



Cabinet Office

# **National Fraud Initiative (NFI) Work Programme and Scale of Fees 2018/19**

Consultation Feedback

July 2018



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# **Introduction**

1. Under Part 6 of The Local Audit and Accountability Act 2014, the Cabinet Office as the ‘relevant minister’ responsible for data matching, has the power to undertake data matching exercises. Where those exercises are undertaken, the Minister has a statutory duty to:
  - require certain bodies to provide data for data matching exercises;
  - prescribe a scale of fees for mandatory data matching exercises; and
  - consult mandatory participants and relevant stakeholders before prescribing a scale of fees.
2. Once the Cabinet Office has prescribed a scale of fees for data matching, the applicable fee becomes payable by all mandatory bodies. The scale of fees is designed to recover the full costs of carrying out the proposed data matching.
3. This document summarises the replies to the consultation on the work programme and scale of fees for the National Fraud Initiative (NFI) 2018/19, and the Cabinet Office response to the main issues raised by respondents.

## **NFI 2018/19 work programme and fee scale**

4. Following the consultation, no changes to the NFI 2018/19 proposed work programme and scale of fees are required. The overall consultation response rate was low, however those that did respond were generally supportive of proposals, including the removal of Insurance data from the list of mandatory data requirements and the decision to keep fees at existing levels.

# Consultation

## Consultees

5. For each NFI exercise all NFI mandatory participants are consulted on the proposed work programme and scale of fees. This is a requirement set out in the LAAA 2014, and enables individual organisations to contribute fully to proposals and comment directly to the Cabinet Office.
6. The consultation on the NFI 2018/19 work programme and scale of fees proposed:
  - maintaining fees at the same level as the fees charged for the NFI 2016/17 exercise;
  - that existing mandatory data matches would continue to be a part of the NFI 2018/19 work programme, with the exception of Insurance data which should be removed; and
  - that the Cabinet Office, where possible, will fund approved pilot initiatives from existing resources, but may also offer additional pilot initiatives on a voluntary but chargeable basis.

## Response to the consultation

7. We invited responses from 903 NFI participants and stakeholders on the NFI 2018/19 work programme and scale of fees. We received 33 responses to the consultation, representing the views of 38 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	Total number of respondents	Response rate (%)
Local authorities (councils)	356	21	5.9
Police	40	2	5.0
Fire and rescue authority	35	4	11.4
Other local government authorities	14 <sup>1</sup>	1	7.1
<b>Total Local Government</b>	<b>445</b>	<b>28</b>	<b>6.3</b>
NHS Trusts	90	3	3.3
CCGs	209	3	1.4

<sup>1</sup> Including Passenger Transport Executives and Waste Authorities.

Foundation Trusts	153	3	2.0
<b>Total Health</b>	<b>452</b>	<b>9</b>	<b>2.0</b>
<b>NFI Stakeholders</b>	<b>6</b>	<b>1</b>	<b>16.7</b>
<b>Total</b>	<b>903</b>	<b>38</b>	<b>4.2</b>

## Themes

8. There was general support for the proposed work programme and scale of fees, with many authorities supportive of the NFI and in favour of proposals to maintain fees at the same level as the previous data matching exercise. Six bodies indicated that they were satisfied overall with proposals and a further twenty five were satisfied with either the proposed scale of fees or the proposed dataset requirements. Six respondents were neutral, with no specific comments on proposals.

### Scale of Fees

9. Eleven respondents expressed support for the proposed scale of fees for NFI 2018/19, in particular the decision to freeze fees at the existing level.

10. Six local authorities, one fire and rescue authority and one foundation trust challenged the scale of fees:

- five respondents felt that the cost of the NFI should be met by central government; and
- three queried the variation of fees between authority types and whether the fee scale is equitable for all participants.

11. Four local authorities, two fire and rescue services and two NHS trusts commented on the overall value of the NFI exercise. Six respondents were supportive of the NFI as a whole, indicating they find it a beneficial exercise to identify fraud and error, and recognise its importance in meeting their local counter fraud strategies. Two health bodies felt that they gained little value from the NFI and that returns do not match the investment in terms of the cost and resource required to participate.

### Effectiveness of the NFI

12. Six respondents provided responses relating to the improvement and development of the NFI.

13. Two health bodies commented on the effectiveness of the data matches, specifically that they:

- have experienced diminishing returns from NFI data matches over time; and
- felt the exercise is onerous in terms of the submission of data and the reviewing of data matches. One suggested that a more intuitive web application could improve this.

14. Two local authorities and one fire and rescue authority suggested that more regular data matching and more opportunities for real time data matching would improve overall results.

15. One local authority welcomed the Cabinet Office focus on developments to enhance data matching techniques and highlight new fraud risks.

