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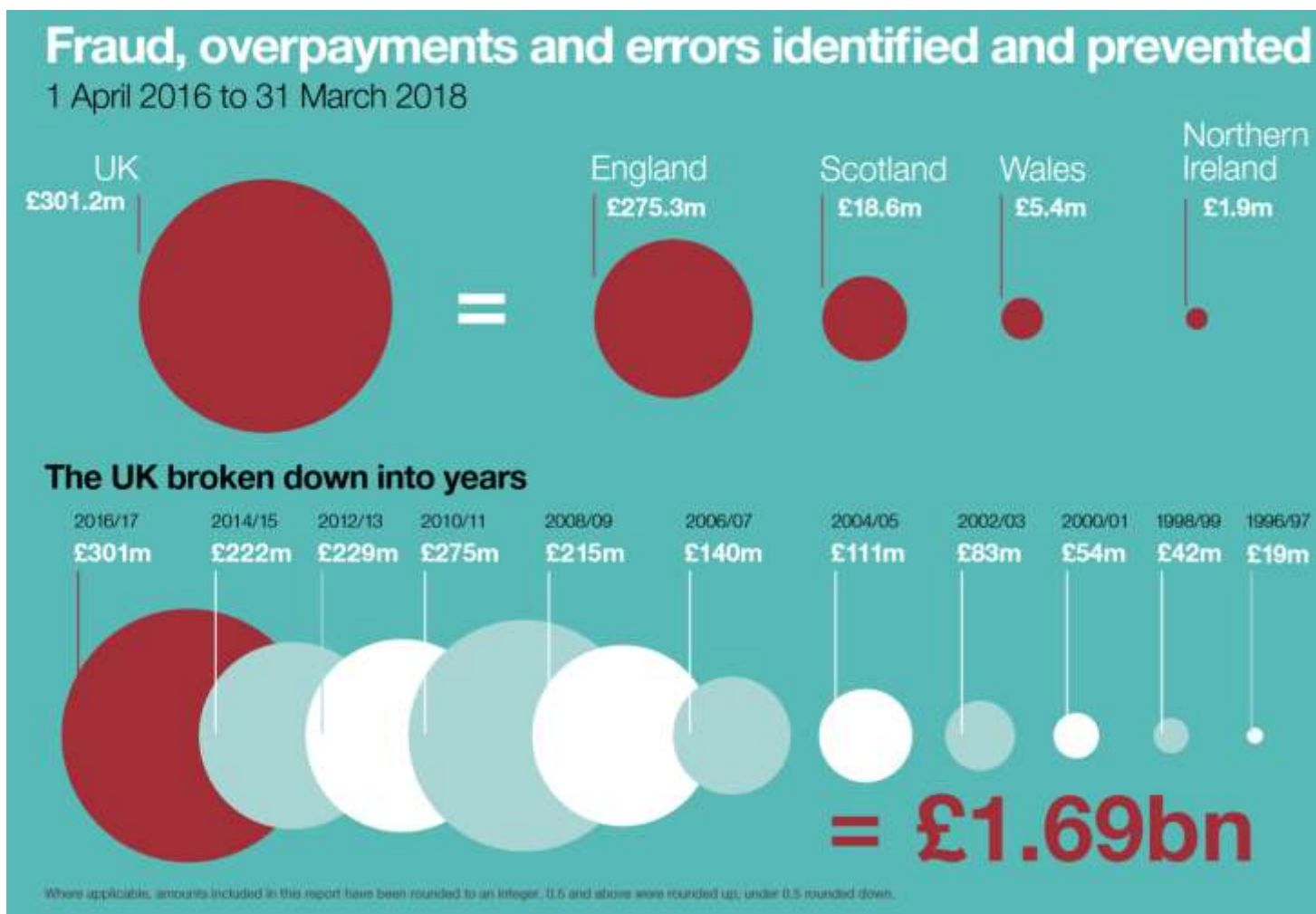
The National Fraud Initiative (NFI) is a data matching* exercise conducted by the Cabinet Office to assist in the prevention and detection of fraud

* Data 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.

