

# Work programme and scale of fees 2014/15

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 This document sets out the work that the Audit Commission plans to undertake as part of the National Fraud Initiative (NFI) 2014/15 and the associated scale of fees.

## Background

2 The Commission's 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 over £1.17 billion.

3 The full outcomes from the current exercise, NFI 2012/13, were published in the NFI 2012/13 National Report in June 2014. Reported fraudulent and erroneous overpayments prevented and detected from NFI 2012/13 in England were £203 million.

4 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.

## Statutory Framework

5 The Commission conducts the NFI under its statutory data matching powers under Part 2A of the Audit Commission Act 1998<sup>ii</sup>. Under this legislation the Commission:

- may carry out data matching exercises for the purpose of assisting in the prevention and detection of fraud, as part of an audit or otherwise;
- may require certain bodies to provide data for data matching exercises. These comprise all the bodies to which it appoints auditors;
- may charge a fee to any body participating in a data matching exercise and must set a scale of fees for bodies required to participate; and
- must prepare and publish a *Code of Data Matching Practice (the Code)*.

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

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

6 All bodies conducting or participating in its data matching exercises must have regard to the Code, including the Commission itself. The current Code was laid before Parliament in July 2008 and can be viewed on our web pages.

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 2014/15 work programme and scales of fees, with only 24 replies across all our sectors and stakeholders. 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.

9 A summary of the consultation responses is available on our [website](#).

10 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.

## Final Work Programme and Scale of Fees

11 The final work programme and scale of fees are set out in the Appendix 1 and Appendix 2 respectively.

12 [Existing mandatory data matches](#) continue to be a part of the NFI 2014/15 work programme. In addition we have introduced two new mandatory requirements in the NFI 2014/15:

- Council tax to electoral register data sets will be requested from local authorities every year, previously this data was requested every 2 years; and

- Personal budget (direct payments) data is requested for the first time.

**13** In addition participating in pilots will no longer incur an additional fee to participants. This cost had become a barrier to participation for some and so we will now fund pilot initiatives within the scale of fees.

**14** The scale of fees is designed to recover the full costs of carrying out the proposed data matching. If it appears to the Commission that the work involved in a data matching exercise is substantially more or less than that envisaged by the appropriate scale, the Commission may charge a body a fee that is larger or smaller

## **NFI Transfer to the Cabinet Office**

**15** Subject to commencement, the Local Audit and Accountability Act 2014 will make the 'relevant minister' responsible for data matching exercises and the Government has announced that the relevant minister will be the Minister for the Cabinet Office. The transfer of the Commission's data matching functions, and therefore the NFI, to the Cabinet Office will take place when the Commission closes at the end of March 2015.

**16** The NFI 2014/15 work programme and scale of fees therefore covers the Commission's final set of data matching activities and there will be work-in-progress at 31 March 2015 which will need to be completed by the Cabinet Office after the transfer. Under the current two year data matching cycle, the first Cabinet Office NFI work programme and scale of fees consultation would be in 2016, or when it decides to carry out its first mandatory data matching exercise under the Local Audit and Accountability Act 2014

## **Invoicing arrangements**

**17** The NFI is run over a two year period, so the NFI 2014/15 scale of fees and work programme covers the two financial years 2014/15 and 2015/16. In light of the Commission's expected closure in March 2015 we will bill mandatory participants for these fees in one instalment, anticipated to be in 2014.

**18** 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 - National Fraud Initiative Final 2014/15 Work Programme

| Body  | Mandatory Dataset Requirements   |
|---|--|
| <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</li> <li>• Housing benefits</li> <li>• Council tax</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</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Police body</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 (standalone)</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> </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.

## Appendix 2 - National Fraud Initiative Final Scale of fees 2014/15

### Mandatory participant fees

| Type of body                           | 2012/13 (£) | 2014/15 (£) | Comments  |
|--|-------------|-------------|-----------|
| London borough council <sup>i</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 (standalone)         | 3,000       | 3,000       |           |
| Police authority                       | 1,000       |             | Abolished |
| 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       |           |
| Primary care trust                     | 1,000       |             | Abolished |
| Strategic health authority             | 1,000       |             | Abolished |
| Clinical commissioning groups          |             | 1,000       | New       |
| Police <sup>ii</sup>                   |             | 1,000       | New       |

<sup>i</sup> The Greater London Authority and Transport for London will be charged the same rate as a London borough council.

<sup>ii</sup> Both police and crime commissioners and police chief constables are mandatory participants. We propose to charge a fee of £1,000 to the police body in each area which will submit data on behalf of both bodies.