



Cabinet Office

NFI Work Programme and Scale of Fees 2016/17

Consultation Feedback

June 2016

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Introduction

1. Under Part 6 of The Local Audit and Accountability Act 2014, the Cabinet Office has a statutory duty to prescribe scales of fees for the National Fraud Initiative. Before doing so, it consults mandatory NFI participants.
2. Once the Cabinet Office 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.
3. This document summarises the replies received to our consultation on the work programme and scales of fees for the National Fraud Initiative (NFI) 2016/17, and our response to the main issues raised by respondents.

Fees

4. Following the consultation, no changes to the work programme and scale of fees were required, with the exception of reducing the fee for Greater London Authority from £4,150 to £1,000. 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.

Consultation

Consultees

5. For each NFI exercise we consult mandatory NFI participants on our proposals for the work programme and scales of fees. This is a mandatory requirement as set out in the LAAA 2014, and enables individual organisations to contribute fully to the proposals and / or to comment directly to the Cabinet Office
6. The NFI 2016/17 work programme and scale of fees on which we consulted proposed:
 - maintaining fees at the same level as the fees charged for the NFI 2014/15;
 - that existing mandatory data matches would continue to be a part of the NFI 2016/17 work programme;
 - that foundation trusts would become mandatory NFI participants;
 - introducing a new mandatory requirement to request council tax reduction scheme (CTRS) datasets from local authorities;
 - introducing a new mandatory requirement to request housing waiting list datasets; and
 - meeting the costs of pilot initiatives from the fees collected to fund the overall data matching work programme.

Response to the consultation

7. We invited responses from 894 NFI participants and stakeholders on the NFI 2016/17 work programme and scale of fees. We received 34 responses to the consultation, representing the views of 39 bodies. This equates to an overall response rate of 4 per cent. A breakdown of responses is shown in Table 1.

Table 1 – Consultation responses

Consultee	Total number of consultees	Number of responses	Response rate (%)
Local authorities (councils)	356	24	6.7
Police	39	4	10.3
Fire and rescue authority	36	1	2.7
Other local government authorities	15 ¹	2	13.3
Total LG	446	31	6.9

¹ Including Passenger Transport Executives and Waste Authorities.

NHS Trusts	89	1	1.1
CCGs	211	1	0.5
Foundation Trusts	135	4	3.0
CIC	3	2	66.7
Total Health	438	8	1.8
NFI Stakeholders	11	0	-
Total	894	39	4.4

Themes

8. There was general support for the proposed work programme and scale of fees, with many authorities supportive of NFI and in favour of proposals to maintain fees at the same level as the previous data matching exercise. In total, 17 respondents expressed support for the proposed scale of fees for the NFI 2016/17.
9. Specific comments relating to the proposed work programme and scale of fees were raised in response to the consultation. These have been grouped into the following themes:
 - Four local authorities and a local authority representative body were concerned with resourcing NFI in relation to the number of mandatory datasets and the volume of matches returned from the exercise. Respondents indicated that staff reductions brought about by a reduction in local government funding and the transfer of fraud investigators to the Single Fraud Investigation Service will limit their capacity to review and investigate high numbers of data matches returned by the NFI exercise;
 - Four local authorities and the Greater London Authority (GLA) challenged the scale of fees. Three queried the variation of fees between authority types and whether the fee scale is equitable for all participants. Two respondents felt that fees should be reduced to reflect reductions in local government funding;
 - Four local authorities queried the cost-benefits of participating in the NFI in relation to the staff resource required to manage the exercise. One authority suggested that all costs associated with participation in the NFI should be stated alongside reported NFI savings;
 - Three local authorities and a local authority representative body expressed concerns with the management of housing benefit matches, in particular the referral of fraud cases to the Single Fraud Investigation Service and the resource available within authorities to review and investigate non - fraud cases;
 - Three local authorities put forward suggestions for improving the quality of the NFI matches, including the inclusion of relevant third party datasets and suggestions to make NFI more of a real time exercise; and

