

# Public Audit and Post-legislative Scrutiny Committee

## National Fraud Initiative

### Submission from South Lanarkshire Council

I write with reference to your email of 1 February 2017 seeking a contribution to the post-legislative scrutiny exercise that is underway to examine Section 97 of the Criminal Justice and Licensing (Scotland) Act 2010 and to consider whether there are any improvements that could be made to the legislation underpinning the National Fraud Initiative (NFI).

Specifically in respect to your questions, I would respond as follows:

What have been the benefits, financial and otherwise, of putting the NFI on a statutory footing?

South Lanarkshire Council has taken part in the NFI since its inception, *2004/2005* for Housing Benefits and *2006/2007* for the full exercise. Putting the exercise on a statutory footing has not impacted upon South Lanarkshire Council's level of participation but it has increased the number of participants and therefore the number of data sets against which matches can be derived. This can be evidenced in the majority of matches identified within South Lanarkshire that consistently occur in the same areas, in the main, from data supplied by bodies external to the Council.

Could the legislation be strengthened in any way?

Organisations can choose not to participate in the NFI exercise but arrangements can still be considered satisfactory from an External Audit perspective if alternative processes are in place. Whilst alternative arrangements may be beneficial to specific bodies, this reduces the number of data sets and possibly the potential matches that would otherwise have been made.

Within South Lanarkshire Council, the NFI exercise remains an effective and efficient datamatching service although, through time, the benefits of the NFI exercise are being impacted by the level of other pro-active work being undertaken to address fraud. Given Authorities are approaching corporate fraud in new ways the resulting reduction in matches may continue.

Requiring full participation in the NFI exercise must be balanced with the benefit to individual bodies in developing local arrangements. Previous feedback has highlighted potential improvements could be made to the current NFI process, for example, moving to periodic matching throughout a year to improve the currency of the matches, allow potential frauds to be addressed earlier and to ease the administrative and investigative burden attached to participating in the NFI.

Should participation in the NFI be improved? Are there any bodies who do not participate in the NFI who should do so?

Data is separately provided by HM Revenue and Customs (HMRC) as part of Real Time Information that has allowed the Council to highlight overpayments in Housing Benefit claims linked to undeclared income. The incorporation of HMRC data within

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NFI may allow other issues to be highlighted such as the identification of potential employee 'conflict of interests' given this would provide data outwith the Public Sector.

Are there any other issues you would like to raise in connection to this particular part of the legislation?

There are no other issues that South Lanarkshire Council would like to raise in connection with this particular part of the legislation.

I trust this feedback is of some assistance but would be happy to provide further information if required.

Yours sincerely

**Paul Manning**

**Executive Director Finance and Corporate Resources**