



The National Fraud Initiative in Wales 2022-23

October 2024



This report summarises the findings of the biennial National Fraud Initiative in Wales for the period 1 April 2022 to 31 March 2024. I have prepared this report under the Public Audit (Wales) Act 2004.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Key facts for Wales



£7.1 million – outcomes from NFI 2022-23



£56.5 million – total outcomes from the NFI since 1996



4,354 – number of data matches in NFI 2022-23 with reported outcomes



49 – number of organisations participating in NFI 2022-23



97% – proportion of outcomes from local authority data matches by value



15 – number of participants reporting outcomes over £100,000

Key messages

- 1 The National Fraud Initiative (NFI) is a biennial UK-wide counter-fraud exercise. It helps prevent and detect fraud by sharing and matching sets of data electronically. **Appendix 1** provides more detail. It also shows the key stages in the NFI 2022-23 exercise¹.
- 2 Fraud, error and overpayment outcomes valued at £7.1 million have been recorded since we last reported on the NFI in Wales in October 2022. Cumulative outcomes for Wales since NFI started in 1996 now amount to £56.5 million. Across the UK, cumulative NFI outcomes are now £2.9 billion.
- 3 The outcomes for Wales from NFI 2022-23 are £0.6 million more than for NFI 2020-21. This is primarily because of a rise in the number of fraudulent or erroneous claims for housing benefit and council tax single person discount. However, falls in other areas partly offset these increases.
- 4 Of the £7.1 million reported outcomes, 97% are from local authority data matches relating to council tax, housing benefit, blue badges, housing waiting lists, and pensions. We have included three case studies. These highlight the value of participants investing resources in assessing and reviewing data matches.
- 5 Beyond any financial savings, the benefits of participation and reviewing data matches include the assurances that NFI results can provide around systems of internal control. NFI results may also highlight areas for improvement. Our review of data matching reports highlights inconsistencies in local follow-up arrangements and some large variations in outcomes between participants of similar type.
- 6 And while not all participants will necessarily see significant positive outcomes themselves, data sharing enables matches between bodies and across national borders. Data submitted by Welsh bodies for NFI 2022-23 helped organisations in other parts of the UK identify outcomes of £0.2 million from 104 data matches.

1 This report refers to each NFI exercise based on the financial year in which it launched.



I have commented previously that while the debate about public finances often focuses on spending cuts and/or raising taxes, relatively little is said about fraud and error. Yet it continues to be a blight on public services.

Realising the benefits of the NFI relies on participating bodies investing time and effort to assess and review data matches effectively. Quantifying the overall impact also relies on bodies recording their outcomes. Most participants display a strong commitment to the NFI, but I remain concerned that this is not always the case.

As the next NFI round rolls out, Audit Wales staff will increase their engagement with participating bodies to raise awareness, promote active participation, and understand better how bodies are assessing and reviewing matches.

Adrian Crompton
Auditor General for Wales



Detailed report

Overall outcomes

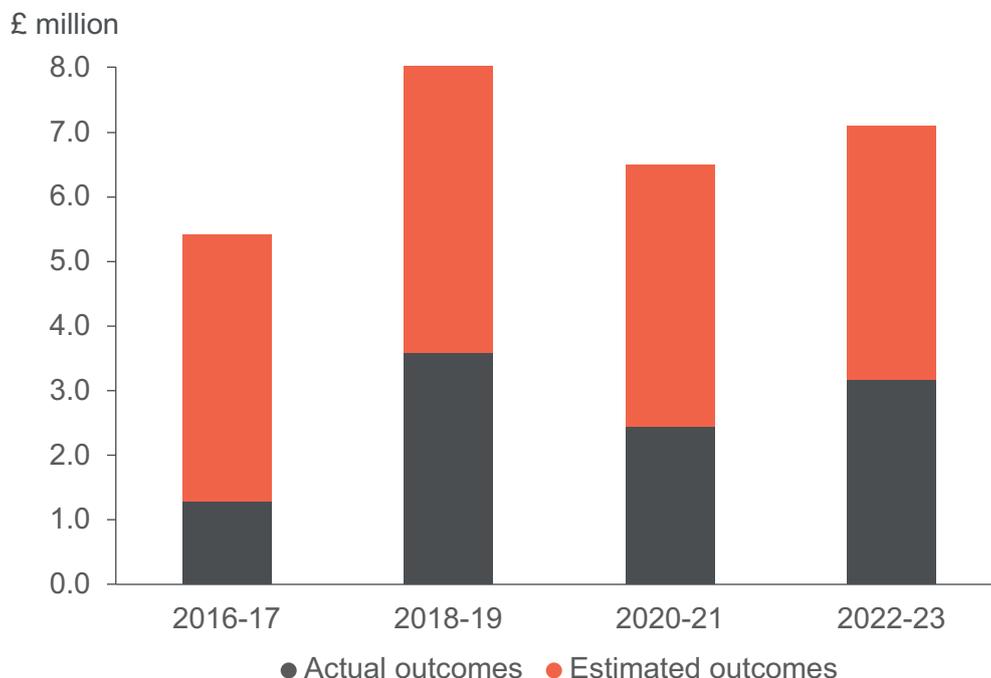
NFI 2022-23 recorded outcomes of £7.1 million for Wales

