

# National Fraud Initiative

Scottish National Entitlement Cards  
Pilot evaluation



 AUDIT SCOTLAND

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# Executive summary

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**1.** The Scottish National Entitlement Card (NEC) is a single smartcard which allows eligible citizens to conveniently access many services with one card. One of these services is free bus travel. There is the potential risk that cards belonging to deceased customers could possibly be misused if the council does not have a record of the death.

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A smartcard is a physical card with an embedded chip that acts as a security token and provides access to various services.

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**2.** Audit Scotland used the National Fraud Initiative (NFI) to match data between NEC records and deceased persons records. This data matching exercise was a pilot to determine whether it is useful to extend this to other Scottish councils as part of the full NFI in future.

**3.** Audit Scotland worked with Fife Council, the National Entitlement Card Programme Office (NECPO) and Transport Scotland to identify National Entitlement Cards (NECs) which are still in circulation for adults over 18 years of age who have died. This work focused on the use of NECs for free bus travel.

**4.** Fife Council provided a total of 112,044 NEC records for matching against deceased person records. This resulted in 1,737 matches being identified for review by Fife Council (a return rate of 1.6 per cent).

**5.** Following Fife Council's review, all 1,737 cards (100 per cent) were cancelled on the NEC system as it was established that the customers had died, which could result in the potential misuse of the card. Therefore, no further cards can be requested for these customers, and should someone attempt to use an existing card the card will be blocked. No matches were identified where the customer was still alive.

**6.** Thirteen matches showed cause for concern as the NECs appeared to have been used after the death of the cardholder. Two of these cards were used for journeys to the value of almost £2,300 for one and £240 for the other. The value of the journeys for the other 11 cards varied from £3.10 to £69.00. Investigations are continuing into the individuals who used these cards.

**7.** Given the success of this pilot, consideration will be given as to how this data match can be expanded to other councils in Scotland and included in the full NFI exercise in the future.

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# Background

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## National Entitlement Cards (NECs)

**8.** The Scottish NEC is a smartcard which enables eligible citizens to conveniently access many services with a single card. The Scottish Government supports the card to deliver national and local services.

**9.** The **Improvement Service** is the accountable body for the National Entitlement Card Scheme, with the National Entitlement Card Programme Office (NECPO) delivering the NECs on its behalf. The NECPO is led by Dundee City Council and supports Scottish councils with the integration of various national and local public services which are made available on the smartcard.

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The Improvement Service is the Scottish improvement organisation for local government in Scotland.

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**10.** The NEC assists councils to efficiently deliver various public services to customers including:

- a travel pass providing free, discounted or concessionary travel
- a library card
- a leisure membership card
- a cashless catering card in schools
- a Young Scot card providing proof of age and various discounts.

## The NEC as a travel pass

**11.** This pilot focused on the NEC as a travel pass for free bus travel. This was due to the high cost (in excess of £200 million per year) to the public purse for free travel and the potential risk that cards belonging to deceased cardholders could possibly be misused if the council does not have a record of the death.

**12.** Certain groups of people with a NEC are entitled to free bus travel and may also receive discounts on other methods of travel such as ferry crossings and rail journeys:

- People with a disability are eligible for free bus travel if they meet the following criteria:
  - they are a resident in Scotland
  - they are aged five or over, or of any age if they require to be accompanied on the basis of their disability

- they receive certain benefits such as the higher or middle rate of the care component of Disability Living Allowance, Attendance Allowance or Personal Independence Payment.
- Customers with a disability are required to renew and replace their travel card at least every three years. This means the data held for customers with a disability should be, at most, three years old.
- Customers of age 60 or over and who are a permanent resident in Scotland are eligible for free bus travel.

**13.** NECs for older customers do not have an expiry date. Therefore, older customers' data is not refreshed or updated unless the customer specifically contacts their council to advise of a change of details or the council is notified of their death.

### Numbers of NECs in use

**14.** There were 1.4 million NEC cards with free travel for people aged 60 and over or people with a disability in circulation in Scotland in October 2021.

