



Cabinet Office



# National Fraud Initiative Report

1 April 2016 to 31 March 2018

# Foreword

The risk of fraud is a challenge that all organisations and individuals face. The public sector is no different. Fraud is a hidden crime, with those who commit fraud actively trying to avoid detection, so we must proactively look for it. The Government set out its commitment to do just this in the [Cross-Government Fraud Landscape Annual Report](#) published in September 2017.

The National Fraud Initiative, the Cabinet Office's data matching service, has enabled participating organisations to prevent and detect over £300 million fraud and error in the period April 2016 to March 2018. This is a record for the NFI in any reporting period since its creation in 1996, and brings cumulative outcomes to £1.69 billion. This is a signal of how seriously the government is taking the challenge that it set itself - to find and tackle fraud in the public sector and protect vital public services.

These record outcomes are due to the hard work of staff at the 1,200 public and private sector organisations that participate in the National Fraud Initiative. I applaud them all, but we will not be complacent. We all need to continue to challenge ourselves and our organisations to ensure we are all committed to look for this hidden crime and the proactively identify fraud and error.

As part of this report, the Cabinet Office is launching the NFI's strategy for the next four years. This will help ensure the NFI is best placed to continue supporting organisations. At the core of this strategy is the need for collaboration and innovation. The strategy seeks to ensure the NFI continues to provide users with flexible and sophisticated fraud prevention and detection tools that achieve results quickly and efficiently that the NFI is renowned for across the UK.

Through continued commitment to develop the National Fraud Initiative, and work with its users to enable them to get the most out of it, the Government is renewing its drive to seek out fraud in public services, and ensure that taxpayers' money is spent where citizens need it most.

**Chloe Smith**  
**Minister for the Constitution**

# National Fraud Initiative Report

1 April 2016 to 31 March 2018



This report sets out the results of the NFI in the period 1st April 2016 to 31 March 2018, and follows on from our [last report](#), published in November 2016.

# NFI overview

The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office to assist in the prevention and detection of fraud.

Data for the NFI is provided by some 1,200 participating organisations from the public and private sectors including government departments. The NFI works with public audit agencies in all parts of the UK.

Data matching involves comparing sets of data electronically, such as the payroll or benefit records of a body, against other records held by the same or another body to see how far they match. The data is usually personal information. The data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it may indicate that there is an inconsistency that requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. All bodies participating in the Cabinet Office's

data matching exercises receive a report of matches that they should investigate, so as to detect instances of fraud, over- or under-payments, and other errors, to take remedial action and update their records accordingly.

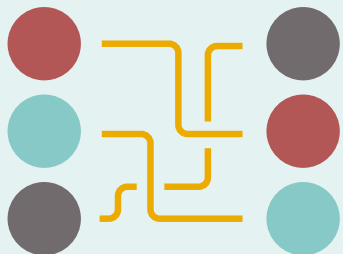
The NFI is conducted using the data matching powers bestowed on the Minister for the Cabinet Office by Part 6 of the Local Audit and Accountability Act 2014 (the Act). It does not require the consent of the individuals concerned under current data protection legislation. There are certain public sector bodies that are required to provide data for the NFI on a mandatory basis. In addition, bodies can provide data to the Cabinet Office for matching on a voluntary basis under schedule 9, 3 of the Act.



# NFI products

## National

Data is collected from organisations across the UK for national fraud detection batch matching. Matches are accessed through a secure web application.



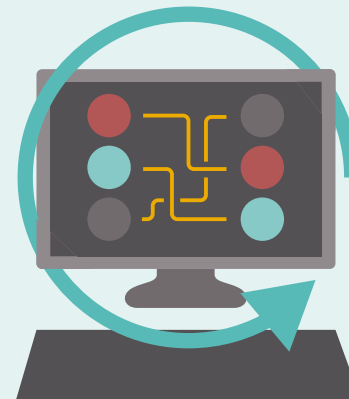
## AppCheck

Fraud prevention tool that helps organisations to stop fraud at the point of application, thereby reducing administrative and future investigation costs.



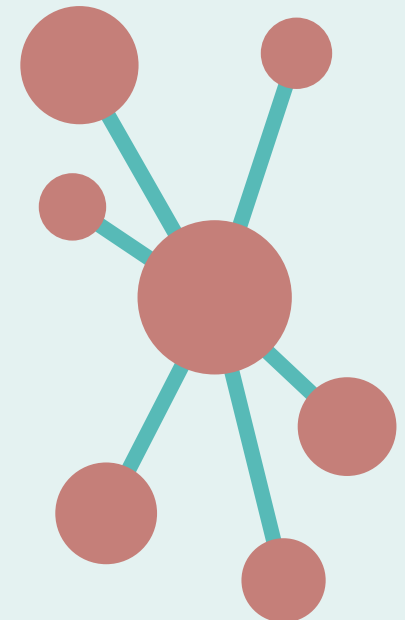
## ReCheck

Flexible batch matching tool that allows an organisation to repeat national batch matching at a time to suit them.



## FraudHub

FraudHub enables groups of organisations to regularly screen more than one dataset with the aim of detecting errors in processing payments, or benefits and services.



You can find AppCheck case studies [here](#)

# Cost of running the NFI

## Main Expenditure



### IT

Delivered under contract by an external supplier



### Staff

Cabinet Office NFI team has eight members of staff

Two years

cost  
**£2.7m**

fee  
**£2.8m\***

## Example Fees

London borough council

**£4,150**

Mid-sized council

**£2,200**



outcome  
**£301.2m**

fee  
**£2.8m**

\*These fees have not been increased for 10 years

# Our strategy



## Our mission

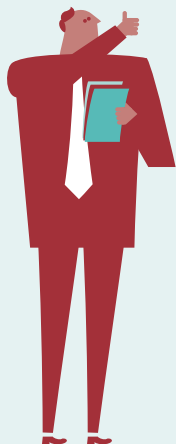
To better protect the public services from fraud and error by helping to find and minimise loss.



## Our vision

To provide the best deal for the taxpayer by helping tackle fraud and error, through improved access to data and analytics techniques via sophisticated fraud prevention and detection solutions that achieve results quickly and efficiently.