- 7 The NFI uses the term ‘outcomes’ to refer to the financial value of fraud, error and overpayment detected and prevented through NFI data matching.
- 8 NFI 2022-23 recorded outcomes of £7.1 million for Wales. This is an increase of £0.6 million on NFI 2020-21, although still less than the £8 million of outcomes reported for NFI 2018-19.
- 9 The outcome figures used in this report include:
 - actual outcomes – actual amounts participants have recorded as fraud, error, and overpayment; and
 - estimated outcomes – an estimated element which seeks to capture the value of loss from a fraud or error detected, and the value of any future losses that bodies may have incurred without intervention following an NFI match².
- 10 The value of actual outcomes reported for NFI 2022-23 is £3.2 million (45% of total outcomes). **Exhibit 1** compares the overall outcomes and this breakdown with the previous three NFI exercises. Outcomes totalling over £100,000 were reported by 15 participants, of which 14 were local authorities³.

2 Most NFI datasets have a methodology to calculate estimated outcomes. There is a review of methodologies before each NFI exercise. The Cabinet Office’s NFI Governance Board reviews and approves changes to existing methodologies where changes are based on refreshed data. Any new methodologies are approved by the Fraud Prevention Panel.

3 Excluding outcomes of housing benefit cases passed by local authorities to the UK Department for Work and Pension (DWP) for investigation (see **paragraph 24**).

Exhibit 1: NFI outcomes by exercise, 2016-17 to 2022-23



Source: Audit Wales analysis of NFI outcomes

- 11 NFI 2022-23 outcomes include some cases from NFI 2020-21 matches where reviews were completed and reported after March 2022. Late savings from NFI 2020-21 account for £0.7 million (10%) of the total outcomes reported for NFI 2022-23. Most of that sum, £0.5 million, relates to housing benefit data matches.
- 12 One key benefit of a UK-wide data matching exercise is that it enables matches between bodies and across national borders. So, while participants may not identify significant outcomes from their own matches, providing their data can help other bodies and sectors identify fraud, error, and overpayments. Data provided by Welsh participants for NFI 2022-23 helped bodies outside Wales identify outcomes worth £0.2 million.
- 13 Similarly, data from other UK participants has helped identify outcomes in Wales. For example, a Welsh local authority removed an individual from a housing waiting list after reviewing a data match where the person was also on a waiting list in England.

Five data match areas generated just over 90% of outcomes

- 14 **Exhibit 2** sets out the data match areas which generated the most outcomes. Council tax discounts, housing benefit, blue badges, housing waiting lists, and pensions, generated just over 90% of outcomes by value.

Exhibit 2: data match areas that generated the most outcomes, NFI 2022-23

Data match area	Number of data matches with outcomes	Total value of outcomes (£ million)	% of outcomes by value
Council tax discounts	2,084	2.9	41
Housing benefit	298	1.5	22
Blue badges	1,566	1.0	14
Housing waiting lists	124	0.5	7
Pensions	40	0.4	6
Other ¹	242	0.6	9
Total²	4,354	7.1	100

Notes:

- 1 Other outcomes mostly relate to the council tax reduction scheme and creditor payments (see **paragraphs 37 to 41**).
- 2 Totals may not match the sum of the parts due to rounding.

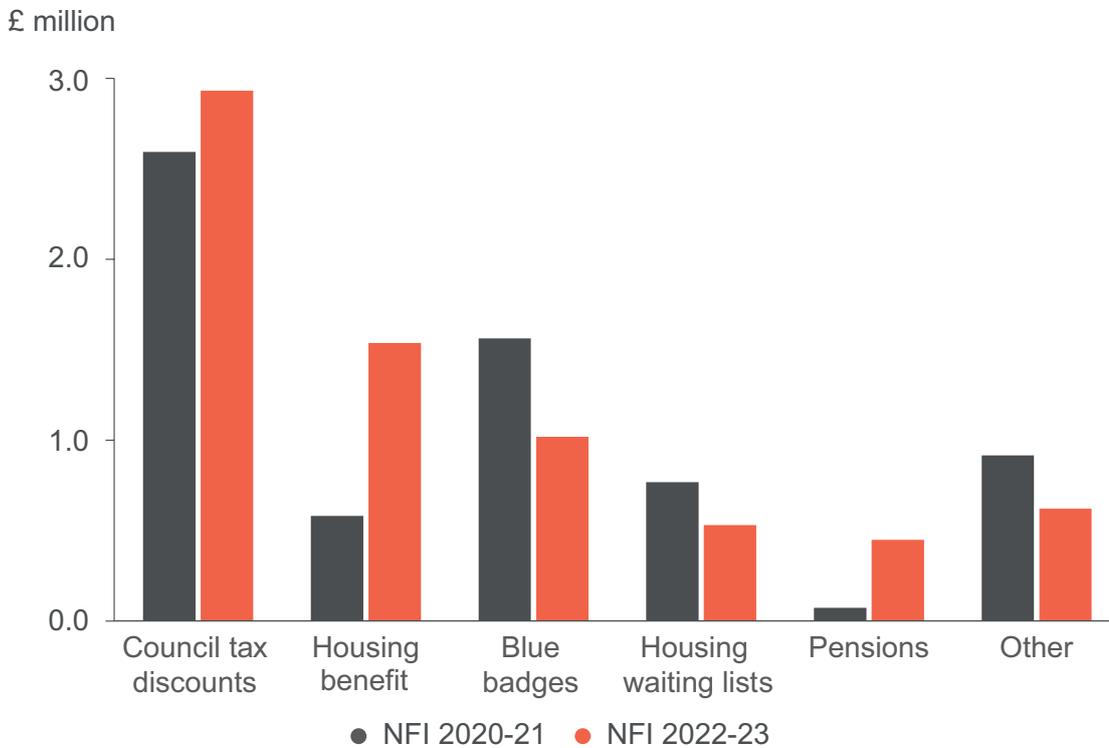
Source: Audit Wales analysis of NFI outcomes