**15.** During 2018/19 there were 144.6 million journeys, equating to £367.4 million in fares, made by people using NECs issued to customers with a disability or older people. In 2020/21, Covid-19 restrictions had an impact on people's ability to travel by public transport and the number of journeys fell to 48.6 million, equating to £118.5 million in fares.

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# The pilot

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## Data matching

**16.** Audit Scotland conducts data matching exercises for the prevention and detection of fraud under statutory powers added to [the Public Finance and Accountability \(Scotland\) Act 2000](#) by [Section 97 of the Criminal Justice and Licensing \(Scotland\) Act 2010](#).

**17.** Audit Scotland used the National Fraud Initiative (NFI) for this pilot. The NFI in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. It means that public bodies can take action if any fraud or error has taken place, and it allows auditors to assess fraud prevention arrangements that those bodies have. Audit Scotland works with the Cabinet Office in developing new ways to prevent and detect fraud through the NFI. This includes identifying and piloting new data matching areas. More information about the NFI is on Audit Scotland's [website](#).

**18.** This pilot looking at NEC data was undertaken using these statutory powers and the NFI computer system. Fife Council kindly volunteered to participate in the pilot.

## Potential risks

**19.** Due to NECs for elderly customers having no expiry dates and NECs for some customers with a disability only being required to be renewed every three years ([paragraphs 12-13](#)), there is a risk that NECs belonging to people who have died could be misused. This may involve continued use of the pass by relatives or acquaintances of the deceased, use of a stolen card, or forgery of a pass in the name of a deceased person.

**20.** Following checks at the time the card is first issued, there are no formal requirements for councils to review NEC customers' details unless they are issuing a replacement card. Therefore, address details held by councils are only as up to date as of when the card was last issued. In some cases, address details may be many years out of date for elderly customers. The NECPO has advised that approximately 15 per cent of elderly customer's cards were issued more than five years ago.

**21.** Historically, the NEC Scheme used data matching to identify some customers who had died. The data used was provided under agreement from the National Health Service Central Register. This agreement has now lapsed. Therefore, this matching is no longer carried out and, although other methods of identifying deceased customers are in place, there is a risk that NECs in the

name of people who have died could still be in circulation and could potentially be used fraudulently.

**22.** Some councils use the ‘Tell Us Once’ service that lets families report a death to most government organisations at one time. The Tell Us Once data can help councils to cleanse their NEC data. However, the use of Tell Us Once is not universal across councils.

**23.** The Cabinet Office uses the NFI system to match concessionary travel passes to deceased person records in England. The Cabinet Office reported that 151,815 concessionary travel passes were cancelled in England, resulting in £3.6 million of outcomes for the period April 2018 to March 2020 (234,154 passes and £5.6 million of outcomes were reported in the previous two-year period).

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An NFI outcome describes the amount of fraud and error that was detected and an estimate of future losses that it prevents.

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**24.** This pilot looked to identify if the issues in England were also evident in a Scottish council. The pilot looked to identify deceased cardholders not previously notified to Fife Council and to remove those cardholders from the database of those customers entitled to free concessionary travel. Data matching also looked to identify the potential misuse of NECs belonging to someone who had died. The pilot only looked at data matching of passes with free travel. No data was considered for customers aged under 18 years of age.

## Data included in this pilot

**25.** Fife Council’s data relating to travel passes with free travel entitlement was matched against records for deceased persons held within the NFI system.

**26.** Cards identified for customers who had died were deactivated and flagged. Additionally, Transport Scotland’s records were checked to establish any cards which had been used after the death of the cardholder.

**27.** Fife Council uses Tell Us Once. The NECPO has advised that because of using Tell Us Once and other effective internal controls operating within Fife Council, the NEC data for Fife Council is of a much higher quality than that for other Scottish councils. Therefore, outcomes from Fife Council could reasonably be expected to be much lower than those identified in many other Scottish councils if this pilot was repeated.