Operating in a fastpaced, dynamic environment, we will work with customers and stakeholders across the public and private sector to provide capability to best allow them to prevent, disrupt, deter, discover and punish fraud and error.



Our strategy identifies strengths and challenges

## Strengths:

- trusted brand
- track record for delivering outcomes efficiently
- delivers flexible solutions in response to emerging fraud risks
- matches across UK to detect and prevent fraud
- a record £301 million in most recent two-yearly exercise



## Challenges:

- counter fraud landscape moves at a fast-pace
- counter fraud strategies now focus more on fraud prevention, so customers are seeking faster solutions embedded into internal controls
- advanced technology has led to customers being offered a wide range of alternative solutions
- customers are less satisfied with a 'one size fits all' national approach
- the solutions need to be tailorable to meet local needs
- the data the NFI holds is a snapshot of a point in time and is only periodically refreshed

# Our strategy objectives

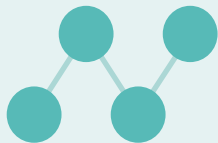
In response to the strengths and challenges, our objectives for the next four years will leave the NFI best placed to help deliver benefits to public sector bodies in their fight against fraud.



**1.** Better targeting existing and new fraud risks



**2.** Improving communication and engagement with users to better understand and meet customer need



**3.** Increasing both the volume and frequency of data that is used in, or accessed through, the NFI



**4.** Embracing new technologies and techniques to improve existing and develop new products



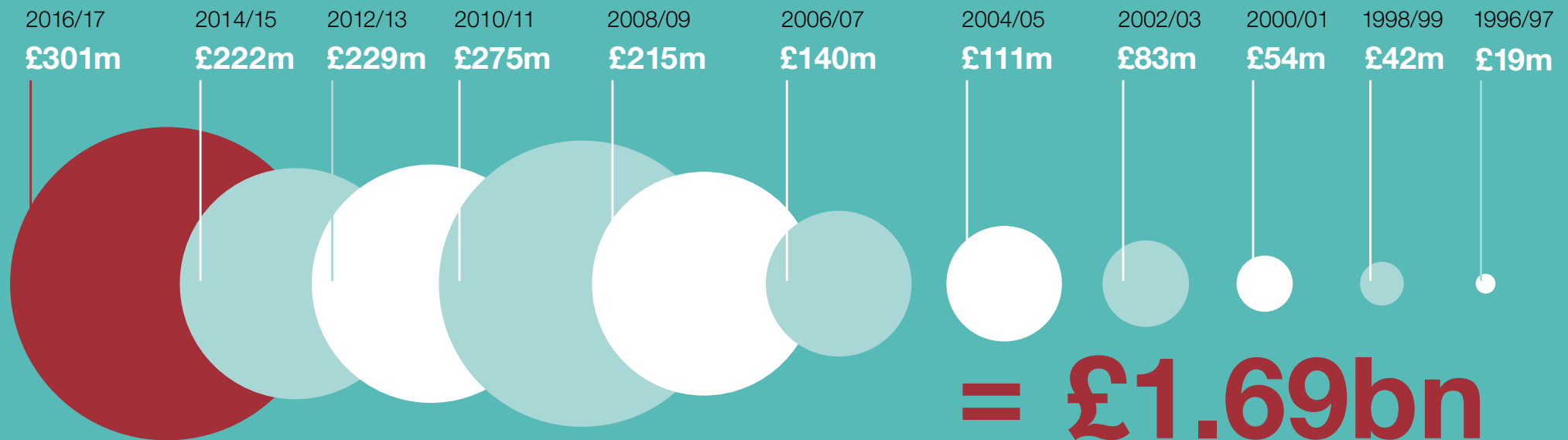
**5.** Securing the extension to legislative purposes to increase the usage and impact of the NFI

# Fraud, overpayments and errors identified and prevented

1 April 2016 to 31 March 2018



## The UK broken down into years



Where applicable, amounts included in this report have been rounded to an integer, 0.5 and above were rounded up; under 0.5 rounded down.

# The headlines

The main categories of fraud identified by the NFI in England relate to:

**£144.8m**

of pension fraud  
and overpayments

**£32.6m**

of fraudulent, or wrongly  
received, council tax  
single person discount

**£24.9m**

of housing benefit fraud  
and overpayment

The exercise also produced the following significant results in England:

**58**

social housing  
properties recovered

**7,601**

false applications were  
removed from housing  
waiting lists

**234,154**

concessionary travel  
passes were cancelled

**1,613**

cases of incorrect  
Council Tax reduction  
were identified

**31,223**

blue badges were  
revoked or withdrawn

**275**

cases where a council  
continued to make  
mistaken payment  
to private care homes  
for deceased persons