- 15 Once bodies have identified fraud, error, or overpayments, they can take appropriate action to recover money. As of 31 March 2024, £2.7 million (86%) of actual outcomes reported (see **Exhibit 1**) had been, or were in the process of being, recovered.

Increased outcomes in some areas have been offset, in part, by reduced outcomes in others

- 16 Overall outcomes in Wales have increased by £0.6 million since the last exercise. **Exhibit 3** shows that reasons for this increase include:
- housing benefit outcomes rising from £0.6 million to £1.5 million. Just over a third of the value of Housing Benefit outcomes relate to late savings from the 2020-21 NFI exercise;
 - a rise in the number of fraudulent or erroneous claims for council tax single person discount, leading to outcomes in this area increasing by £0.3 million; and
 - an increase of 31 instances where pensions had remained in payment after pensioners had died, up from nine cases in NFI 2020-21 to 40 in this exercise and resulting in outcomes rising from £0.1 million to £0.4 million.

Exhibit 3: comparison of outcomes by data match area, NFI 2020-21 and 2022-23



Source: Audit Wales analysis of NFI outcomes

17 However, such increases were offset in part by:

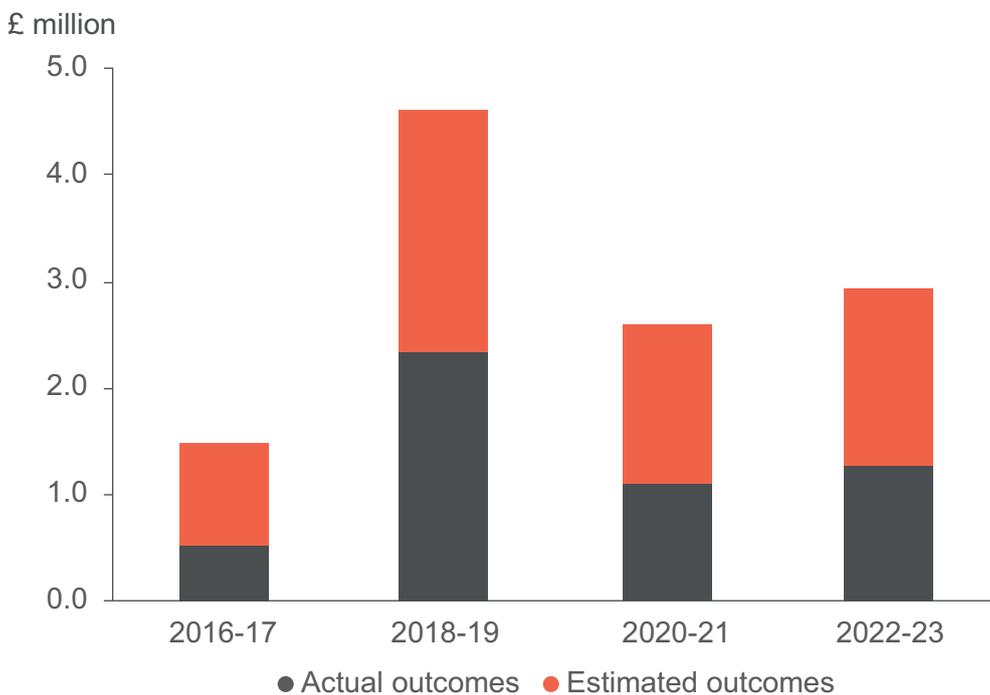
- the previous exercise having included data matches relating to certain COVID-19 business support grants, which had reported £0.6 million of fraud and error;
- a fall in the cancellation of blue badges in Wales, from 2,717 to 1,566, leading to outcomes in this area falling by 35% from £1.6 million to £1.0 million; and
- the number of cases of applicants identified as needing removing from housing waiting lists reducing from 237 to 124, resulting in outcomes falling from £0.8 million to £0.5 million.

