



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

22 June 2021

Report of the Director of Finance & ICT, Director of Legal & Democratic Services and Audit Manager

1. Purpose

- 1.1 The purpose of this report is to inform Members of the Council's progress in scrutinizing the data matches arising from participation in the National Fraud Initiative (NFI) 2020-21.

2. Information and Analysis

- 2.1 The Cabinet Office is responsible for organising and coordinating the NFI process to assist in the identification of public sector efficiency and reform. The NFI is a national data matching exercise that has enabled participating organisations across the United Kingdom, to prevent and detect instances of fraud and error totalling £245 million between 1 April 2018 and 4 April 2020. This brings cumulative outcomes of the initiative to a total value of £1.93 billion since its inception in 1996.
- 2.2 Approximately 1,200 participating organisations from both the public and private sectors provide data for the NFI, which currently takes place every two years. The data matching process involves comparison of data sets, including payroll and benefit records, against other data held by the same or another body to establish a match. Where such matches arise, these instances are investigated to identify potential fraudulent or erroneous claims or payments.

National Fraud Initiative (NFI) 2020-2021

- 2.3 In order to inform Members, Staff and Pensioners of the Council's participation in the NFI exercise, fair processing notices were included within payslip's and the Our Derbyshire employee newsletter for July 2020. Pensioners were notified by an inclusion within their payslip message in May 2020. Other data subjects included in the matching process i.e. suppliers, blue badge and concessionary travel pass holders are informed of the procedure when completing the registration process with the Council. Trade Unions were informed via the Secretary of the Corporate Joint Council (CJC) on 2 April 2020.
- 2.4 Audit Services is the Council's central coordinator for the data matches received from the Cabinet Office and ensures matches are investigated, which includes liaising as required, with departments and other public bodies. Audit Services also maintains the web-based application provided by the Cabinet Office, to track progress on reported matches. The primary results of the Council's matching exercise were made available for review on 28 January 2021.
- 2.5 The initial 2020-21 return for the Council identified a total of 31 separate reports involving 23,005 results arising from matching with the other participating organisations' data, including Housing Benefits Claimants and Department for Work and Pensions (DWP) deceased persons. These data matching results included data in respect of pensions, payroll, blue badge, concessionary travel and suppliers.
- 2.6 The review of the NFI data matching reports is currently in progress with the relevant information having been distributed to departments and Audit Services reviewing the more complex returns. As in previous years, further reports will be brought to future meetings of the Audit Committee to provide Members with updates on the progress of the NFI 2020-21 process and level of identified error and fraud.

3. Alternative Options Considered

- 3.1 As the Council has a legal duty to provide data to support the NFI process and investigate the resultant matches, there is no alternative options to consider.

4. Implications

- 4.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

5. Consultation

5.1 No formal consultation was undertaken in the preparation of this report.

6. Background Papers

6.1 Electronic files and Cabinet Office reports held by Audit Services, Finance & ICT Services, County Hall Complex.

7. Appendices

7.1 Appendix 1 – Implications.

8. Recommendation(s)

8.1 That Audit Committee are asked to:
a) note the scope of the NFI 2020-21 data matching exercise and progress made to date.

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Implications

Financial

- 1.1 The exercise is a significant contribution to the Council's responsibility for the prevention and detection of fraud. The cost to the Council of participation in NFI 2020-21 is £3,800.

Legal

- 2.1 The NFI is conducted using the data matching powers conferred on the Minister for the Cabinet Office by Part 6 of and Schedule 9 to the Local Audit and Accountability Act 2014. As a relevant authority, the Council is required to provide data for the purposes of conducting data matching exercises.
- 2.2 The legal basis for processing personal data in connection with the NFI process, is under Article 6(1)(e) processing is necessary for the performance of a task carried out in the public interest.
- 2.3 The Council will also ensure that the principles of the Data Protection Act are observed in providing the data for this exercise and will take all reasonable steps to ensure that data submitted is accurate.
- 2.4 The NFI does not require the consent of the individuals concerned under current data protection legislation.

Human Resources

- 3.1 The Cabinet Office advises local authorities to inform its Members, Staff and Pensioners of the requirement to participate in NFI process. Members, Staff and Pensioners have been notified by means of a fair processing notice included in appropriate newsletters, payslips and by the publication of an NFI Privacy Notice on the Council's website. Trade Unions have also been consulted through the CJC.

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

6.1 The NFI exercise helps support the 2021-25 Council Plan key actions for resilient, healthy and safe communities by identifying and investigating potential fraud.

Other (Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.