# NFI outcomes in England by risk area



## Pensions

£144.8m £85.1m



## Council Tax

£32.6m £37.4m



## Waiting lists

£25.5m £1.0m



## Housing benefits

£24.9m £39.2m



## Blue badges

£18.0m £13.2m



## Concessionary travel

£5.6m £2.2m



## Tenancy fraud

£5.5m £5.0m



## Council Tax Reduction Scheme

£2.8m -



## Residential care homes

£4.4m £3.5m



## Trade Creditors

£4.3m £4.5m



## Payroll

£4.0m £5.0m



## Right to Buy

£1.0m £0.3m



## State benefit

£0.9m -



## Personal budgets

£0.5m £0.5m



## Other

£0.3m £1.3m

## Total

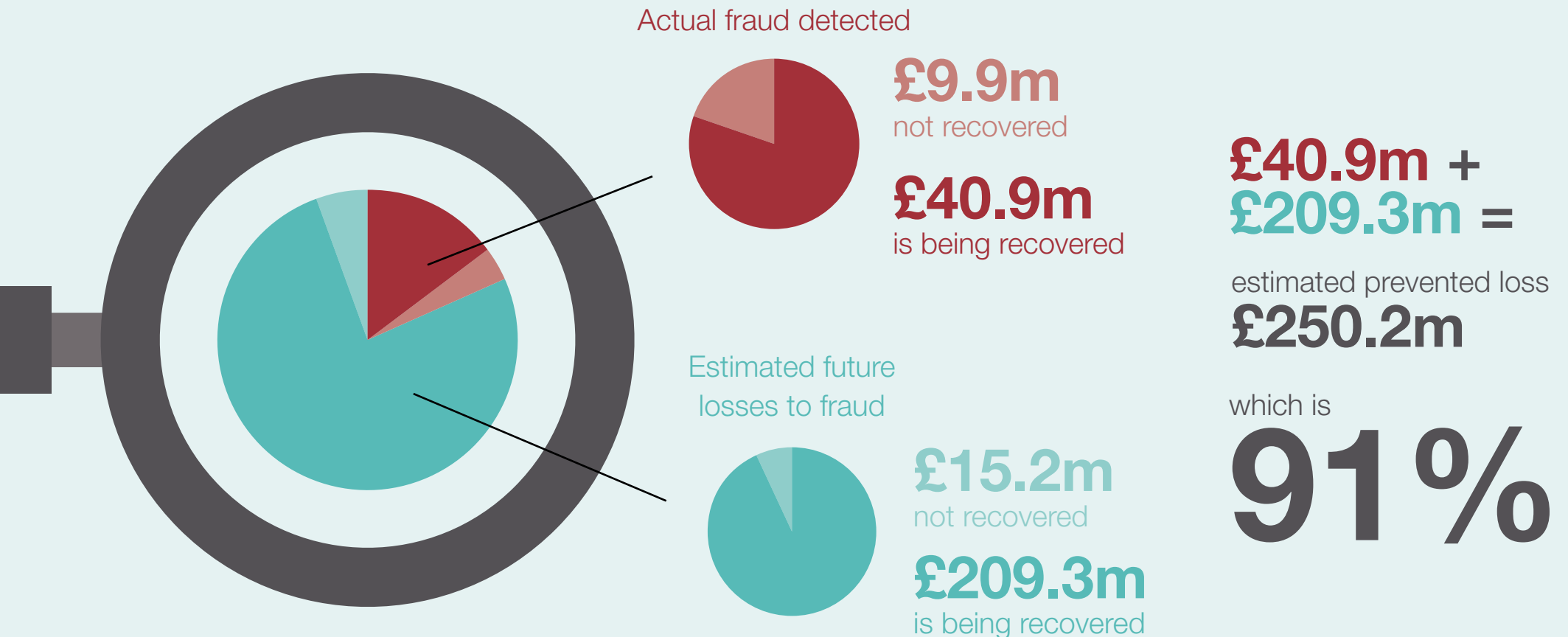
£275.3m £198.2m

■ 2018 ■ 2016

# Recovery rate/impact of the NFI on the public finances

# £275.3m

the total amount of fraud, overpayments and errors identified and prevented by the NFI in England during the period 1 April 2016 to 31 March 2018.



# Key messages for 2016 – 2018

## Pensions: £144.8 million

Individuals obtaining the pension payments of a dead person



- Pensions has seen a significant increase in outcomes to £144.8 million, an increase from £85.1 million in 2014/15.
- This can be attributed to an increase in the numbers of deceased person cases identified as well as work with large public sector pension schemes to improve the frequency and quality of outcomes reporting. Some bodies have also opted to undertake more regular matching through the NFI mortality screening service.
- The ratio of actual overpayments to estimated savings from preventing overpayments has changed since 2014/15, with actual overpayments £4 million lower than the previous exercise and future losses prevented up by £89 million.
- The increase in bodies undertaking more regular matching is a key factor in this, although improvements to deceased matching have also contributed, including:
  - reducing the time between data submission and match release, enabling incorrect pension payments to be identified and stopped more quickly
  - enhancing match reports to enable users to action the best quality matches more easily

### Case study



#### Civil Service Pensions

The NFI continues to produce high-quality matches that enable public sector pension schemes to combat fraud and reduce error. For example, following investigation of pension matches to deceased records, Civil Service Pensions were able to identify overpayments in excess of £2 million.

As at 31 March 2018, £700,000 had already been recovered and work is in progress to recover the remaining amount.

# Key messages for 2016 – 2018

## Council Tax: £32.6 million

Individuals who did not qualify for the Council Tax single person discount because they were living with other countable adults



- Council Tax single person discount (SPD) matching is carried out annually.
- Over the last two annual exercises, the NFI match to tackle Council Tax SPD abuse has once again provided substantial returns for councils, although following the recent trend, these have fallen slightly.
- Council Tax outcomes from the 2016/17 exercise stand at £32.6 million (£37.4 million in 2014/15) and over 30,000 SPDs (37,825 in 2014/15) have been cancelled as a result.
- As part of our drive to continually enhance the NFI, we introduced two new data matches during 2016/17. We will undertake a full analysis of the outcomes from these two additional matches and also work closely with councils to fully understand the impact of whether or how they enable councils to more effectively target SPD fraud.
- The new matches are detailed below:
  - Following a successful pilot, we matched all SPD claims against a wider range of NFI datasets. To date, over 1,000 SPDs have been cancelled as a result of this report.
  - In response to survey feedback, we partnered with Equifax to launch an enhanced CTSPD service in December 2017, that combines both public and private sector data to give a comprehensive and robust view of the SPD claimants household composition. To date 13 councils have utilised this service.

# Key messages for 2016 – 2018

## Housing waiting lists: £25.5 million

Social housing waiting list applicants who were not entitled to social housing because they had misrepresented their circumstances



- Housing statistics show that there are 1.15 million households on local authority social housing waiting lists, so removing applicants who are not eligible for social housing will enable councils to allocate social housing to those in genuine need.
- In line with the NFI strategy to target more preventative data matching, a pilot data match was undertaken and the outcomes were reported in our November 2016 national report.
- The success of the pilot in helping councils to remove over 3,000 applicants from their housing waiting lists meant that this was rolled out as a core match for the 2016/17 exercise.
- As a result of this match, 7,601 applications for social housing have been removed by councils during 2016/17. Over half of these applications were cancelled by one council, suggesting that the impact of this match could be much greater. Going forward, we will work with councils on this as part of a wider review in to how NFI can better target social housing fraud.
- We apply an estimate of £3,240 per case for future losses prevented as a result of removing an applicant from council housing waiting list.

