

News release

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Nearly £15m of public sector fraud identified

The overall level of identified public sector fraud and error in Scotland has fallen slightly, according to the results of a national counter-fraud exercise.

Every two years the National Fraud Initiative (NFI) identifies outcomes worth millions in estimated savings to the public sector purse. The 2020/21 NFI exercise in Scotland identified outcomes valued at £14.9 million compared to £15.3 million in 2018/19. This included:

- £4.6 million in reduced or removed council tax discounts
- £1.5 million in occupational pensions not being paid out
- £1.2 million in housing benefit payments stopped or reduced.

The reduction in outcomes could be due to public bodies strengthening their internal controls. Some key data sets from previous exercises were also not included in the latest exercise. And public bodies also said increased pressure on services during the pandemic meant staff had less time available to commit to the NFI.

Antony Clark, Executive Director of Performance Audit and Best Value, said:

"Despite the challenges of the pandemic, public bodies in Scotland continue to show a strong commitment to detecting fraud and error.

"At a difficult time for public sector budgets, it's important that all participating bodies continue to look to maximise their participation in the exercise and act on areas of improvement identified by local auditors."

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Notes to Editors:

1. The NFI in Scotland is now well established with this being the eighth biennial exercise since 2006/07. It compares electronic data about individuals held by different public bodies to identify potential errors or fraud, and to ensure pensions, housing benefit and other services go to the right people.

2. Outcomes describe the overall amounts of fraud, overpayments and error the exercise detects, as well as an estimate of future losses that it prevents.

3. The NFI 2020/21 involved 132 Scottish bodies across the public sector – eight more than in the 2018/19 NFI.

4. NFI participants include all councils, NHS bodies, colleges and all larger central government bodies, for example, the Scottish Government, Revenue Scotland and Transport Scotland. In addition, 14 councils include data from Arm's-Length External Organisations (ALEOs), joint boards or subsidiaries within their NFI submissions. A list of all participating bodies is available on the Audit Scotland website.

5. The fall in the number of matches in the 2020/21 NFI exercise is mainly due to the matches between housing benefit and payroll or pensions not being included in the matches returned to councils. Instead, this data was matched outside of the NFI by the Department for Work and Pensions (DWP).

6. Residential care home data, direct payments and social care customers' data were not matched in the 2020/21 exercise due to a legal question being raised around the definition of patient data. Immigration data was also not included in the 2018/19 and 2020/21 exercises due to restrictions placed on it by the Home Office.

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