Impact of the NFI

Fraud, overpayments and errors identified and prevented
1 April 2016 to 31 March 2018

UK £301.2m = England £275.3m Scotland £18.6m Wales £5.4m Northern Ireland £1.9m

The UK broken down into years

2016/17	2014/15	2012/13	2010/11	2008/09	2006/07	2004/05	2002/03	2000/01	1998/99	1996/97
£301m	£222m	£229m	£275m	£215m	£140m	£111m	£83m	£54m	£42m	£19m

= £1.69bn

Where applicable, amounts included in this report have been rounded to an integer, 0.6 and above were rounded up, under 0.5 rounded down.

Impact of the NFI

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revoked or withdrawn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 Headlines

Pensions 'paid to dead officers'
Claims police pensions are being paid to former officers who have died are being investigated by Scotland Yard. Internal auditors said the force blocked payments worth a total of £167,000 in the past financial year.

NHS employee jailed for four-year employment fraud
Kitchen porter at Harrogate District Hospital dishonestly earned £87,000 before detection

£800,000 fraud shocker
A SHOCKING £800,000 was recovered from more than 1,200 residents who fraudulently or wrongly claimed a council tax discount

NFI IN THE NEWS

Prison sentence for benefit fraud student
An ex-student has been jailed for claiming more than £37,000 of benefits he wasn't entitled to.

Nurse with two NHS jobs suspended
An NHS nurse who was employed full-time at two hospitals 150 miles apart has been suspended for a year at a conduct hearing.

Framework

- 1200 Participating organisations; 8000 datasets; 7500 active users; 4 key products

- The NFI is data matching exercise delivered using statutory data matching powers under the Local Audit and Accountability Act 2014, Part 6 – Fraud Prevention and Detection

- The Code of Data Matching Practice establishes the framework and process. The new code was published in September 2018

- It is compliant with GDPR, Data Protection Act 2018 and human rights legislation

- Participation is mandatory for many sectors of the public sector, other bodies can participate on a voluntary basis

- Participants engage through a secure NFI web application – accredited to government standards; participating organisations confirm compliance with the NFI Security Policy

- Delivered under contract by a private sector company (Synectics Solutions Ltd)

- Self financing – participants pay a fee to participate

nfi
National Fraud Initiative

So

24 years old
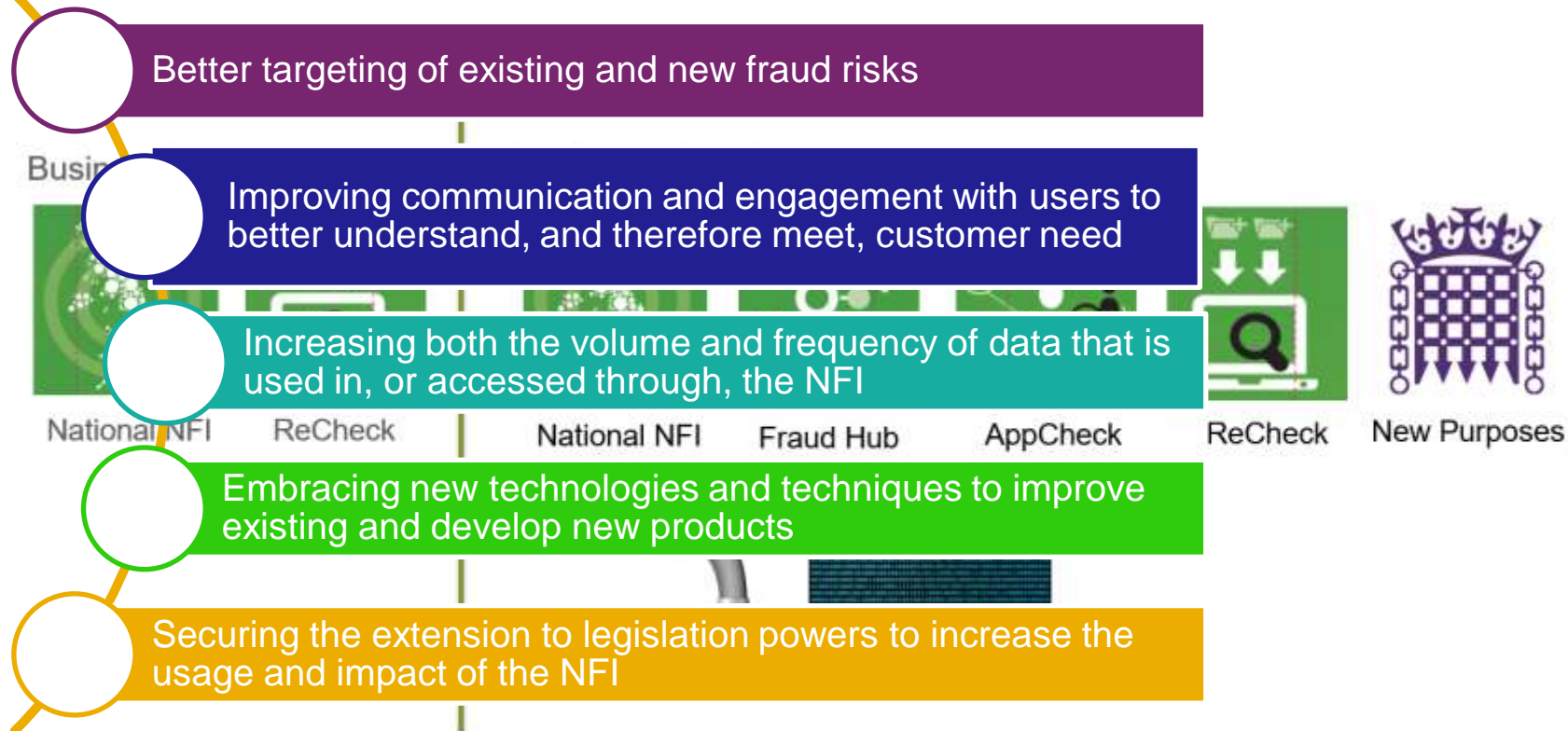
£1.7bn of fraud and error outcomes