- Two local authorities commented on the proposals to introduce CTRS data as a mandatory dataset, in particular around the logistics and potential additional costs associated with obtaining the necessary data from council tax software providers.
10. It should be noted that of the four foundation trusts that responded to the consultation, none expressed any concerns with proposals to mandate participation for the NFI 2016/17 exercise.
11. We have carefully considered all responses, and issued individual responses where appropriate. Below we have detailed the four most significant specific issues raised:
- Resourcing NFI in relation to staffing reductions and the volume of NFI data matches returned to participants;
 - The referral and subsequent follow up of Housing Benefit matches to the Department for Work and Pensions Single Fraud Investigation Service;
 - The fairness of the NFI fee scale structure and the decision not to reduce fees to reflect a reduction in local government funding; and
 - The impact of mandating the submission of CTRS data on local authorities, specifically with regards to the acquisition of data from council tax software suppliers.
12. We recognise that capacity to investigate fraud is tight and that this valuable resource must be used as effectively as possible. To help ensure this we specifically state that we do not expect NFI participants to investigate all NFI data matches. Instead we recommend NFI participants to investigate matches based on a fraud risk assessment and knowledge of key fraud risks/local fraud priorities. To support this, the NFI tool has functionality to select matches that only meet the participants' criteria for investigation. The tool also allows participants to explain the approach that has been adopted. Alongside this we continue to work to enhance the quality of the matches released by improving our data matching logic and seeking to identify additional datasets that improve the matches we return. We will also continue to provide support and guidance to help participants utilise the NFI tool to work more efficiently through NFI matches.
13. The introduction of the SFIS and subsequent transfer of responsibility for investigating housing benefit fraud from local authorities to the DWP has been a significant change for housing benefit services. Now the transfer is complete, the Cabinet Office is committed to working with both local authorities and the DWP to ensure arrangements for the next NFI are best aligned with the new environment. The Cabinet Office have recently agreed in principle with the DWP that passported housing benefit matches (where an individual is accepted for housing benefit on the basis that they are in receipt of other state benefits) should be sent directly to DWP. We are also working with the DWP on the process for non passported cases. While these will again be returned to LA's in the first instance, we are working to simplify the process for referring suspected fraud cases to the DWP as much as possible.
14. While the significant majority of comments on the fee scale were supportive of the decision to retain fees at the existing level while extending the work programme, we did receive some challenge on the decision not to reduce fees and the structure of the fee scale.
- We feel that it is reasonable not to reduce fees given that we are absorbing 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.
 - The fee scale is designed to recover the Cabinet Office costs of carrying out the NFI data matching. The scale is intended primarily to reflect the number of datasets provided by each organisation, although the average outcomes for each organisation type are also considered. Upon review, we have agreed that the number of datasets submitted and subsequent NFI savings realised by the GLA are more akin to an NHS Trust/Police body. We have therefore reduced the fees for the GLA to better reflect their

NFI participation. Aside from this change, we feel that the existing fee structure remains applicable although this will be kept under review for future exercises.

15. The introduction of CTRS will require local authorities to source additional data from their council tax software suppliers. To help support his process, we shared the draft CTRS data specification with software suppliers in March 2016 for feedback, and shared a final data specification with them in June 2016 (prior to the official release of data specifications) to ensure they have sufficient time to write extract routines for clients. The average outcomes achieved from the 51 authorities that took part in the NFI 2014/15 CTRS pilot were £5,000 per authority. We therefore envisage that any cost implications for authorities in obtaining CTRS data, will be offset by the savings in fraud and error delivered by NFI data matching.
16. In response to feedback that we detail all the costs associated with the NFI we plan to undertake, and publish, a cost benefit analysis across a range of sites where the NFI is used effectively as part of the NFI 2016/17 cycle.

Next Steps

17. The Cabinet Office has complied with its statutory duty to consult before prescribing the scale of fees for the NFI 2016/17. The response rate to the consultation was low, suggesting most consultees are broadly content with our proposals. Therefore following consultation, we have now published the final work programme and scale of fees for NFI 2016/17. This is available on [.GOV.UK](https://www.gov.uk).

18. If you have any comments on this document, please send them to nfiqueries@cabinetoffice.gov.uk or to Darren Shillington, Head of NFI, at:

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19. If you have comments or complaints about the way the consultation has been conducted, these should be sent by email to COcomplaints@cabinetoffice.gov.uk.