Further analysis of outcomes by type

The value and number of council tax single person discounts cancelled has increased

- 18 A full council tax bill is based on at least two adults living in a home. People living on their own or with other adults that are all disregarded for council tax, are eligible for a 25% single person discount. The NFI matches council tax data to a range of other data to help identify where people are inappropriately receiving the discount.
- 19 NFI 2022-23 led to the cancellation of 2,084 single person discount claims, an increase of 5% on the 2020-21 exercise, across nine local authorities. **Exhibit 4** shows that, by value, outcomes increased by £0.3 million in the NFI 2022-23 exercise, to £2.9 million.

Exhibit 4: council tax single person discount outcomes by NFI exercise, 2016-17 to 2022-23



Source: Audit Wales analysis of NFI outcomes

- 20 Of the £2.9 million, almost £1.3 million related to actual discounts people had already benefited from, i.e. reductions to council tax bills they were not eligible for. The estimated forward saving of the cancellation of these discounts is £1.7 million. The average outcome for each case is £1,407 compared with £1,305 per case for NFI 2020-21.
- 21 Most cancellations came from matches with electoral register data. However, around 20% of cases were because a member of the household had turned 18 years of age and the local authority had not been informed. **Exhibit 5** highlights Newport City Council's approach for reviewing council tax single person discounts. The Council reported just over a quarter of the total single person discount outcomes for Wales.

Exhibit 5: Newport City Council and council tax single person discount outcomes

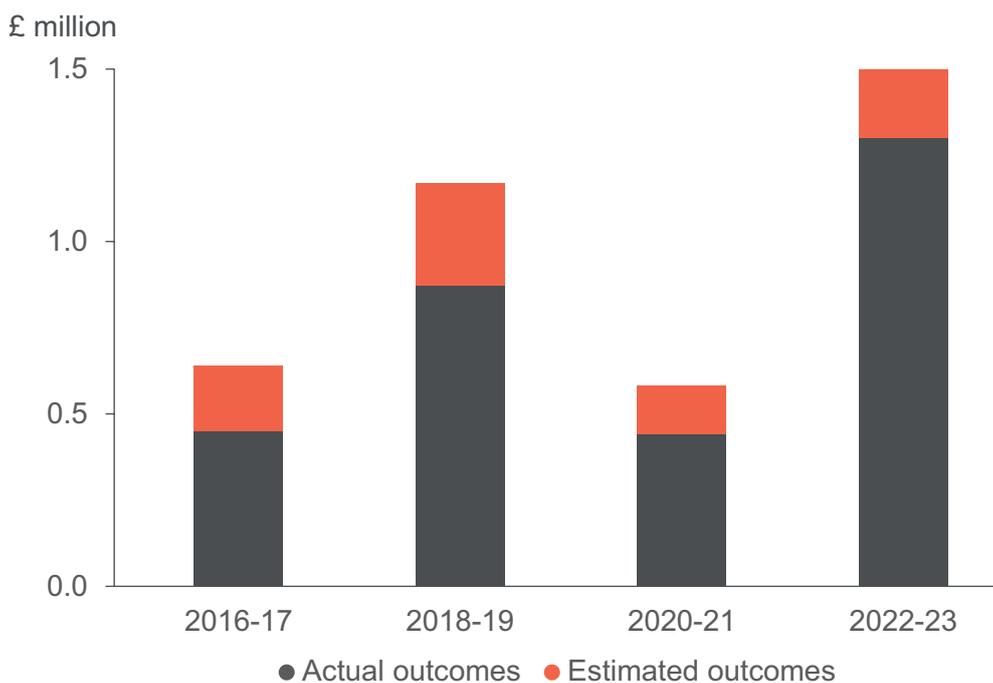
Newport City Council reported over a quarter of the total council tax single person discount outcomes, both by value and the number of discounts cancelled. The NFI is an additional check that has been built into the Council's processes for ensuring single person discount awards are valid, with a dedicated and experienced officer reviewing all council tax data matches.

This approach resulted in the Council cancelling 627 single person discount claims in NFI 2022-23, recovering £0.35 million of discounts that were not legitimate. The cancellation of these discounts has prevented an estimated further loss of income of £0.45 million.

Housing benefits outcomes have increased significantly, but also include a substantial proportion of late savings from NFI 2020-21

- 22 The NFI provides local authorities and the DWP with the opportunity to identify a wide range of benefit frauds and errors. It matches housing benefits data to student loans, payroll, pensions, housing benefit at other local authorities, housing tenants, licences, deceased person, and Amberhill⁴ data, to help identify ineligible claims.
- 23 **Exhibit 6** shows the value of housing benefit cases recorded with fraud, error and overpayments was at its highest level over the last four NFI exercises. Reported outcomes increased from £0.6 million in NFI 2020-21 to £1.5 million in NFI 2022-23.