Reported record outcomes in the last exercise

How does the National Fraud Initiative remain relevant?
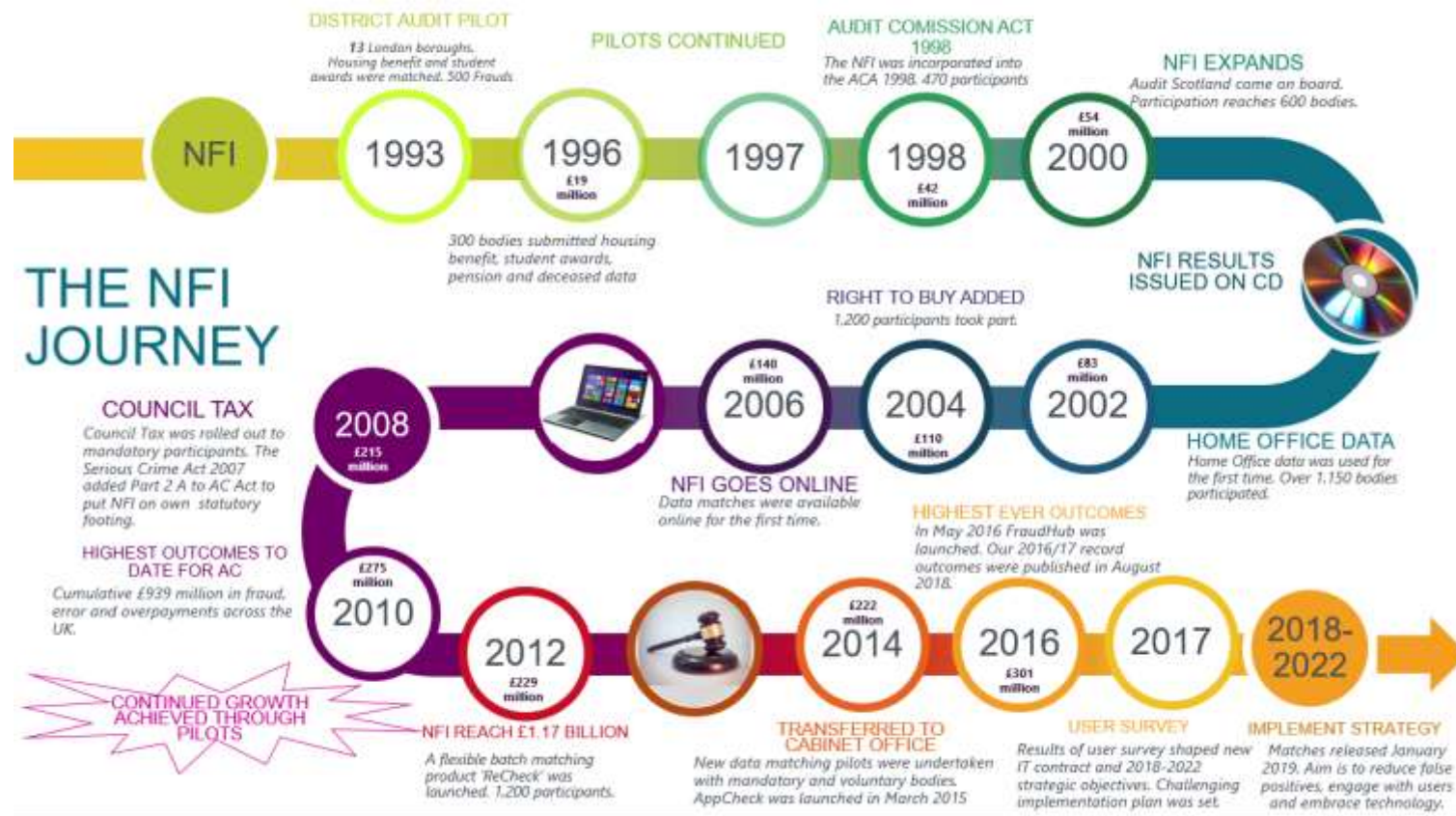
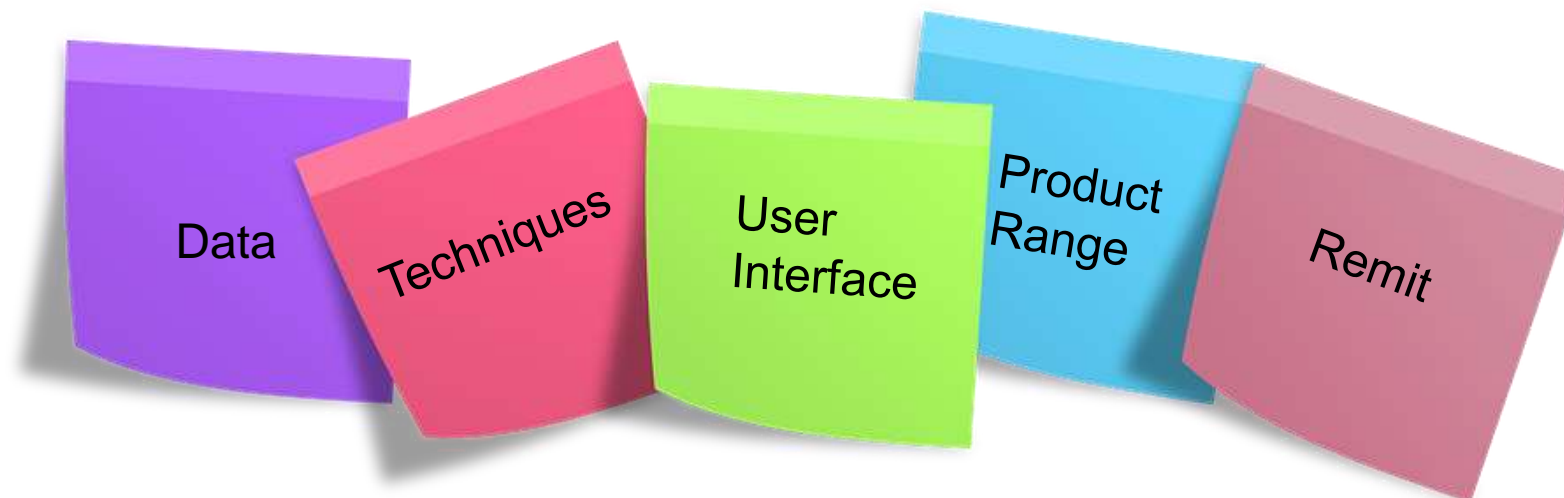# Innovation