# Key messages for 2016 – 2018

## Housing benefit: £24.9 million

Individuals claiming housing benefit who failed to declare an income or change of circumstances



- Housing benefit outcomes are £24.9 million, compared with the 14/15 figure of £39.2 million. A decline in overpayments was expected given a number of factors:
  - transition of housing benefit claimants over to Universal Credit (UC) HB claimants have reduced by almost 350,000 between the October 2014 and October 2016 data submissions;
  - completion of transfer of housing benefit investigation staff from local authorities to DWP under the Single Fraud Investigation Service (SFIS)
  - embedding of Department for Work and Pensions (DWP) / Her Majesty's Revenue and Customs (HMRC) Real Time Information (RTI) solution which compares Pay As You Earn (PAYE) and welfare benefits to identify overpayments
- Housing benefit overpayments identified through matching to student loans continues to generate the most outcomes. Over 1,300 cases were identified with an actual overpayment value of £6.7 million. This represents 37% of the total housing benefit overpayments.
- DWP and the NFI undertook a joint review of how the DWP utilise the NFI to identify any actions and learnings. The review initiated a repeat run of Housing benefit to student loans matching in autumn 2017 to capture data for students commencing their first year of study in September 2017, and to also refine the matching to better exclude false positives. Outcomes from this exercise continue to be reported by DWP, but indications are that the proportion of NFI matches being referred onwards for investigation have increased. For example, 40% of housing benefit to student loan matches referred to DWP compliance, an overpayment was identified.
- We continue to work closely with the DWP to ensure we maximise the benefits of the NFI, in line with the NFI strategic themes. Ongoing work includes undertaking pilot matching for UC and further adapting current matching to add additional insight, reduce false positives and improve prioritisation of matches.

### Case study



#### Mole Valley District Council

A housing benefit to student loans match identified a student who had failed to declare his student finance to Mole Valley District Council. Enquiries into the match revealed that not only had the student failed to declare a change in circumstance, but so too had his partner when she failed to declare her NHS bursary. The student accepted a caution from Mole Valley District Council as he had failed to promptly declare a change of circumstance, contrary to Regulation 8 of the Council.

Tax Reduction Schemes (Detection of Fraud and Enforcement (England) Regulations 2013. Mole Valley District Council is in the process of recovering just under £12,500.

# Key messages for 2016 – 2018

## Blue badges: £18 million

Potential misuse of blue badge parking passes belonging to someone who had died



- As at 31 March 2017 there were 2.38 million Blue badges in England, 887,000 of these were issued between 1 April 2016 and 31 March 2017. Fraudsters exploit the Blue Badge scheme by forging badges and stealing badges from cars. Abuse also occurs when badges remain in use, or are renewed by someone, after a badge holder has died. In England, there was a total of 1,131 individuals prosecuted in 2016/17. The majority of prosecutions (98%) in England were targeted at a non-badge holder using another persons' badge.<sup>1</sup>
- During this reporting period, the number of blue badges cancelled significantly increased to 31,223 from 23,063 in 2014/15. In 2016/17 the number of passes cancelled was 31,223. This increased from 23,063 in 2014/15. The estimated value of blue badges cancelled between reporting periods has also therefore increased from £13.2 million to £18 million, an increase of 36%.
- For the 2016/17 exercise we worked closely with the Blue Badge Improvement Service (BBIS) so they were able to submit data to the NFI on behalf of councils in England, Scotland and Wales.

# Key messages for 2016 – 2018

## Concessionary travel: £5.6 million

Potential misuse of concessionary travel passes belonging to someone who has died



- The number of concessionary passes updated, cancelled or hot-listed (stopping/deactivating the deceased matched cards) in 2016/17 as a result of an NFI match was 234,154, an increase from 97,064 in 2014/15. As a result, the estimated value of fraud losses prevented in the same reporting period more than doubled from £2.2 million in 2014/15 to £5.6 million in 2016/17.
- For the 2016/17 exercise we worked closely with a number of businesses administering the concessionary travel passes for multiple local authorities. This has contributed significantly to the increased impact.<sup>2</sup>
- The Department for Transport reported that in 2016/17 there were 9.8 million older and disabled concessionary travel passes in circulation, a decrease of 1.1% from 2015/16, the first decrease in three years.<sup>3</sup> Whilst we cannot directly link the higher number of passes cancelled, updated or hotlisted to the first decrease in the total number of concessionary travel passes in circulation seen over the last three years, it is worth noting.

<sup>2</sup> Department for Transport, [Concessionary travel Statistics 2016/17](#), Department for Transport, 14 December 2017

<sup>3</sup> Department for Transport, [Concessionary travel Statistics 2016/17](#), Department for Transport, 14 December 2017

# Key messages for 2016 – 2018

## Tenancy fraud: £5.5 million

Social housing tenants who were subletting, were not entitled to social housing because of their status in the UK, or had multiple tenancies unlawfully



- The [Annual Fraud Indicator](#) 2017 highlights that housing tenancy fraud costs local government £1.83 billion. This has increased from the £1.76 billion quoted in 2016.
- Despite social housing being a significant fraud risk for councils, we have only seen a small increase in the number of properties recovered by social landlords as a result of the NFI data matches. This was 58 in 2016/17 compared to 54 in 2014/15.
- Although each property recovered can be reallocated to those in genuine need, it is clear the NFI needs to do more to help councils fight social housing fraud.
- There were some improvements in 2016/17, specifically:
  - using the combined Council Tax and Electoral Register data to help identify an individual's current residence
  - the new social housing waiting list fraud data match that led to 7,601 applications for social housing being removed by councils during 2016/17
- Building on this we now intend to work closely with councils and key stakeholders to undertake a full review into how NFI can better target social housing fraud.