Exhibit 6: housing benefit outcomes by NFI exercise, 2016-17 to 2022-23



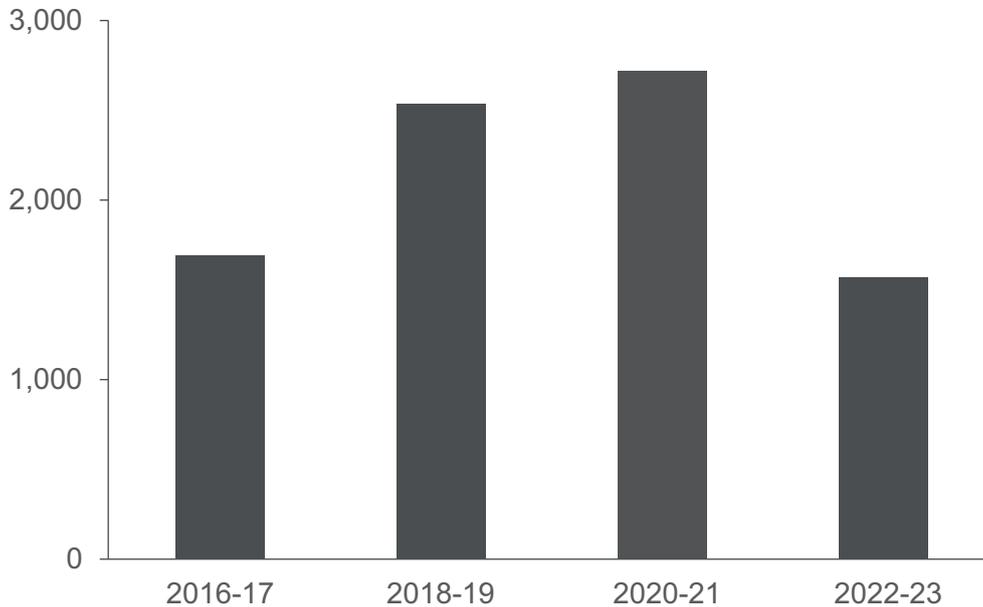
Source: Audit Wales analysis of NFI outcomes

4 Operation Amberhill is an initiative led by the Metropolitan Police Service. The team collate and distribute data on false identities.

- 24 Local authorities refer suspected fraudulent data matches to the DWP for investigation. Outcomes from DWP investigations are not attributed back to individual local authorities. Of the £1.5 million in housing benefit outcomes and 298 cases, DWP reported £1.3 million and 249 cases. 12 local authorities accounted for the remaining outcomes and cases.
- 25 Some £0.54 million (35%) of the housing benefit outcomes relate to late savings from data matches from NFI 2020-21, with £0.48 million reported by the DWP.

The number of blue badges cancelled was lower than in the previous three exercises and fell for the first time since NFI 2012-13

- 26 The blue badge parking scheme allows people with mobility problems to park for free at on-street parking meters, in pay and display bays, in designated blue badge spaces, and on single or double yellow lines in certain circumstances. Blue badge data is matched to deceased persons and Amberhill data.
- 27 Badges are sometimes used or renewed improperly by people after the badge holder has died. It is an offence for an unauthorised person to use a blue badge. Such misuse reduces parking revenues and limits the parking facilities available to genuine badge holders.
- 28 NFI 2022-23 resulted in the cancellation of 1,566 blue badges in Wales across 11 local authorities. **Exhibit 7** shows the fall in the number of blue badges cancelled compared with NFI 2020-21, down by 42%. This was the first time the number of badges cancelled has fallen since NFI 2012-13 and the figure was also lower than in NFI 2016-17 and NFI 2018-19.

Exhibit 7: blue badges cancelled by NFI exercise, 2016-17 to 2022-23

Source: Audit Wales analysis of NFI outcomes

29 The estimated value of these 1,566 cases is £1.0 million. This is based on a calculation of the annual estimated cost of lost parking revenue and the likelihood of these blue badges being misused. **Exhibit 8** highlights how NFI 2022-23 facilitated the cancellation of almost 300 badges at the Isle of Anglesey Council and is leading to strengthened administrative arrangements.

Exhibit 8: Isle of Anglesey Council and blue badge outcomes

NFI 2022-23 enabled the Isle of Anglesey County Council to identify 299 blue badge matches that remained in circulation following a death.

'Tell Us Once' is a service that lets someone report a death to most government organisations in one go. This allows councils to: cancel housing benefit, council tax reduction, or a blue badge; inform council housing services; and remove the person from the electoral register.

