AUDIT SCOTLAND

News release

Embargoed until 00:01 hours, Thursday 30th June 2016

Data sharing uncovers nearly £17million of fraud and error

The security and transparency of Scotland's public finances have been strengthened after a national data-sharing exercise found nearly £17million of fraud and error across services.

More than 100 public bodies participated in the latest National Fraud Initiative (NFI), a counter-fraud exercise that is coordinated by Audit Scotland every two years. The initiative matches electronic data within and between bodies to detect and prevent fraud and error.

Since the last NFI reported in 2014, a total of £16.8million worth of outcomes has been recorded. This brings the total cumulative outcomes since NFI began to £110.6million in Scotland, and £1.39billion across the UK.

The latest exercise in Scotland has led to:

* 5,939 overpayments being recovered to date worth approximately £4.6million;
* 4,846 council tax discounts reduced or removed;
* 194 occupational pensions stopped;
* 3,073 blue badges stopped or flagged for future checks;
* 868 housing benefit payments stopped or reduced;
* £2.1million in further savings from the NFI 2012/13

The matches which generated the most outcomes were council tax discounts, pensions, blue badges and housing benefits. Today's report also highlights nine detailed case studies which show the positive impact of the NFI on public finances.

Russell Frith, Assistant Auditor General, said: "The National Fraud Initiative makes a significant contribution to the security and transparency of public finances by checking that services are provided to the correct people and therefore helping to reduce fraud and error. It also acts as a powerful deterrent against persons who might be planning to commit fraud.

"It's important that public bodies take full advantage of the support that the Initiative can provide to their detection work, and the increasing opportunities the technology creates for strengthening the fight against fraud."

Audit Scotland has also reported on the performance of bodies which participate in the NFI. There is strong evidence that most bodies take the NFI seriously by putting adequate arrangements in place. However, there are still areas which some bodies could improve in, including scope for bodies to investigate matches more quickly once they have been identified.

The report makes a number of recommendations to support further improvement by participating bodies in the NFI.

For further information contact Kirsty Gibbins on 0131 625 1658 or kgibbins@audit-scotland.gov.uk

Notes to editors

1. The outcomes figures used in the report capture detected fraud, error, overpayments and recoveries and also, where appropriate, a value for estimated future losses that have been prevented as a result of data matching. These estimates are included where it is reasonable to assume that fraud, overpayments and error would have continued undetected without the NFI data matching. A more detailed explanation is included in Appendix 4. For national reporting purposes, outcomes are collated as at 31 March 2016. Outcomes recorded by participants after this date will be included in future reports.

2. The NFI in Scotland is now well established with this being the fifth biennial exercise since 2006/07. It remains the largest national fraud detection and prevention scheme that can provide data-matches within and between public bodies.

3. The NFI 2014/15 involved 104 Scottish bodies across the central, local government and health sectors. Bodies submitted 585 data sets which generated 347,715 data matches for further investigation.

4. The 2014/15 outcomes are split:
• £14.7 million of outcomes from the 2014/15 NFI matches
• £2.1 million of outcomes from further follow up work on the NFI 2012/13 matches.

5. Sixteen councils have processed 9,067 matches (including 4,846 council tax discounts reduced or removed) and recorded £5.6million outcomes, with 430 still being investigated as at 31 March 2016.

6. The NFI 2014/15 helped the Scottish Public Pensions Agency (SPPA) and pensions adminstering councils identify 194 pensioners whose deaths had not been reported to them. Including other pension related outcomes (for example, cases where early retirees have returned to work but not reported circumstances that require their pension to be reduced) and forward savings, the amounts for the NFI 2014/15 total £4.6million.

7. The SPPA recorded outcomes of £ 4.3million from its 2014/15 matches where 173 outcomes were identified. In 168 of these cases recovery is in progress.

8. Councils have reported correcting 3,073 (2,876 in 2012/13) blue badge records where the NFI helped them to identify that the holder was deceased.

9. A total of 868 housing benefits overpayments were recorded. Glasgow City Council and Renfrewshire Council have so far achieved the highest levels of outcomes from their 2014/15 NFI investigations (£419,095 and £202,278 respectively). Four councils recorded benefits outcomes in excess of £100,000. Aberdeenshire Council, East Lothian Council, Moray Council, North Ayrshire Council, the Scottish Borders Council and Shetland Islands Councils have recorded no benefit outcomes as at 31 March 2016. This is because there were no outcomes following investigations (Moray Council and Shetland Islands Council) or because the investigations are still in progress.

10. One of the most successful matches in terms of numbers and coverage is student funding to housing benefits. This match takes council data and matches it against the Student Awards Agency for Scotland student funding data. The match enabled councils to stop 168 housing benefits payments worth £0.3 million to ineligible students. This is a reduction from the 302 payments worth £0.7 million that were stopped as a result of NFI 2012/13.

11. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk