

REPORT TO: SCRUTINY COMMITTEE - 24 SEPTEMBER 2025

REPORT ON: NATIONAL FRAUD INITIATIVE

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 248-2025

1. PURPOSE OF REPORT

This report is to inform Elected Members of updates on the current mandatory NFI 2024/2025 exercise and the 2024/2025 Council Tax Single Person Discount v Electoral Roll data matching exercise.

2. RECOMMENDATIONS

It is recommended that Members of the Committee note:-

- (i) the update and continuation of the work on investigating the 2024/2025 NFI exercises at Appendix 1; and
- (ii) the completed NFI Self-Appraisal Checklist Part A for those charged with governance at Appendix 2.

3. FINANCIAL IMPLICATIONS

There are no direct implications arising from this report. Details of the overpayments identified to date by the 2024/2025 NFI exercise are detailed in Paragraph 5.1 and Appendix 1 to this report.

4. BACKGROUND

4.1. The NFI is a biennial data matching exercise, co-ordinated at a national level by the Cabinet Office, designed to help participating bodies detect fraud and error. Computerised techniques are utilised to compare electronic data held by different public and private sector bodies in Scotland, England and Wales and identify data matches, which may, following further examination, uncover the existence of fraud or error. The NFI exercise in Scotland is led by Audit Scotland and participation is mandatory for the Council. Participation also assists the Council with its Deter agenda.

4.2. The Senior Responsible Officer for the NFI exercise in the Council is the Executive Director of Corporate Services and the Key Contact is the Corporate Fraud Supervisor, who reports operationally to the Acting Senior Manager - Internal Audit. Key Contact responsibilities include:-

- co-ordinating and monitoring the overall exercise.
- ensuring that the specifications for data sets are adhered to.
- ensuring data sets are uploaded accurately and timeously.
- ensuring that key individuals required to assist with the investigation of matches are identified and adequately trained.
- ensuring outcomes of the investigation of matches are recorded on the NFI Website promptly and accurately.

5. NFI 2024/2025 UPDATE

- 5.1. The 2024/2025 NFI exercise has so far identified overpayments of £302,621 from investigating 4,516 matches investigated with errors identified in 83 of them. 46 of these errors have produced overpayments and these have either been recovered, or a formal recovery arrangement is in place. So far there are no frauds reported in this exercise.
- 5.2. The NFI also records estimated figures (notional savings) where it is reasonable to assume that incidents of fraud, overpayments and errors would have continued undetected without NFI data matching. For the 2024/2025 NFI exercise, a total estimated notional savings (total estimated fraud prevented) figure of £47,963 has been calculated which arises from 39 cases. This estimated figure combined with actual overpayments gives a total value of £350,584. (See Appendix 1). Two of the cases have both an overpayment and a notional savings figure.
- 5.3. In January 2025, we submitted data for a NFI supplementary mandatory exercise of data from the Electoral Roll against those households where Council Tax Single Person Discount was being claimed. Work on these matches will commence from September 2025 by the Customer Services and Benefit Delivery Team. The delay in starting this work is due to the other Council Tax data matching, which was carried out during 2024/2025, by Data Tank who were contracted by the Customer Services and Benefit Delivery Team for this service.
- 5.4. Staff training on how to deal with the data matches along with responsibilities, investigation procedures and how to record outcomes on the NFI Website was delivered in January 2025 through to March 2025, by the CFT Supervisor, to all participating staff from the services detailed in Table 1 below.

Table 1 - Services where Participating Staff trained

Strategic Service/Client	Service Area
Corporate Services	<ul style="list-style-type: none"> Corporate Fraud Creditors Council Tax Pensions HR and Business Support
Neighbourhood Services	<ul style="list-style-type: none"> Housing and Communities
Dundee Health and Social Care Partnership	<ul style="list-style-type: none"> Finance Admin Blue Badge Admin

- 5.5. The NFI Team at the UK Cabinet Office issued instructions, a timetable and the data sets required to be uploaded for the national mandatory exercises. The required data that was uploaded is detailed below:-

Table 2 - Mandatory Data Required

Service Area	Data Required
Corporate Services	<ul style="list-style-type: none"> Council Tax Annual data submission Council Tax reduction scheme Electoral Register Annual data submission Non Domestic Rates Payroll Pensions Taxi driver licences Trade creditors' - payment history Trade creditors' - standing creditors

Neighbourhood Services	<ul style="list-style-type: none"> • Housing tenants • Housing waiting list • Right to buy (Housing)
Dundee Health and Social Care Partnership	<ul style="list-style-type: none"> • Blue Badges
Chief Executive Services	<ul style="list-style-type: none"> • Concessionary travel permits (NEC Data)
City Development	<ul style="list-style-type: none"> • Resident parking permits

6. AUDIT SCOTLAND SELF-APPRAISAL CHECKLIST

- 6.1. Audit Scotland have published the latest NFI Self-Appraisal Checklist. It is recommended that Audit Committees, or equivalent, and staff leading the NFI should review and complete the NFI Self-Appraisal Checklist to ensure that they are fully informed of their organisation's NFI arrangements including planning and reviewing progress with the NFI exercise.
- 6.2. Part A of the Self-Appraisal Checklist is for review by Scrutiny Committee Members and has been completed by Council Officers to give assurance over the effectiveness of the Council's participation in the NFI. The checklist is included at Appendix 2.

7. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

8. CONSULTATIONS

The Council Leadership Team have been consulted in the preparation of this report.

9. BACKGROUND PAPERS

None.

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

DATE: 5 AUGUST 2025

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APPENDIX 1

NFI RESULTS FOR 2024/2025 EXERCISES**TABLE 1 - 2024/25 NFI DATA MATCH - OUTCOMES (Exercise Continues)**

REPORT CONTENT	NO OF ERRORS	ACTUAL £	NOTIONAL £	TOTAL VALUE £
Housing Waiting Lists (applications removed)	5	-	21,415	21,415
Blue Badges (no longer valid and cancelled)	32	-	25,408	25,408
Council Tax Reduction Scheme	2	305	1,140	1,445
Creditors	44	302,316	-	302,316
TOTAL	83	302,621	47,963	350,584

NFI Self-appraisal checklist 2025

For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
Leadership, commitment and communication			
1. Are we aware of emerging fraud risks and have we taken appropriate preventative and detective action?	YES The Council, through the Corporate Fraud Team receive alerts of emerging risks from various agencies, e.g. Police Scotland, National Anti-Fraud Network, Trading Standards Scotland and various cross border Law Enforcement Agencies. The Corporate Fraud Team share these alerts and intelligence with appropriate staff from all Service Areas. The Council's Corporate Fraud Team carry out comprehensive investigations with actions required to address any internal controls to mitigate fraud going forward.	NO	
2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	YES The Corporate Fraud and Corruption Policy was reviewed in 2022 and approved by the Council Leadership Team. The policy includes reference to participating in the National Fraud Initiative. The Council's Scrutiny Committee receives an annual NFI Performance Report and Corporate Fraud Team Performance Report Including Whistleblowing. NFI updates are communicated regularly along with outcomes and	NO	

For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
	<p>progression and to key members of staff as and when appropriate.</p> <p>The Internal Audit and Corporate Fraud Service Internet and Intranet pages communicate to users that responsibilities surrounding NFI rest with the Corporate Fraud Team. The NFI Key Contact for the Council is the Corporate Fraud Supervisor reporting to the Acting Senior Manager - Internal Audit.</p> <p>Information re NFI is also available via a link on the Council website.</p> <p>At least once a year, all Council payslips (monthly and weekly) and pension notifications, are published with a notification of the Council's data matching exercise.</p>		
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error? And do we refer to NFI in our Governance codes and statements?	<p>YES</p> <p>As above, the NFI is an integral part of the Council's Corporate Fraud & Corruption Policy.</p> <p>The Council's participation in the NFI is reflected in the Council's Local Code of Corporate Governance and the Annual Governance Statement.</p>	NO	
4. Does our Key Contact have sufficient authority and time to ensure that NFI is delivered effectively?	<p>YES</p> <p>Since 2015, the Council's Key Contact is the Corporate Fraud Supervisor. The NFI is a continuous programme of works for the Key Contact with administration, training, reporting, checking of matches/outcomes and regular meetings with Audit</p>	NO	

For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
	Scotland (NFI administrators for Scotland).		
5. Has the approach to follow-up of different NFI match types been clearly set out and reported as part of the bodies NFI planning process?	YES The NFI planning process includes the different and new NFI match types. The Council has recently received revised matches from HMRC which are being reviewed by the Corporate Fraud Team. Plans are in place for the forthcoming Social Care matches expected later in 2025/2026. The outcomes for these matches will be included in future reports to the Scrutiny Committee.	NO	
6. Are NFI progress and outcomes reported regularly to senior management and elected/board members (eg the audit committee or equivalent)?	YES The NFI progress and outcomes are reported to the Scrutiny Committee on an annual basis covering the period 1 April to 31 March. A regular NFI Progress report is prepared by the Corporate Fraud Supervisor for the Acting Senior Manager - Internal Audit and the Chief Internal Auditor.	NO	
7. Where we have not submitted data or used the matches returned to us (eg Council Tax single person discounts), are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	N/A The Council submits all mandatory data requested.	N/A	

For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
8. Does Internal Audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	<p>The Corporate Fraud Supervisor reports to the Acting Senior Manager - Internal Audit and also updates the Chief Internal Auditor regularly. Regular updates on progress with the NFI exercise are provided to the Acting Senior Manager and this is discussed at regular update meetings.</p> <p>Any identified weaknesses are considered for any further investigative action.</p>	NO	
9. Do we review how frauds errors arose and use this information to improve our internal controls?	<p>YES</p> <p>The Corporate Fraud Team reports all investigation findings, including actions required to mitigate the fraud re-occurring. These reports are for the Senior Manager - Internal Audit, Service Areas and the People Service where necessary.</p> <p>Fraud Awareness training is offered to the Service Area and is delivered as awareness and a deterrent internally. Case studies are used in the training.</p>	NO	
10. Do we need and have access to Fraud Investigation Officers to enable frauds to be followed-up fully?	<p>YES</p> <p>The Council's Corporate Fraud Team has one Corporate Fraud Supervisor and three Fraud Investigation Officers. All four Officers hold professional accreditations in Counter-Fraud Investigations and Counter-Fraud Management.</p>	NO	

For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
11. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg successful prosecutions)?	YES The Corporate Fraud Team's Activity and Performance Report, which is published annually through reporting to the Scrutiny Committee, contains outcomes relating to all corporate fraud employee investigations including the Council's Whistleblowing activity and outcomes.	NO	