## **Data**

16. Fourteen respondents indicated they were content with the proposed dataset requirements, including the removal of Insurance data from the mandatory dataset requirements. Of these, one also agreed that Personal Alcohol Licence data should be retained, but subject to review in the near future to assess its effectiveness.
17. Four local authorities raised the issue of data quality, in particular the return of false positive data matches:
  - two respondents felt that changes to current data specifications could improve match results in the areas of Housing, Creditors, Personal Budgets, Council Tax Reduction, and Payroll. One also felt that local authorities should input into the Housing Benefit data specification, currently devised by the DWP;
  - two respondents highlighted an issue with Council Tax Single Person Discount data matches, relating to changes in occupancy and the natural discrepancy between the timeframes which council tax records and electoral register records are updated; and
  - one respondent expressed concern for the robustness of data submitted by all participants.
18. Two local authorities highlighted poor returns from Housing Waiting List data, which was a new mandatory requirement for NFI 2016/17. One respondent suggested matches could be improved by enabling higher risk cases to be identified.
19. Two respondents called for more data and data matching opportunities:
  - one local authority said they would welcome the opportunity to match third party credit reference data to more data areas; and
  - one health body expressed interest in increasing NFI matching opportunities for the health sector.
20. Two local authorities and one fire and rescue authority commented that they found value in Companies House data matching undertaken as part of the NFI 2016/17 exercise and would welcome the continued inclusion of this data.

## **Guidance**

21. Three local authorities and one fire and rescue service queried the impact of the GDPR, in particular the need for more guidance on privacy notices.
22. Of these, three respondents also highlighted the need for an updated code of data matching practice to reflect the role of Cabinet Office, the Local Audit and Accountability Act 2014 and the GDPR.

## **Mandatory Participants**

23. Three respondents queried the mandatory participants list. Two health bodies felt that NHS trusts and foundation trusts should not be included in the NFI. Another health body suggested the possible inclusion of Independent Health Authorities for future exercises.

## Cabinet Office response

24. The consultation exercise produced a relatively low response rate, however we have carefully considered all responses, and issued individual replies where appropriate. Below we have detailed the responses to the main themes raised.

### Scale of Fees

25. Having considered the consultation responses we will retain the proposed scale of fees for the NFI 2018/19 exercise. However, we recognise the challenge from a number of respondents about the relevance of the current model for setting fees.

26. In response we plan to undertake a full review of the fee model prior to the NFI 2020/21 exercise. This will be timely as the new NFI strategy, launching in the summer of 2018, is expected to have started to reshape how participants engage with the full NFI product range.

27. In response to suggestions that fees should be met by central government it should be noted that under the Cabinet Office current data matching powers there is a duty to prescribe a scale of fees for data matching. Any changes to this would require legislative change.

### Effectiveness of the NFI

28. The NFI is well placed to meet the challenge from respondents around the need to ensure the continued effectiveness of the NFI.

29. Following an OJEU compliant procurement process, the Cabinet Office has extended its successful partnership with Synectics Solutions Limited for a further 4 years, with a 2 year extension option. The partnership places innovation and collaboration at the core with both parties committed to developing the NFI and associated products to maximise the benefits for participants. It also enables the NFI to continue to benefit from the expertise and understanding Synectics has developed from working with clients across the finance, insurance, automotive, public sector, and private sectors.

30. This new partnership has enabled us to produce an ambitious strategy for developing the NFI over the next four years. This will be launched in summer 2018.

### Data

31. Increasing the volume and frequency of data that is used in, or accessed through, the NFI is an important theme of our strategy. This will include:

- identifying and securing access to additional data from both NFI participants and third party organisations that can improve the effectiveness of the NFI, for example reducing false positive rates, targeting change of circumstances related fraud or enhancing referral prioritisation; and
- working with participants to promote use of the NFI solutions on an ongoing or real time basis, rather than on a cyclical basis.

32. As part of this we will work collaboratively with participants to review the existing datasets and specifications, and evaluate how the current use of credit reference agency data can be expanded to deliver increased benefits.

33. This work on improved data will be complimented by a drive to embrace technology to improve the NFI, for example seeking to utilise:

- tightened matching rules and enhanced risk scoring; and
- analytics and machine learning to reduce the false positive rate of the NFI matches.

## **Guidance**

34. The Cabinet Office is in the final stages of publishing a new Code of Data Matching Practice which includes updates in relation to current data protection legislation. The consultation on the Code is complete and it is scheduled to be published in summer 2018.

## **Mandatory Participants**

35. Having considered the responses we do not plan to amend the list of mandatory participants for NFI 2018/19 at this stage. However, we will continue to keep this decision under review for future NFI exercises.

36. Furthermore, as part of our strategy we are keen to work with all participants, to explore how we can evolve the NFI to ensure it meets their needs.

37. In the meantime any additional organisations, such as Independent Health Authorities, are able to participate in the NFI on a voluntary basis.

## Next Steps

38. The Cabinet Office has complied with its statutory duty to consult before prescribing the scale of fees for the NFI 2018/19 exercise. Therefore following consultation, we have now published the final work programme and scale of fees for NFI 2018/19. This is available on [.GOV.UK](#).
39. If you have any comments on this document, please send them to [nfiqueries@cabinetoffice.gov.uk](mailto:nfiqueries@cabinetoffice.gov.uk) or to Darren Shillington, Head of NFI, at:

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40. 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](mailto:COcomplaints@cabinetoffice.gov.uk).