Innovation is central to the NFI

Better targeting of existing and new fraud risks

Improving communication and engagement with users to better understand, and therefore meet, customer need

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

Embracing new technologies and techniques to improve existing and develop new products

Securing the extension to legislation powers to increase the usage and impact of the NFI

National NFI   ReCheck   National NFI   Fraud Hub   AppCheck   ReCheck   New Purposes

Innovation - Over time

Innovation - Themes

Data

Techniques

User Interface

Product Range

Remit

Innovation – Data - now

Current Datasets

- Blue Badges
- Concessionary Travel Pass
- Creditors
- Council Tax
- DWP & DDRI Deceased Persons
- Deferred Pensions
- Electoral Roll
- Fraud Data (Amberhill)
- Housing Benefit Claimants
- Housing Tenants
- Insurance Claimants
- Market Traders
- Occupational Pensions
- Payroll
- Right To Buy
- Personal Alcohol Licences
- Private Residential Care Homes
- Student Loans
- Taxi Drivers
- UKBA Immigration Data
- Waiting Lists

New datasets

- Council Tax Reduction
- Personal Budgets (direct payment)
- Companies House
- State Benefits

We request the minimum amount of data to carry out matching (identify individuals accurately), to report results of sufficient quality and to facilitate quick follow up/review.
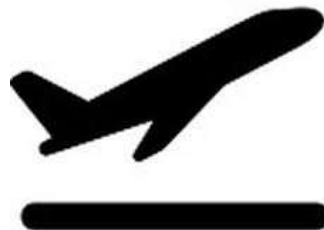
Innovation - Data – current pilots

CHECK IN (2)

- **School Admissions**
  Misrepresentation of main residence

- **Illegal Housing Succession**
  Matching Housing Tenancy to Care Homes

TAKE OFF (2)

- **Transliteration**
  Data matching technique

- **Multiple Parking Permits**
  Between London Boroughs

IN FLIGHT (2)

- **Dental and Ophthalmic**
  Prescription exemption fraud in Scotland

- **Council Tax Empty Properties**
  Identification of residents

LANDING (3)

- **Europcar**
  Residency verification

- **HMRC DEA**
  non declaration of earnings, capital, property

- **Civil Service Benevolent Fund**
  Financial support fraud

National Fraud Initiative Team
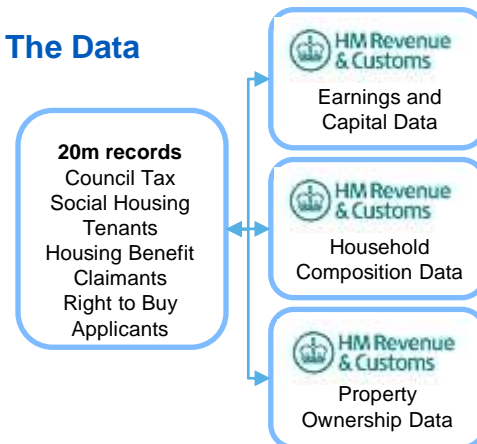## HMRC Fraud Pilot

Purpose: To better target existing and emerging fraud through the National Fraud Initiative [NFI], by matching, analysing and disclosing data held by her Majesty's Revenue and Customs to data submitted to NFI by Local Authorities in England.