**28.** This pilot looked at 112,044 records relating to NECs issued for free travel by over 18-year-olds in the Fife area.

## Funding the pilot

**29.** The pilot activity was undertaken by counter-fraud officers in Fife Council, officers in the NECPO and Transport Scotland. The Audit Scotland NFI team and the Cabinet Office NFI Programme team supported the pilot with the data matching of the data. Transport Scotland funded the Cabinet Office’s contractor IT development costs of £3,497.

## Success factors

**30.** Success for the pilot was defined as deceased cardholders being identified that the council was not previously aware of. Fife Council has robust practices in place and so the number of identified deceased customers was anticipated to be relatively small. Despite this, the pilot went ahead as even a small percentage increase in the number of cards identified as no longer valid reduces the number of cards that are in circulation and potentially open to fraudulent use.

**31.** The success of the pilot, and hence the desirability of applying this process as part of the regular NFI activity, was measured. This took account of the differing degrees of rigour employed in maintaining data across different Scottish councils identified by NECPO and Transport Scotland, as well as the results identified by Fife Council.



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# Results

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## Methodology

**32.** Fife Council submitted data via the secure direct file upload facility on the NFI website and received its matches back via the secure NFI website.

## Data matching

**33.** Fife Council provided a total of 112,044 records for matching against deceased person records. This resulted in 1,737 matches being released back to Fife Council for review in August 2021. This is a return rate of 1.6 per cent.

## Fraud and error identified

**34.** The council recorded:

- the number and percentage of NECs identified from matches where the customer had died
- the success rate, ie outcomes/matches returned
- any system, data-matching or other issues or suggestions for improvement in future matching exercises.

**35.** All 1,737 cards (100 per cent) were cancelled on the NEC system as it was established that the customers had died. Therefore, no further cards can be requested for these customers. It also means that should someone attempt to use an existing card then the card will be blocked. No matches were identified where the customer was still alive.

**36.** Thirteen matches (0.75 per cent) showed cause for concern, as the NECs appeared to be used after the death of the cardholder. Two of these cards were used for journeys to the value of almost £2,300 for one and £240 for the other. The value of fares for the other 11 cards varied from £3.10 to £69.00. Investigations are continuing into the individuals who used these cards.

**37.** Of the matches returned to Fife Council, 110 did not have the actual date of death recorded. Instead, the death registration data only held an indicator to say the customer had died. Fife Council checked its records, eg council tax records, to verify that the customers were deceased. In these cases, it was not able to be determine if the NECs had been misused by being used after the death of the cardholder before the matching occurred. However, these cards have been cancelled and are being monitored for any new usage.

**38.** 2021 was not a representative year to establish the amount of fraudulent misuse of deceased persons' NECs. Covid-19 restrictions meant bus passenger

numbers were significantly less than in pre-pandemic years. Therefore, outcomes identified from this pilot are estimated to be understated as it is thought that in a year of routine bus usage there could have been more misuse of NECs.

**39.** Given the success of this pilot, Audit Scotland, NECPO and Transport Scotland, are considering in consultation with the Cabinet Office how this data match can be extended to other councils in Scotland and included in the full NFI exercise in the future. The further roll-out of the pilot to other councils would help to remove deceased cardholders from the NEC database of those entitled to free concessionary travel. Data matching would also help prevent and detect the potential misuse of NECs belonging to someone who has died.

**40.** It is expected that extension of this data matching to other councils would result in the number of matches returned being higher than those in Fife Council. This is due to NECPO advising that Fife Council has robust checking processes in place which are not in place in all councils. It is also expected that once bus journeys return to pre Covid-19 levels, the potential for cards to be used fraudulently may also increase.

**41.** This exercise required Fife Council to manually check and then update the records of 1,737 cards. It also required Transport Scotland to update its records. When considering the expansion of this pilot to other councils, NECPO and Transport Scotland will explore possibilities around automation to reduce the resource requirement on councils and Transport Scotland.

# National Fraud Initiative

## Scottish National Entitlement Cards Pilot evaluation

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[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)

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