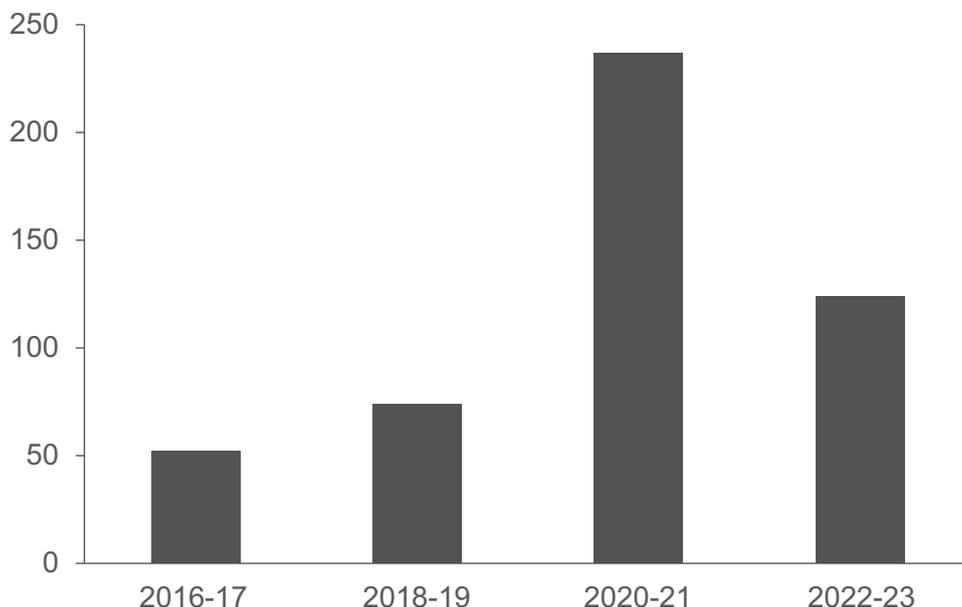
Investigations by the Internal Audit Team revealed that the Council had not included Cyswilt Môn, the reception service, which deals with blue badges, in its 'Tell Us Once' initiative, and the reception service was not therefore informed of deaths.

The Council is strengthening its internal control processes to ensure blue badge administrators can proactively cross reference permit holders' details with deceased records, so it can cancel badges promptly.

The number of ineligible applicants removed from housing waiting lists has almost halved since NFI 2020-21, although most of the reported outcomes related to a single local authority

- 30 The NFI uses housing waiting list data to identify possible waiting list fraud. This happens when an individual has registered on the waiting list but there are possible undisclosed changes in circumstances. Or they may have provided false information.
- 31 The NFI matches housing waiting list data to waiting lists in other local authorities, housing benefit, housing tenants, deceased persons, and Amberhill data. For local authorities that still own housing stock, the number of ineligible applicants removed from waiting lists fell by almost 50% (from 237 to 124 cases) between NFI 2020-21 and 2022-23 (**Exhibit 9**).

Exhibit 9: number of applicants removed from waiting lists by NFI exercise, 2016-17 to 2022-23



Source: Audit Wales analysis of NFI outcomes

- 32 The estimated value of these cases is just over £0.5 million. This value is based on a calculation of the annual estimated cost of housing a family in temporary accommodation and the likelihood a waiting list applicant would be provided with a property.
- 33 The City and County of Swansea Council reported almost all the housing waiting list outcomes. **Exhibit 10** highlights the Council's approach to reviewing waiting list data matches. We will further consider local authorities' arrangements for reviewing housing waiting lists during NFI 2024-25.

Exhibit 10: City and County of Swansea Council and housing waiting list outcomes

The City and County of Swansea Council accounted for 120 of the 124 outcomes for housing waiting lists.

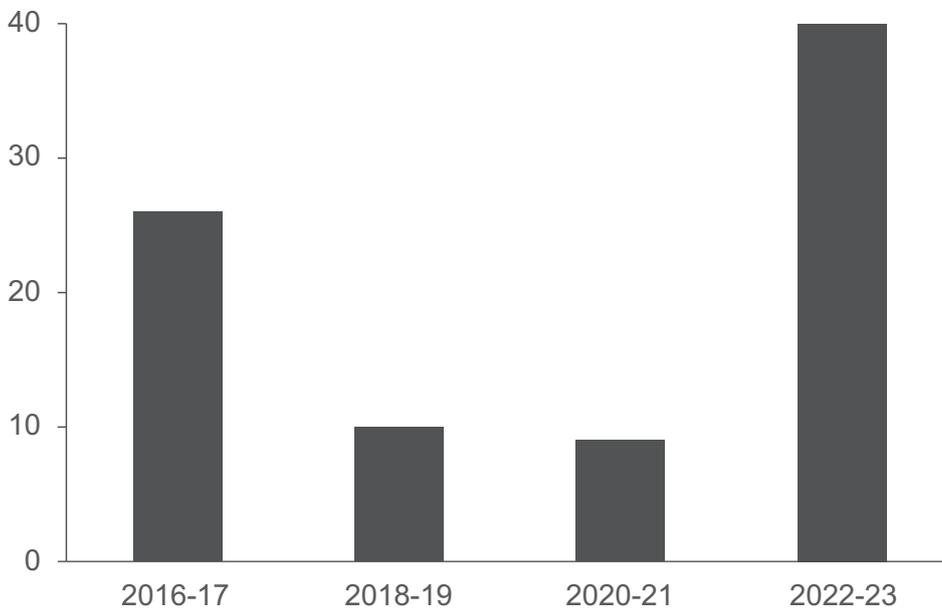
Responsibility for reviewing housing waiting list data matches at the City and County of Swansea Council transferred to the Corporate Fraud Team for NFI 2022-23.