What We Used

Legal Powers

The first combined use of Digital Economy Act Fraud Powers & Cabinet Office Data Matching Powers

The Data

20m records
Council Tax
Social Housing Tenants
Housing Benefit Claimants
Right to Buy Applicants

HM Revenue & Customs — Earnings and Capital Data

HM Revenue & Customs — Household Composition Data

HM Revenue & Customs — Property Ownership Data

What We Did

- HMRC data matched to their customer records using a methodology developed by the CO Data Analytics Development Team.

- The pilot is identifying individuals ineligible for Local Authority services based on their individual or household income or property ownership status.

Timeline

- Phase One: 22,000 matches released to 10 pilot local authority sites to validate the concept (March 2020)

- Phase Two: 1.4m matches released to all other English Local Authorities (Aug 2019)

- Full Evaluation Report April 2020

The Impact so far…

£1m of fraud & error identified (Phase One May 2019)

£3.8m of fraud and error identified (Phase Two)

Circa £1.5m of estimated future losses prevented

LA investigations expected to continue into well into 2020.
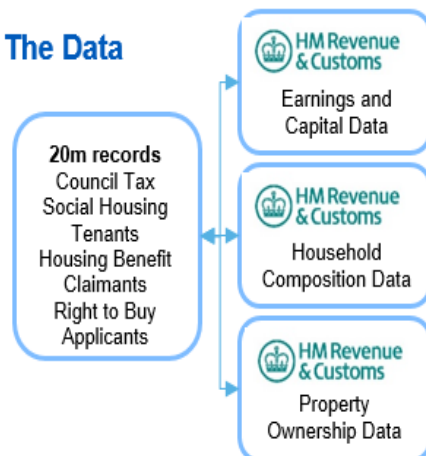
Innovation – pilots - HMRC

Purpose: To better target existing and emerging fraud through the National Fraud Initiative [NFI], by matching, analysing and disclosing data held by her Majesty's Revenue and Customs to data submitted to NFI by Local Authorities in England.

What We Used

Legal Powers

The first combined use of Digital Economy Act Fraud Powers & Cabinet Office Data Matching Powers

The Data

20m records
Council Tax
Social Housing Tenants
Housing Benefit Claimants
Right to Buy Applicants

HM Revenue & Customs
Earnings and Capital Data

HM Revenue & Customs
Household Composition Data

HM Revenue & Customs
Property Ownership Data

What We Did

- HMRC data matched to their customer records using a methodology developed by the CO Data Analytics Development Team.

- The pilot is identifying individuals ineligible for Local Authority services based on their individual or household income or property ownership status.

Timeline

- Phase One: 22,000 matches released to 10 pilot local authority sites to validate the concept (March 2020)

- Phase Two: 1.4m matches released to all other English Local Authorities (Aug 2019)

- Full Evaluation Report April 2020

The Impact so far…

£1m of fraud & error identified (Phase One May 2019)

£3.8m of fraud and error identified (Phase Two)

Circa £1.5m of estimated future losses prevented

LA investigations expected to continue into well into 2020.

Innovation – Data - future

- **Fraud Problem Catalogue**
  - Catalogue existing fraud problems and the data we use to highlight potential fraud, additional datasets we could use and new fraud problems we could target.

