# Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

**Report of the Cabinet Member for Resources, Governance and Performance**

**JOINT NATIONAL FRAUD INITIATIVE STRATEGY** (Key Decision Reference: Dec12/05)

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**1.    Summary and reasons for recommendation(s)**

1.1    The National Fraud Initiative (NFI) is a data matching exercise which involves the comparison of information held by and between around 1,300 organisations including councils, the police, hospitals and a number of private companies, with the objective of detecting and preventing fraud and error.

1.2    Forest Heath District Council and St Edmundsbury Borough Council collect and use many different types of data from a wide variety of sources, which include customers, stakeholders, partners and other local authorities and government bodies.

1.3    This joint NFI Strategy is the first such Strategy for Forest Heath DC and replaces the Strategy currently in place at St Edmundsbury BC. Since the introduction of the data matching service, participation in the NFI has become mandatory and considered a corporate activity, also incorporating data security and data protection.  This document aims to define the key roles and responsibilities for all stakeholders involved with the NFI exercise to ensure that fair processing compliance is maintained, mandatory data sets are correctly provided and investigations are undertaken as necessary, based on the associated risks.

1.4    This Strategy aims to provide a means of ensuring staff have the correct knowledge, understanding and support in order to discharge their NFI roles and responsibilities.

1.5    The Strategy also sets outs the key activities and responsibilities for officers in relation to the follow-up of matched reports and reporting progress on the investigation of errors and potential frauds.

1.6    This Strategy has been scheduled for approval by the Performance and Audit Committee on 27 November 2012, prior to subsequent adoption and formal adoption by Cabinet and Council. Any amendments and/or comments made by the Performance and Audit Committee will be verbally reported to Cabinet.

**2. Recommendation(s)**

**2.1 Cabinet approves adoption of the joint NFI Strategy between Forest Heath District Council and St Edmundsbury Borough Council and recommends formal adoption by Council.**

**2.2 The Head of Resources and Performance is given delegated authority to update information on NFI Outcomes and Data Leads (paragraphs 1.4 and 7.3 of the Strategy respectively) as appropriate.**

**2.3 The Head of Resources and Performance be authorised, in consultation with the Portfolio Holder for Resources, Governance and Performance to make any minor typographical, factual, spelling, grammatical and other minor changes to the Joint National Fraud Initiative Strategy as set out at Appendix A, provided they do not materially affect the substance or meaning of the Strategy.**

| Contact details | Portfolio holder | Lead officer |
|---|---|---|
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**3. How will the recommendations help us meet our strategic priorities?**

3.1 The recommendations made in this report are intended to support and enhance the Council's ability to deliver its priorities.

**4. Key issues**

4.1 Since the NFI started in 1996, the programme has helped detect £939 million in fraud, error and overpayments, taking it a step closer to achieving a £1 billion payback to the public purse. The main categories of fraud identified by the NFI in England relate to pensions, council tax and housing benefit.

4.2 Data matching exercises are carried out under statutory powers in Part IIA of the Audit Commission Act 1998 which contains important safeguards on the use and disclosure of data, including the requirement for a statutory Code of Data Matching Practice, known as 'the Code'.

4.3 Accurate and reliable data is vital to the success of the organisation – it is used to:
- help measure services that we provide to the public;
- benchmark cost and performance;
- set targets to improve performance, reduce cost and improve customer care;

and
- can also be used to identify potential errors and fraud.

4.4 The links between NFI data matching reports and data quality are intrinsic and the Data Matching Service uses the NFI process to assess the arrangements that audited bodies have put in place to deal with errors and fraud. There is an expectation that External Audit will undertake periodic data quality audits reviewing the arrangements in place to promote reliable data quality.

4.5 Ensuring good quality data should not be an end in itself but an integral part of our performance management and governance arrangements. By putting both data quality and data matching analysis at the heart of data management systems, greater reliability can be placed on the information we base decisions on and monitor our performance. The detection of errors can help to identify areas for improvement and will increase the efficiency of the organisation

**5.     Other options considered**

5.1 There are no alternative options as the Council needs to ensure it has adequate arrangements in place with regarding to preventing and detecting fraud and error, and having a clear NFI Strategy, approved by Members, plays an important part in this.

**6.     Community impact**

6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 This Strategy directly contributes to the Council's duty to do all it reasonably can to prevent to prevent crime and disorder in its area.

6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

6.2.1 None arising directly from this report.

6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

6.3.1 None arising directly from this report.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 None arising directly from this report.

**7.     Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 No external consultation was required or undertaken in producing this report.

**8.     Financial and resource implications** *(including asset management implications)*

8.1 There are no direct financial implications arising from this report, although participation in the National Fraud Initiative may contribute towards the effective use of public funds.

9. **Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

| Risk area | Inherent level of risk (before controls) | Controls | Residual risk (after controls) |
|---|---|---|---|
| Failure to supply correct data in a timely manner to the Data Matching Service to allow data sets to be compared; and follow-up and investigate where appropriate matched data reports, could expose the council to financial loss and reputational damage. In addition, it may result in the Council failing in its duty to protect the 'public purse' whereby instances of fraud, over-or under-payments and other errors are not being detected. | Medium | The Strategy provides a means of ensuring staff have the correct knowledge, understanding and support in order to discharge their NFI roles and responsibilities.<br><br>The Strategy also sets outs the key activities and responsibilities for officers in relation to the follow-up of matched reports and reporting progress on the investigation of errors and potential frauds. | Low |

## 10. Legal and policy implications

10.1 Data matching exercises are carried out under statutory powers contained in the Audit Commission Act 1998.

## 11. Ward(s) affected

11.1 All

## 12. Background papers

12.1 None

## 13. Documents attached

13.1 Appendix A – Draft National Fraud Initiative Strategy