### Case study



#### Royal Borough of Greenwich

An NFI housing tenancy to housing tenancy match showed two matching tenancies between two London boroughs. Investigations in the Royal Borough of Greenwich showed their tenant had used false identity documents to gain a one bedroom flat in May 2013; claimed housing benefit; used the same documents to gain employment as a waste operative in the borough four years earlier, in October 2009 (he was no longer in that employment at the time of the investigation). The Royal Borough of Greenwich evicted the tenant from the property in February 2017 and he was prosecuted and sentenced at Woolwich Crown Court on 4th October 2017 to 33 months imprisonment. In total the man had received in excess of £60,000 in employment and housing benefit payments.

#### Portsmouth City Council

A housing tenants to housing benefit match identified a tenant in a property owned by Portsmouth City Council. The tenant had however been claiming housing benefit in excess of £150 per week for a different property in a nearby authority area since January 2016. The match revealed the tenant had let the property from Portsmouth City Council in February 2013, but investigations found the tenant's partner had been subletting the Portsmouth property for up to two years. The council sought a prosecution in October 2017 and the property was successfully recovered.

# Key messages for 2016 – 2018

## Residential care homes: £4.4 million

Payments to private care homes by the councils for the care of a resident where the resident had died



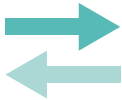
- The number of cases resulting in outcomes is similar to that recorded in the previous exercise. There were 275 cases in 2016/17 compared to 263 in 2014/15.
- However, the resulting outcomes (actual and estimated) have increased by 26% from £3.5 million to £4.4 million.
- Over a quarter of the financial outcomes recorded came from councils using the NFI ReCheck product to undertake more regular matching to target residential care home fraud and error.



# Key messages for 2016 – 2018

## Trade creditor payments: £4.3 million

Traders who intentionally or unintentionally submitted duplicate invoices for payment



Creditor payments matches continue to produce significant outcomes with over £4.3 million of wrongly paid duplicate invoices identified. Although this is a slight reduction from the previous exercise, the case study below provides an example of how valuable the matching can be.

### Case study



#### **Suffolk County Council**

The NFI helped Suffolk County Council identify and recover duplicate invoice payments totalling £142,500, and £122,000 in overpayments to residential care providers for people who had died.

The council was also able to cancel 3,671 concessionary travel passes and 289 blue badges as the holders had died, but the council were not made aware until NFI highlighted them.

There was no cost to the taxpayer, but the council now plans to strengthen controls to reduce the number of errors in future.

# Key Messages for 2016 – 2018

## Payroll: £4 million

Employees working for one organisation while being on long-term sick leave at another or obtaining employment while not entitled to work in the UK



- Payroll outcomes for England 2016/17 total £4 million, compared with the 14/15 total of £5 million.
- The NFI released a new report that compares payroll to Companies House data, to identify potential undeclared interests that may give a financial advantage. This match highlighted where an employee's address appeared to have links to a company or its directors.
- As a result of the new match, 129 cases with undeclared interest were identified.
- This was a new dataset for 2016/17. Because of this success, we will continue to include this in future NFI exercises.

### Case study



#### Birmingham City Council

A Revenues Officer at Birmingham City Council appeared on a NFI match to CIFAS Known Fraud Data. An investigation revealed that the employee had concealed previous employment history, having resigned during a disciplinary investigation. This was not declared to Birmingham City Council when applying for his current job. It was discovered he hid his employment history on two further occasions when asked to make annual declarations as part of the council protocols. The employee was dismissed following a disciplinary hearing.

Birmingham City Council spokesperson said “This case would not have been found without the NFI match being undertaken”.

#### Anonymous

A new match between payroll and Companies House data helped one council to review and introduce new measures for staff to declare any interests. This was after the NFI match revealed that one member of staff had had sight of tenders for services, which allowed her to give information to her husband, who was then able to undercut those prices. This was dealt with as a disciplinary matter and the individual left the authority.

# Key messages for 2016 – 2018

## Council Tax Reduction Scheme: £2.8 million

Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances



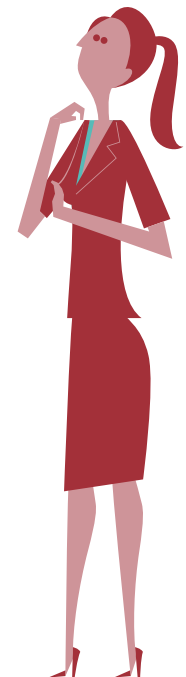
- Council Tax reduction is the discount given by local councils to those eligible for help with council tax bills.
- This was a new dataset for 2016/17 and we will continue to include this in future NFI exercises.
- An estimate of 21 weeks is applied to the weekly reduction in benefit recorded by participants for future losses prevented.
- 326 bodies received matches related to Council Tax reduction. Of these councils, just under half (48%) identified cases where individuals were incorrectly receiving a Council Tax reduction. In total, 1,613 cases where Council Tax reduction was in payment were identified as being incorrect.
- Overpayments identified from this data area were spread fairly evenly across councils that identified incorrect cases of Council Tax reduction. The average reported saving per case was £1,130 (excluding estimated forward savings).

### Case study



#### Durham County Council

A Council Tax reduction scheme (CTRS) to Pensions NFI match identified a recipient whose local authority pension had not been fully taken into account in their CTRS claim. As a result of the investigation, Durham County Council claimed back over £10,000.



# Further case studies

## Personal budgets

Individuals claiming a personal budget who failed to declare an income or change of circumstances or were deceased

### Case study



#### **Durham County Council**

Durham County Council identified a case from an NFI match where a recipient had failed to declare their NHS lump sum payment. An investigation was carried out and the authority put in place measures to recover over £5,000. People in receipt of personal budgets may be suffering from ill health and we recommend these matches are investigated with this in mind.



# Further case studies

## AppCheck

### Case study



#### City of London

The City Corporation Anti-Fraud Investigation Team, along with the Housing Allocations Team, are tasked with working across London to detect, prevent, and deter people from attempting to obtain social housing under false pretences.

As part of its commitment to supporting the NFI, and to help evolve its approach to fraud prevention, the City Corporation decided to deploy AppCheck on a trial basis to see if it could help to improve its ability to identify those applying, or who have obtained, social housing under false pretences.

