, Waiting list, Right to buy Council tax Council tax reduction scheme Electoral register Students eligible for a loan Private supported care home residents Transport passes and permits (including residents parking, blue badges and concessionary travel) Insurance claimants Licences – market trader/operator, taxi driver and personal licences to supply alcohol Personal budget (direct payments)
<ul style="list-style-type: none"> Passenger transport executive Integrated transport authority 	<ul style="list-style-type: none"> Payroll Pensions Trade creditors' payment history and trade creditors' standing data Concessionary travel passes³
<ul style="list-style-type: none"> Police body⁴ Fire and Rescue authority Waste regulation or disposal authority 	<ul style="list-style-type: none"> Payroll Pensions Trade creditors' payment history and trade creditors' standing data
<ul style="list-style-type: none"> Pension authority (stand-alone) 	<ul style="list-style-type: none"> Pensions
<ul style="list-style-type: none"> Clinical commissioning group NHS Trust Foundation Trust 	<ul style="list-style-type: none"> Payroll Trade creditors' payment history and trade creditors' standing data

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

³ Passenger Transport Executives only

⁴ This includes both police and crime commissioners and police chief constables