This meant that dedicated staff resources were available to review all, rather than a sample of, data matches. Following this cleansing of the housing waiting list, it is expected that the Council's reported outcomes will fall in NFI 2024-25.

Outcomes for pensions remaining in payment after pensioners had died rose significantly but related mostly to one local authority

- 34 The NFI provides local authorities that administer pensions with an efficient and effective way of checking they are only paying people who are alive.
- 35 **Exhibit 11** shows the number of instances where pensions had remained in payment after pensioners had died increased to 40 cases for NFI 2022-23. This compared with just nine cases identified for NFI 2020-21. By value, the outcomes increased from £0.07 million to £0.45 million. The average value of cases rose from £8,160 to £11,214. However, the figures mostly relate to one local authority.

Exhibit 11: cases where pensions remained in payment after pensioners had died by NFI exercise, 2016-17 to 2022-23



Source: Audit Wales analysis of NFI outcomes

- 36 Of the total outcomes figure, £0.41 million (91%) relates to the estimate of fraud, errors, and overpayments that would have continued undetected without NFI data matching.

Most of the remaining outcomes relate to the council tax reduction scheme and creditor payments

Council tax reduction scheme

- 37 The means-tested council tax reduction scheme helps people on low incomes pay their council tax bills. NFI matches council tax reductions scheme data to a wide range of other data, including payroll, pensions, housing benefits, and Amberhill data.
- 38 Fourteen local authorities reported total outcomes of £0.30 million in NFI 2022-23. This was up by 36% on the £0.22 million reported for NFI 2020-21. However, the number of claims amended or cancelled fell from 214 to 189 cases.

Creditors

- 39 The NFI provides an efficient way to check for duplicate payments and that payments have been made to appropriate creditors. It also matches creditor payment data to payroll and Companies House data to help identify undisclosed staff interests in suppliers.
- 40 Seven bodies reported a total of 42 duplicate creditor payments. There were more outcome cases (54) in NFI 2020-21. However, NFI 2022-23 outcomes increased by value to £0.28 million, up from £0.1 million in NFI 2020-21.
- 41 However, of the total outcomes for NFI 2022-23, two cases accounted for £0.16 million, almost 60%. And £0.06 million (20%) of the total outcomes were matches identified in NFI 2020-21 but where reviews concluded during NFI 2022-23.

Future developments

- 42 NFI 2024-25 is now underway. NFI participants are starting to submit data for matching, and match reports will be available around the end of 2024.
- 43 The success of the NFI depends on how effectively participant bodies assess and review data matches, and then record the outcomes. A data match does not necessarily mean a fraud, error, or overpayment has occurred. Participants are not expected to look at every data match. The NFI web application allows participants to take a risk-based approach and prioritise which to look at and in what order.
- 44 As well as identifying, recovering, and preventing financial loss, the NFI delivers wider qualitative benefits. It can provide assurances over, and identify opportunities to improve, the effectiveness of financial and other administrative processes and procedures.
- 45 Our review of data matching reports identifies inconsistencies in how matches are assessed, reviewed, and the outcomes reported. It highlights some large variations in outcomes between participants of similar type and suggests some have failed to allocate adequate resources to review matches.
- 46 During NFI 2024-25, Audit Wales staff will increase their engagement with participating bodies to raise awareness, and promote active participation. We want to increase our understanding of factors influencing the outcomes reported by individual bodies and variations between bodies, including in their use of the NFI Appcheck tool⁵. We will also be reviewing and updating our [‘self-appraisal checklist’](#) ahead of the release of NFI 2024-25 data matches.
- 47 We are also continuing to look to raise the profile, and further develop the scope, of the NFI in Wales. We are pleased that Transport for Wales will be a new participant in the next NFI exercise, which will bring concessionary travel pass data back into the exercise and around 4,000 more employee records.

5 Appcheck is a fraud prevention and application verification product. By validating and authenticating an individual against the intelligence gathered as part of the NFI, Appcheck can help reduce fraudulent or erroneous claims for benefits or services.

- 48 Meanwhile, in earlier exercises the NFI has matched residential care home data to deceased persons to identify cases where a care home resident has died, but the local authority has not been notified and has continued to make payments to the care home. However, this matching was not possible for NFI 2020-21 and NFI 2022-23 due to the unintended consequence of a change to legislation affecting Wales, Scotland, and England. A legislative solution has not yet been identified but it remains possible that this matching will be undertaken later during NFI 2024-25.
- 49 Finally, we are also exploring other opportunities to build on the NFI datasets with additional data matching or analysis of NFI results. One live example relates to a pilot on GP patient registrations, working with NHS Wales Shared Services Partnership. Data matching is being conducted to detect:
- deceased individuals on a GP's register; and
 - duplicate patients within a single GP register or across multiple GP registers.
- 50 We will report outcomes from the pilot when confirmed. Our GP registration pilot follows our [community pharmacy data matching pilot](#) reported in May 2024. While not linked to NFI datasets, the exercise on community pharmacy forms part of our wider commitment to fraud analytics work.