The AppCheck system was easily assimilated into the teams' existing procedures and was able to provide an additional layer of intelligence to the verification process.

Following its successful trial in combating social housing tenancy application fraud, AppCheck has been rolled out across the City Corporation in areas such as HR, housing benefits and blue badge applications.

Chris Keesing, Anti-Fraud Manager within the City of London Corporation commented on the AppCheck trial:

*"The AppCheck solution was a great success and proved itself early on by allowing us to identify social housing application fraud that would have otherwise potentially not been detected. We are pleased that, owing to the success in this area, we have now been able to roll out AppCheck to other departments across the City Corporation to help us identify fraud in more front-line service areas."*

### Case study



#### St Ledger Homes

St Leger Homes is an award-winning company which provides housing services across Doncaster in the social and private sectors. Created in 2005 by Doncaster Council and with government support, St Leger Homes is an Arm's-Length Management Organisation (ALMO) that provides quality council homes for local residents.

By using AppCheck, staff at St Leger Homes have a greater ability to prevent fraudulent or mistaken applicants from obtaining a tenancy and reduce the volume of referrals that are generated from historical claims or payments. Over 700 searches have been completed. Their move from a fraud detection to a fraud prevention investigations model has reduced their caseload, allowing the team's investigation capacity to be managed

much more effectively. This has also allowed a focus on areas that yield bigger benefits or cost savings. AppCheck is continually used by St Leger Homes to screen housing tenancy and Right to Buy applications.

Nicola Bouse, Customer Service Advisor for Central and Tenancy Fraud said: *"This is a valuable tool in the prevention of fraud and I would recommend it to anyone looking at potentially using it. It has helped clarify some situations that did on face value look suspicious. The information provided is clear and easy to understand and can point us in a direction we need to go if issues arise. AppCheck fits well with our existing checks and enhances the process."*

# Further case studies

## AppCheck

### Case study



#### London Borough of Hammersmith and Fulham

AppCheck allows frontline staff working in public sector organisations to check and verify the details of all new housing and benefit applications more effectively in real-time and reduces the risk of fraudulent applications.

As part of their anti-fraud strategy, the London Borough of Hammersmith and Fulham now use AppCheck to prevent fraud, or mistaken payments, from having an impact.

For example, AppCheck identified that a housing application they had received held conflicting information to that held within the NFI database. The applicant was clearly linked to an address in the neighboring borough of Ealing. After further investigation, involving tracking benefits paid over a 16-month period to the address in Ealing, the London Borough of Hammersmith and Fulham housing application was declined, saving £18,000.

Andrew Hyatt, Head of Fraud at the London Borough of Hammersmith and Fulham said:

*"AppCheck is an extremely good and affordable anti-fraud tool. The configuration allows investigators to verify applications against a number of datasets, from different organisations, that are held within the system. Since using [AppCheck] we've seen great savings and a reduction in the number of fraudulent applications entering our system."*

# NFI outcomes in England by risk area

| Dataset                | Example activity area                                                                                                                                   | 2018 £m<br>(1 April 2016 –<br>31 March 2018) | 2016 £m<br>(1 April 2014 –<br>31 March 2016) |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Housing benefits       | Individuals claiming housing benefit who failed to declare an income or change of circumstances                                                         | 24.9                                         | 39.2                                         |
| Pensions               | Individuals obtaining the pension payments of a dead person                                                                                             | 144.8                                        | 85.1                                         |
| Council Tax            | Individuals who did not qualify for the council tax single person discount because they were living with other countable adults                         | 32.6                                         | 37.4                                         |
| Payroll                | Employees working for one organisation while being on long-term sick leave at another or obtaining employment while not entitled to work in the UK      | 4.0                                          | 5.0                                          |
| Trade creditors        | Traders who intentionally or unintentionally submitted duplicate invoices for payment                                                                   | 4.3                                          | 4.5                                          |
| Blue badges            | Potential misuse of blue badge parking passes belonging to someone who has died                                                                         | 18.0                                         | 13.2                                         |
| Concessionary travel   | Potential misuse of concessionary travel passes belonging to someone who has died                                                                       | 5.6                                          | 2.2                                          |
| Tenancy fraud          | Social housing tenants who were subletting, were not entitled to social housing because of their status in the UK, or had multiple tenancies unlawfully | 5.5                                          | 5.0                                          |
| Right to Buy           | Social housing tenants who were not entitled to right to buy because of their status in the UK, or had multiple tenancies unlawfully                    | 1.0                                          | 0.3                                          |
| Residential care homes | Payments to private care homes by a council for the care of a resident where the resident had died                                                      | 4.4                                          | 3.5                                          |
| Personal budgets       | Individuals claiming a personal budget who failed to declare an income or change of circumstances or were deceased                                      | 0.5                                          | 0.5                                          |

# NFI outcomes in England by risk area

| Dataset                      | Example activity area                                                                                            | 2018 £m<br>(1 April 2016 –<br>31 March 2018) | 2016 £m<br>(1 April 2014 –<br>31 March 2016) |
|------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Other                        | Other immigration outcomes linked to student loans and licences                                                  | 0.3                                          | 1.3                                          |
| Council Tax Reduction Scheme | Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances            | 2.8                                          | -                                            |
| State benefit                | Individuals claiming state benefits who failed to declare an income or change of circumstances                   | 0.9                                          | -                                            |
| Waiting lists                | Social housing waiting list applicants who were not entitled to social housing because of their status in the UK | 25.5                                         | 1.0                                          |
| <b>Total</b>                 |                                                                                                                  | <b>275.3</b>                                 | <b>198.2</b>                                 |

# Key results in England

|                                                                   | Number of cases<br>2018 | Number of cases<br>2016 |
|-------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Pensions</b>                                                   |                         |                         |
| Pension payments stopped                                          | 3,763                   | 3,592                   |
| <b>Council Tax single person discount</b>                         |                         |                         |
| Council Tax single person discount claims stopped                 | 30,343                  | 37,825                  |
| <b>Social housing/Right to Buy</b>                                |                         |                         |
| Properties recovered                                              | 58                      | 54                      |
| Right to Buy wrongly awarded                                      | 4                       | 4                       |
| Applicants removed from a housing waiting list                    | 7,601                   | 726                     |
| <b>Housing benefit fraud, error and overpayments relating to:</b> |                         |                         |
| Local government employees                                        | 798                     | 1,417                   |
| Central government pensioners                                     | 353                     | 922                     |
| Individuals receiving a local government pension                  | 298                     | 876                     |
| Students                                                          | 1,361                   | 1,944                   |
| NHS employees                                                     | 313                     | 516                     |

# Key results in England

|                                       | Number of cases<br>2018 | Number of cases<br>2016 |
|---------------------------------------|-------------------------|-------------------------|
| Other                                 | 743                     | 864                     |
| Immigration                           | 61                      | 67                      |
| Blue badges cancelled                 | 31,223                  | 23,063                  |
| Concessionary travel passes cancelled | 234,154                 | 97,064                  |
| <b>Social care</b>                    |                         |                         |
| Residents in private care homes       | 275                     | 263                     |
| Personal budgets                      | 163                     | 113                     |
| <b>Payroll</b>                        |                         |                         |
| Total employees dismissed or resigned | 53                      | 109                     |
| <b>Creditor payments</b>              |                         |                         |
| Duplicate creditor payments           | 884                     | 3,488                   |
| Council Tax Reduction Scheme          | 1,613                   | 0                       |
| <b>Total</b>                          | <b>314,061</b>          | <b>172,907</b>          |

# Report calculations – England only

| Data match                     | Fraud detected (£ million) | Estimated (£ million) | Total (£ million) | Basis of calculation of estimated outcomes                                                                                                                                                                                                                                                                |
|--------------------------------|----------------------------|-----------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pensions                       | 7.4                        | 137.4                 | 144.8             | Annual pension multiplied by the number of years until the pensioner would have reached the age of 85                                                                                                                                                                                                     |
| Council Tax SPD                | 11.7                       | 20.8                  | 32.6              | Annual value of council tax single person discount multiplied by two years                                                                                                                                                                                                                                |
| Housing benefits               | 18.2                       | 6.7                   | 24.9              | Weekly benefit reduction multiplied by 21 weeks                                                                                                                                                                                                                                                           |
| Housing waiting list           | 0.0                        | 25.5                  | 25.5              | £3,240 per applicant removed from the waiting list, based on annual estimated cost of temporary accommodation and the likelihood that future losses would occur due to waiting list fraud                                                                                                                 |
| Blue badges                    | 0.0                        | 18.0                  | 18.0              | £575 per blue badge cancelled to reflect lost parking and congestion charge revenue                                                                                                                                                                                                                       |
| Payroll                        | 3.1                        | 0.9                   | 4.0               | £5,000 per case (£12,000 for immigration cases) and £50,000 for a removal from the UK)                                                                                                                                                                                                                    |
| Tenancy fraud                  | 0.0                        | 5.5                   | 5.5               | £93,000 per property recovered based on average four year fraudulent tenancy - this includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies. £53,000 per property recovered in Northern Ireland |
| Trade creditors                | 4.3                        | 0.0                   | 4.3               | Not applicable                                                                                                                                                                                                                                                                                            |
| Private residential care homes | 2.5                        | 1.9                   | 4.4               | £7,000 per case based on average weekly cost of residential care multiplied by 13 weeks                                                                                                                                                                                                                   |

# Report calculations – England only

| Data match            | Fraud detected (£ million) | Estimated (£ million) | Total (£ million) | Basis of calculation of estimated outcomes                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------|----------------------------|-----------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Right to Buy          | 0.1                        | 0.9                   | 1.0               | <p>£65,000 per application withdrawn based on average house prices and the minimum right to buy discount available</p> <p>This estimate has the following regional variations:</p> <p>London: £104,000 per application withdrawn to reflect the maximum value of Right to Buy discount available for London properties</p> <p>Northern Ireland: £31,000 per application withdrawn based on average house prices and minimum right to buy discounts in Northern Ireland</p> |
| Concessionary travel  | 0.0                        | 5.6                   | 5.6               | Number of passes cancelled multiplied by £24, based on the cost of reimbursement to bus operators for journeys made under the concessionary pass scheme                                                                                                                                                                                                                                                                                                                    |
| Personal budgets      | 0.4                        | 0.1                   | 0.5               | Monthly reduction in personal budget payment multiplied by 3 months                                                                                                                                                                                                                                                                                                                                                                                                        |
| Other immigration     | 0.2                        | 0.1                   | 0.3               | £50,000 for a removal from the UK                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Council Tax reduction | 1.8                        | 0.9                   | 2.8               | Weekly change in council tax discount multiplied by 21 weeks                                                                                                                                                                                                                                                                                                                                                                                                               |
| State benefits        | 0.9                        | 0.0                   | 0.9               | Weekly benefit reduction multiplied by 21 weeks                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Total</b>          | <b>50.8</b>                | <b>224.5</b>          | <b>275.3</b>      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

# NFI survey 2017

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. We received over 580 responses and this feedback has helped us to shape our vision and objectives for 2018 to 2022.

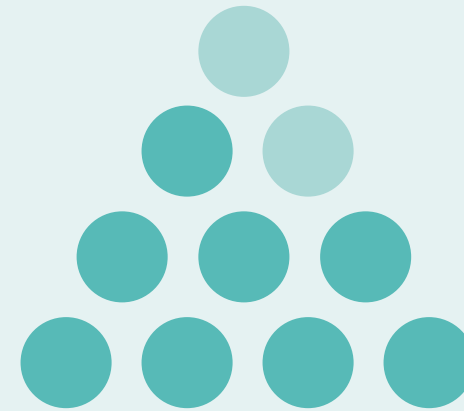
**The NFI helps participants to prevent and detect fraud:**