- **Data Acquisition Plan**
  - Building from the fraud catalogue - a prioritised list of key datasets to target for integration into the NFI eg Driving Licence

- **Pilot Pipeline**
  - Procurement
  - Disabled Facilities Grants
  - Housing Tenancy to Care Homes

- **Expansion to new sectors**
  - Utilities

Innovation - Techniques

Now

- APIs
  - Call out to key 3rd party datasets – eg CRA
  - Participants to submit data to NFI

In development

- Machine Learning
  - Pilot on previous NFI results to better prioritise

Future

- Automation of data collection – pull rather than push

- Expand APIs – key government datasets - eg HMRC
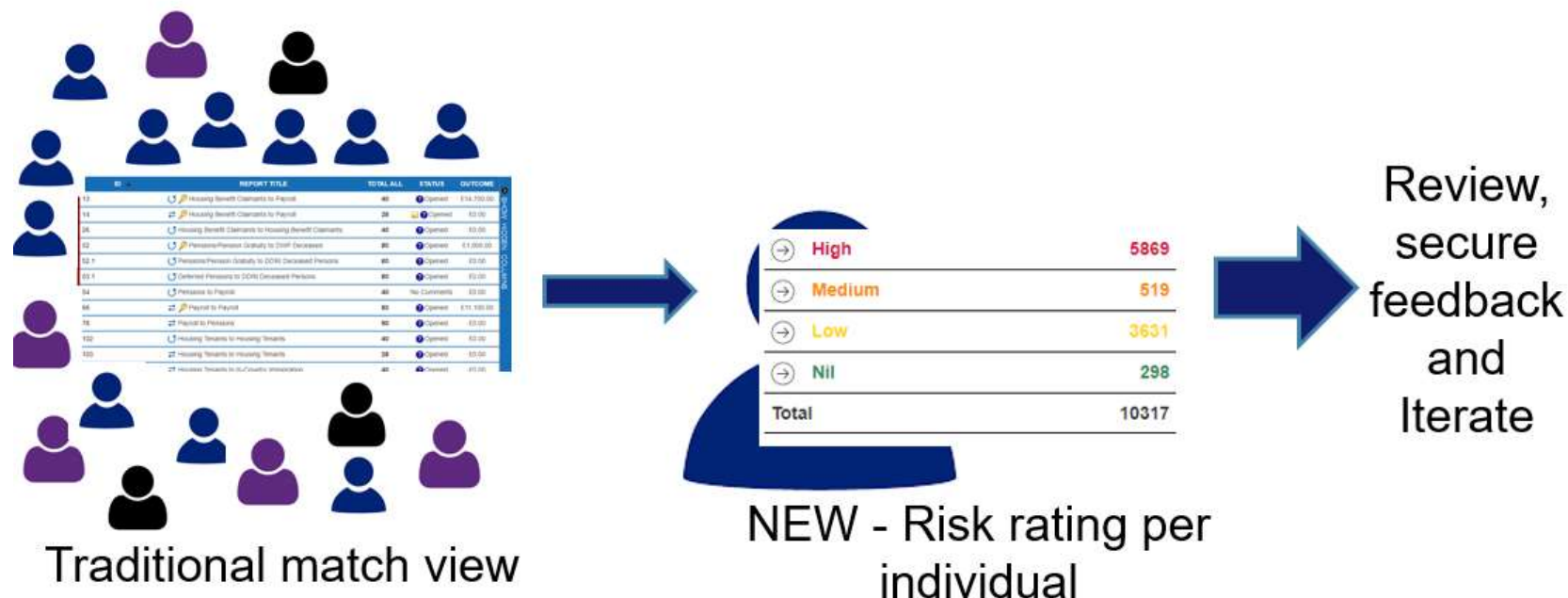
Innovation – User Interface - now

Significantly developed over time (from paper based product, through cd to secure web based platform). Now:

- Secure facility for submitting data and distributing matches

- Hierarchal and controlled user access

- Case management control features

- Management Information – configurable widgets; comparator information

- Online training programme

- Data Quality assessment

Innovation – User Interface – future

- Risk scoring enhancements – explore including HMRC data/CRA, review and refine current methodology including machine learning