Appendices

1 About the NFI in Wales

1 About the NFI in Wales

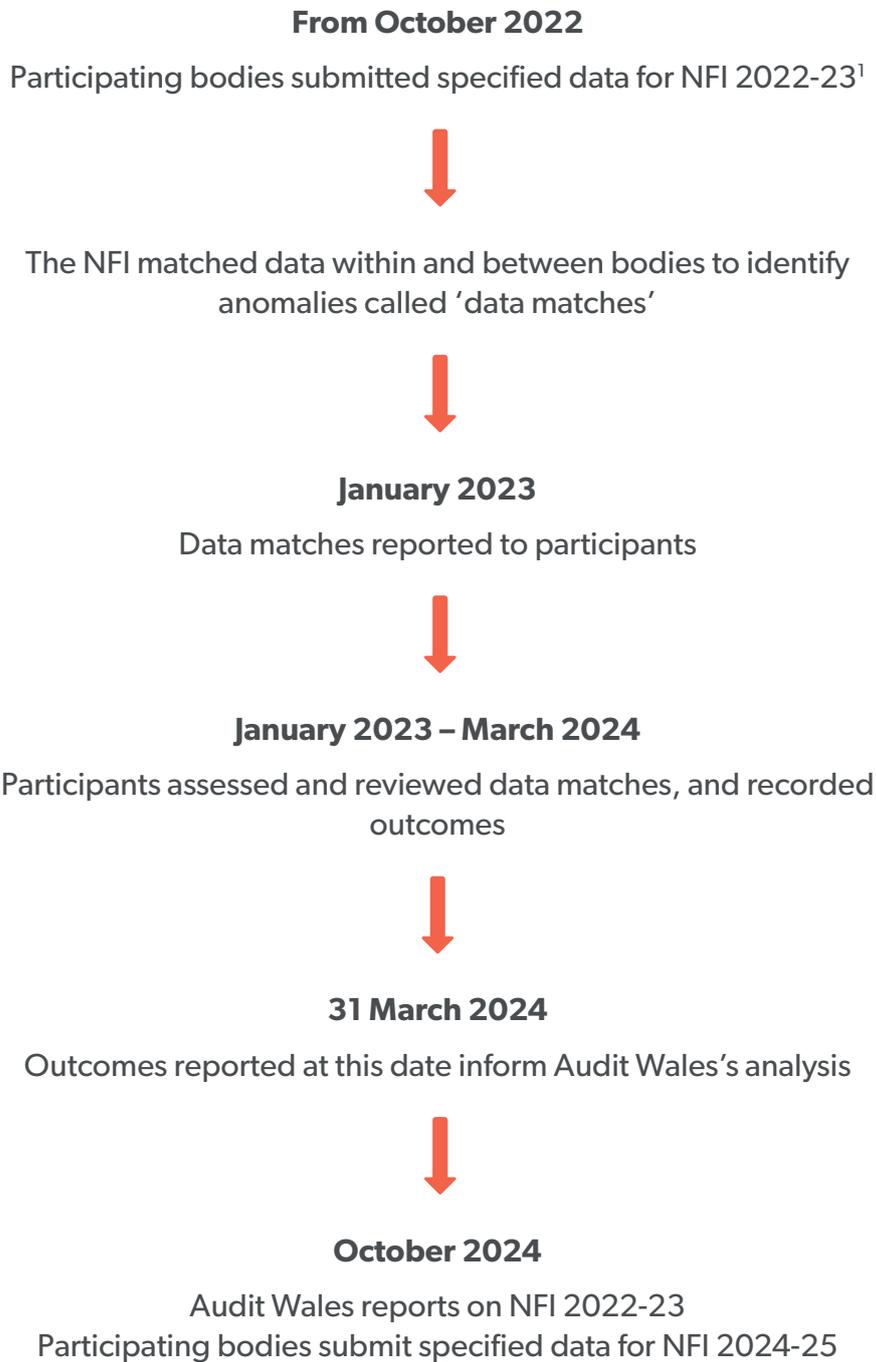
Governance

The Public Sector Fraud Authority (PSFA) – part of the UK Government's Cabinet Office and HM Treasury – oversees the NFI across the UK. Audit Wales leads the exercise in Wales under the Auditor General's powers in the Public Audit (Wales) Act 2004. The Auditor General's Code of Data Matching Practice summarises the key legislation, and controls, governing the exercise in Wales.

The Auditor General has mandated that unitary local authorities, NHS bodies, police forces, and fire and rescue authorities participate in the NFI. The Welsh Government, some Welsh Government arm's length bodies, Cardiff University Pension Fund, and Audit Wales, participated on a voluntary basis in NFI 2022-23.

Information about the NFI is also available on the [Audit Wales website](#).

The NFI cycle



Note:

1 Council tax and electoral register data is required by the NFI annually, between November and January, for single person discount data matching.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.