

Audit Committee – Torbay Council

National Fraud Initiative 2024-25

Year-End Analysis

1. Purpose of the report

To update Audit Committee on Torbay Council’s participation in the [National Fraud Initiative](#) (NFI) 2024 data-matching exercise, including investigation progress, outcomes achieved to date, and the financial and non-financial benefits identified.

2. Background and Framework

The [National Fraud Initiative](#) is a Cabinet Office–led, biennial data-matching exercise carried out under the Local Audit and Accountability Act 2014. It identifies potential fraud and error by matching data held across public sector bodies. All matches require investigation before any assumption of fraud or error can be made.



As part of its ongoing improvements to the National Fraud Initiative, the Cabinet Office introduced legislative changes to expand data-matching powers. The amendment permitting the matching and sharing of **Adult Social Care data** across local authorities in England and Wales. As a result, local authorities were required to review and update privacy notices to ensure ongoing compliance with **UK GDPR** requirements in relation to Adult Social Care data matching.

Due to Torbay’s integrated Adult Social Care delivery model, assurance was sought from **South Devon and Torbay NHS Foundation Trust**. Adult Social Care data was subsequently provided to the Cabinet Office within the statutory timescales. This data used to identify potential fraud or error within Adult Social Care payment arrangements.

This report has been structured in line with recognised [CIPFA and Public Sector Fraud Authority \(PSFA\)](#) guidance, using the **five lines of fraud defence** to demonstrate how NFI activity operates across the full counter-fraud lifecycle.

Five Lines of Fraud Defence

3. Governance

Torbay Council submitted the required datasets for the NFI 2024 exercise in **October 2024**, using data extracted as at **30 September 2024**, in accordance with the Cabinet Office timetable.



Governance arrangements are clearly defined:

- The **Senior Responsible Officer** for the exercise is **Malcolm Coe**
- Operational responsibility sits with the **Counter Fraud Manager**, who acts as the NFI **Key Contact** and oversees day-to-day delivery

Savings and outcomes are reported in accordance with Cabinet Office guidance, ensuring a clear distinction between:

- Cashable outcomes
- Non-cashable (corrective) outcomes
- Estimated (notional) savings

4. Prevention

The NFI contributes to fraud prevention and deterrence by identifying risk, improving data quality and supporting stronger controls across key systems.

The principal datasets contributing to prevention activity include:

- Blue Badge Parking Permits
- Concessionary Travel Passes
- Council Tax Reduction Scheme
- Housing Benefit Claimants
- Resident Parking Permits
- Payroll and Pensions
- VAT
- Creditors and Procurement
- Residential Care Homes

Appendix 3 – National Fraud Initiative 2024-25 Year End Report

- Personal Budgets

Many matches result in record correction or confirmation that controls are operating effectively, reducing the likelihood of future loss, providing assurance where no fraud or error is identified.

Under the current arrangement with Torbay and South Devon NHS Foundation Trust, the NFI results for Residential Care Homes and Personal Budgets have been managed by the Trust. Blue Badge matches have been reviewed by the Counter Fraud Team working alongside the Blue Badge Team at the Trust. With the trust having served notice to the Section 75 notice, future matches in this area will be managed and reviewed wholly by the Counter Fraud and Error Team.

5. Detection

NFI supports the detection of potential fraud and error through data matching and investigation.

As at the reporting date:

- **Total matches processed:** 1,668
- **Matches cleared:** 1,440
- **Currently under investigation:** 5
- **Completion rate:** 99.7%

Investigation outcomes recorded include:

- **Recorded errors:** 224
- **Confirmed fraud cases:** 3
- **Referrals to the DWP:** 55

Investigations are prioritised based on risk and materiality, in line with Cabinet Office expectations.

6. Redress

Where fraud or error is identified, proportionate action is taken to stop loss, recover overpayments and correct records.

Match-level outcomes:

- **Total match-level outcomes:** £205,582.55

- **Recoverable overpayments:** 42 cases valued at **£203,598.58**
- **Corrective (non-cashable) outcomes:** **£1,983.97**
- **Cabinet Office estimated savings:** **£22,338.00**
- **Total overall outcomes (actual and estimated):** **£227,920.55**

Members should note that the **Cabinet Office estimated savings** figure is **centrally generated using national assumptions** and represents **potential value only**. It does not constitute confirmed savings for Torbay Council and is not evidence that fraud or error has been established in those matches.

Only the **£205,582.55 of locally validated outcomes** represents confirmed results arising from Torbay Council's investigations, including recovered overpayments and prevention of future loss.

Debts identified through NFI investigations are raised for recovery through existing financial and benefits systems and pursued through normal corporate recovery arrangements. Debts are not coded separately as NFI-related and tracking recoveries solely attributable to NFI would require a manual, case-by-case exercise which would be disproportionately resource-intensive.

7. Review

Participation in NFI 2024 has provided assurance over the integrity of key systems and highlighted opportunities to strengthen controls.

The exercise has:

- Identified and corrected fraud and error
- Generated significant recoverable overpayments
- Strengthened preventative controls
- Improved data accuracy and assurance

While estimated savings form part of national reporting requirements, the Council's focus remains on **realistic, defensible outcomes** and effective use of resources.

Executive Summary

This report provides Audit Committee with an overview of Torbay Council's participation in the National Fraud Initiative (NFI) 2024/25 data-matching exercise, including progress, outcomes and assurance gained. All required datasets, including Adult Social Care data, were submitted in line with the Cabinet Office timetable following appropriate assurance arrangements with South Devon and Torbay NHS

Appendix 3 – National Fraud Initiative 2024-25 Year End Report

Foundation Trust. Governance arrangements were clearly defined and operated in accordance with Cabinet Office requirements and recognised CIPFA and Public Sector Fraud Authority guidance.

The exercise has delivered a high level of assurance and tangible benefit. Of 1,668 matches generated, 99.7% have been processed, resulting in the identification of 224 errors, 3 confirmed cases of fraud and 55 referrals to the Department for Work and Pensions. Total match-level outcomes amount to **£205,582.55**, of which over **£203,000** represents cashable recoverable overpayments, alongside **£22,338** in estimated savings. Participation in NFI 2024/25 has strengthened preventative controls, improved data quality and provided assurance over the integrity of key systems.

The Committee is therefore asked to note the contents of this report, including the outcomes achieved and the assurance provided through the Council's participation in the National Fraud Initiative 2024/25 exercise.