- Fraud Hub developments
  - Improved user admin area to simplify hub administration
  - Roll out of risk scoring
  - Improved Management Information including configurable dashboards/widgets
  - Enhanced 'single person search' by adding visualisation of data using 'network analysis' type view

Innovation – Product Range

Fraud Prevention →

Fraud Detection →

NATIONAL EXERCISES RECHECK FRAUDHUB APPCHECK

Innovation – Product Range – National & ReCheck

- Fraud Detection

- Batch data matching

- National exercise – repeated every 2 years

- Runs across the UK

- 1200 organisations – 8000 datasets – 250m data records

- Targets around 20 fraud risks across public and private sector

- ReCheck – allows organisations to submit data and repeat any matching at any time

Innovation – Product Range – Fraud Hub

- Enables organisations to come together (usually geographical area) to share data

- Target priority fraud risks for hub members

- Detection - Stop existing fraud

- Prevention - Identify change in circumstances which mean individuals are no longer entitled to benefits of services

- Growing business area - mainly local authorities
  - 2 active fraud hubs, 1 launching April and others in advanced discussions
  - Hertfordshire Fraud Hub - 3 bodies - May 2019 £5m fraud/error to date

- Innovation – addition of Business Rates, modernisation of user interface

- Marketing – fraud hub leaflet, video to be launched

Results:

More than £5 million in estimated savings have been achieved in the first 12 months of operation and over 50,000 social care records have been removed from databases using mortality screening data, thus preventing further overpayments, in addition to:

- ✓ 3,000 Blue Badges cancelled

- ✓ 3,000 Concessionary Travel passes being revoked

- ✓ 120 Local Government pensions or deferred pensions stopped

- ✓ 182 Direct Payments or Personal Budgets for adult care being stopped/reduced or reviewed

- ✓ 15 Residential Care placement payments being cancelled

- ✓ 23 Payroll discrepancies being subject to further investigation

Innovation – Product Range - AppCheck

- Prevention – real time point of application checking service – so helps prevent fraudsters accessing services and benefits

- Validates the application form against the NFI datasets

- Flags applications with inconsistencies – conduct more checks

- Allows validated applications to be fast tracked – so improving genuine customer experience

- Better focus of existing fraud investigation resources

- Increased take up from public sector – 57 LAs

- Notable success from private sector:
  - QBE Insurance project has won several insurance industry awards and is already signed up to continue usage, others interested
  - Utilities sector have conducted a successful pilot. Now rolling out a solution to the market

- Marketing – leaflet

Innovation – Product Range – future

- Bespoke solutions

- Building on existing products

- Designed for specific clients, sectors

- Current solutions include Transport for Wales, London Councils and Staffordshire County Council

Innovation – NFI Remit

Now

- Data matching for fraud prevention and detection

In consideration

- assist in the prevention and detection of crime (other than fraud);

- assist in the apprehension and prosecution of offenders;

- assist in the prevention and detection of errors and inaccuracies; and

- assist in the recovery of debt owing to public bodies.

Innovation – NFI Remit – in consideration

1. Assist in the prevention and detection of crime (other than fraud).	Would permit agencies such as the police, the MOJ and the NCA to use the results of NFI data-matching as a further source of intelligence in criminal investigations eg tracing missing and vulnerable persons and investigations into modern slavery.
2. Assist in the apprehension and prosecution of offenders.	
3. Assist in the prevention and detection of errors and inaccuracies.	Could allow NHS England to remove duplicate patients and deceased persons from GP patient list data.
4. Assist in the recovery of debt owing to public bodies.	Could help local authorities or government departments such as the MOJ to help trace people owing money to them. For example, tracing those who have failed to pay council tax bills, business rates, housing or commercial rents, or have unpaid fine.

Questions

Email contact details:

darren.shillington@cabinetoffice.gov.uk

nfiqueries@cabinetoffice.gov.uk

Web pages:

https://www.gov.uk/government/collections/national-fraud-initiative