**71%**

somewhat agree, agree, or strongly agree that NFI helps business

**The NFI should be mandatory so it is as effective as possible:**

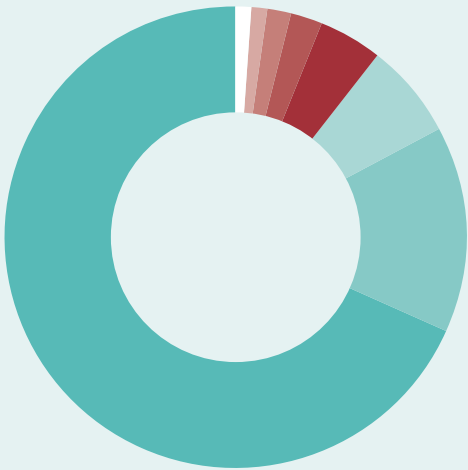


**80%**

agree with mandation (65% agree or strongly agree, 15% somewhat agree)

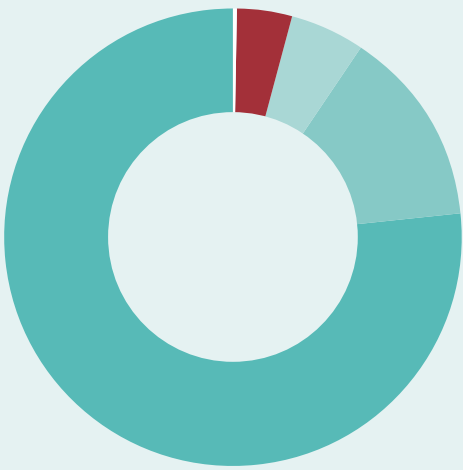
# Participant profile

Your organisation is in which of the following sectors?



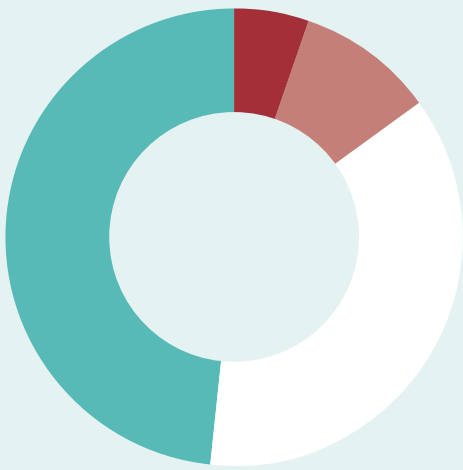
|                           |        |     |
|---------------------------|--------|-----|
| Local government          | 68.14% | 400 |
| NHS                       | 14.48% | 85  |
| Central government        | 6.64%  | 39  |
| Other                     | 4.43%  | 26  |
| Police                    | 2.21%  | 13  |
| Fire and Rescue Authority | 1.70%  | 10  |
| Housing Association       | 1.19%  | 7   |
| Private sector            | 1.19%  | 7   |

Where is your organisation based?



|                  |        |     |
|------------------|--------|-----|
| England          | 76.79% | 450 |
| Scotland         | 14.16% | 83  |
| Northern Ireland | 4.10%  | 24  |
| Wales            | 5.12%  | 30  |
| Other            | 0.34%  | 2   |

What level of user are you?



|                            |        |     |
|----------------------------|--------|-----|
| User                       | 48.08% | 275 |
| Key contact                | 36.89% | 211 |
| Senior responsible officer | 9.62%  | 55  |
| Don't know                 | 5.42%  | 31  |

# Strengths



The website is easy to use and data is easy to retrieve and review.



The NFI technology allows you to detect matches that may not otherwise have been highlighted.



There is a wide variety of informative guidance available, alongside helpful and knowledgeable staff.



The NFI tool allows you to identify and correct errors and mismatched information.

## You told us:

“AppCheck has been very useful when used in conjunction with other searches. It has highlighted repeated clerical errors and helped improve processes and procedures.”

“The matches raise the possibility for fraud and error, of which we might not otherwise be aware.”

“The fact that it is mandatory [for local authorities] to take part ensures good participation and access to national datasets that are unavailable at a local level.”

# Strengths



"We operate a shared counter-fraud service covering three local authorities. The NFI web app provides accurate, clear and concise data that can be manipulated easily to target our investigative resources in a risk-based and cost effective manner. Some matches have identified issues with internal procedures and have led to improvements being implemented. The exercise regularly provides a starting point for criminal investigations and realises significant savings to the public purse."

Preston City Council, Lancaster City Council and Fylde Borough Council

"The 2016/17 NFI exercise has supplemented the routine data matching that we undertake. The matches undertaken by NFI to external data sources has helped in the identification of fraud and error which would otherwise be difficult to detect. The Housing Benefit to Student Loans report has been one of the most lucrative matches, helping us to identify in excess of £117k of overpayments. The results has also been helpful in identifying and correcting discrepancies."

Birmingham City Council



"The Companies House NFI reports were very useful to us. They prompted us to carry out checks to make sure there were no conflicts of interest and helped us cross check against our own annual declarations. We were also able to make sure the staff who now work for us, but have been suppliers in the past, had correctly completed their annual declaration of interests."

House of Commons

# How can we improve?

We want to ensure that you receive the highest quality matches, as well as the best possible user experience from the NFI suite. Your responses to this survey have helped us shape our 2018 to 2022 strategy. We want to ensure that you receive the highest quality matches, as well as the best possible user experience from the NFI. Below are some examples of your feedback and how we will seek to address them.

## You said

"Management Information reports are not intuitive or easy to use."

"Currently the matches provided contain many false positives and only about 10% are worth investigating."

"There is a lack of engagement with users."

## Our response

"As part of our continuous improvement strategy, we will develop management information tools, upgrade navigation options and improve web app functionality to better suit the user."

"We will tighten matching rules, and risk scoring, improving the accuracy and quality of existing NFI data matching techniques. We will also look to add additional data sources from both the public and private sector."

"We recognise the challenges around successful user engagement. As part of our strategy, we will identify the right people to ensure NFI becomes a fundamental aspect of every organisation's counter-fraud work."



## Contact us

We are always on the lookout for participants to help with ongoing improvements to the NFI. If you would like to get involved, [please contact us](#).

For more information about the NFI please visit our [website](#).

Follow the Cabinet Office on:

