



National Fraud
Authority

National Fraud Authority

Business Plan 2011/12

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FOREWORD



The National Fraud Authority (NFA) has embedded itself at the heart of the national counter fraud landscape. We are now an established and effective organisation intent on delivering tangible improvements to the counter fraud community, whether through increased fraud measurement and reporting, creating new approaches in information sharing or developing and pursuing action plans that prevent frauds and disrupt fraudsters wherever they try to strike.

Over the last two years, our key achievements have been:

- Becoming recognised by public and private sector stakeholders for championing the fight against fraud, improving fraud measurement and public awareness of the risks and need to self protect.
- Raising the profile of public sector fraud and driving the public sector take up of private sector solutions to prevent and detect fraud.
- Breaking down barriers to information sharing, coordinating a cross-cutting attack on mortgage fraud and leading the multi-agency response to mass marketing fraud – here and internationally.
- Launching and rapidly developing the Action Fraud reporting service, linked to the National Fraud Intelligence Bureau and making huge improvements in support to victims.
- Creating an Identity Crime Threat Assessment and action plan, providing fraud expertise and evidence base for Home Office work on Organised and Economic Crime.

In April 2011, sponsorship of the NFA transferred from the Attorney General's Office to the Home Office and the NFA was awarded additional funding from the National Cyber Security Programme – subject to business case approval - to provide a reporting service for cyber crime. These moves recognised the significance of fraud within the wider crime and organised crime agenda, and will strengthen our ability to co-ordinate the approach to crack down on fraudsters.

Fraudsters are ever more sophisticated and innovative. They never stand still, and nor can we. There is a lot more to do and every member of the counter fraud community has a role to play. We are currently leading a review of the 2009 national fraud strategy and consulting widely on fresh priorities for the counter fraud community between now and 2015. A new strategic plan (“Fighting Fraud Together”) will be published later in the year, with and on behalf of the counter-fraud community. Clear areas of agreement and mutual commitment are already emerging. Our business plan for 2011/12 reflects the

anticipated principles and aims of this emerging strategy, and will ensure the NFA keeps adding value and focusing our efforts where they will have most impact.

A handwritten signature in black ink, appearing to read 'Bernard Herdan', with a long horizontal stroke underneath.

Dr Bernard Herdan CB
Chief Executive
National Fraud Authority

ABOUT THE NFA

The NFA was created as an Executive Agency of the Attorney General's Office in October 2008. In April 2011, we became an Executive Agency of the Home Office through a Machinery of Government transfer, to reflect the linkage of our work with the wider crime and policing agenda for which the Home Office has the lead role. Home Office sponsorship of the NFA is exercised by the Crime Directorate of the Crime and Policing Group.

The NFA is a small organisation of about 50 people, which also operates Action Fraud through an outsourced contact centre. It was allocated ring-fenced funding through to 2015 by HM Treasury as part of the Comprehensive Spending Review. Our funding for the year ahead (subject to confirmation on the allocation of National Cyber Security Programme funding) is £5.3m.

The NFA's key roles in helping to reduce fraud are to:

- Build knowledge and awareness of fraud to improve the response to it, including prevention and self-protection by the public and organisations.
- Apply the knowledge base into prioritising and targeting the biggest fraud threats and enablers and drive collaborative efforts against them across the public, private and third sectors, in order to reduce substantially the harm caused by fraud and the cost of tackling it.
- Operate and develop Action Fraud as a "one stop shop" for taking fraud and cyber crime reports from the public and businesses and providing advice and guidance.
- Advocate for improving the criminal justice response to fraud, and the support provided for victims of fraud.
- Raise the profile and priority of fraud and improve the understanding and awareness of its links to organised and cyber crime.

STRATEGIC CONTEXT

The NFA's work and this Business Plan fit into Home Office and Cabinet Office strategies and developments, the wider counter-fraud landscape and "Fighting Fraud Together", the emerging Strategic Plan for the counter-fraud community.

Home Office / Cabinet Office

"A New Approach to Fighting Crime" published by the Home Secretary in March 2011 contained some important themes which have been and will continue to be central to the NFA's approach:

- Preventing crime – including measures to 'design out' crime risks - is an essential part of an effective crime reduction strategy.
- Some crimes such as those perpetrated by organised crime groups are so sophisticated that we need a more effective national response to these threats.
- The business community plays a key role in the fight against crime.

These themes are also fully aligned with the Stem, Strengthen and Safeguard approach set out in the forthcoming Home Office Organised Crime strategy, and the recognition of the need to tackle criminal finances and the clear links between organised crime and fraud. The NFA will help support delivery of both the "New Approach to Fighting Crime" and the Organised Crime strategy through the objectives set out in this business plan.

The NFA will also play a key role in supporting thinking on and development of the role and remit of the Economic Crime Command (ECC), and the Economic Crime Coordination Board (ECCB) which will be in place by Autumn 2011. As set out in the National Crime Agency plan, the ECC and ECCB will help better strengthen the ability of the UK to tackle economic crime, including fraud, bribery and corruption.

The NFA will continue to contribute to wider Home Office work on organised, cyber, identity and economic crime given the close relationship between these crime types and fraud. We will also contribute significantly to the Cabinet Office agenda around reduction in public sector losses from fraud and error. We continue to adapt our focus flexibly as the key fraud threats and priorities shift; recognising that fraudsters constantly evolve their activities.

"Fighting Fraud Together"

The emerging key principles of the overall Strategic Plan that are informing NFA's planning priorities for the year ahead are:

Prevention: To achieve a step change in public awareness of fraud and cyber crime and the nation's ability to self protect. This will be achieved by ensuring appropriate messaging reaches targeted audiences, with concentration of activity on the most vulnerable. Wider adoption in private and

public sector of the use of fraud prevention checks, information sharing and 'designing out' fraud risks from systems and services are also key to fraud prevention.

Disruption: To significantly disrupt and thereby prevent more fraud. This will include enhanced efforts against fraud "enablers" such as identity exploitation, cyber crime and corrupt professionals.

Enforcement: To deliver tougher, more efficient and effective punishment of fraudsters. Increased use of organised crime group mapping will help identify and target the most serious offenders for whom criminal prosecution will continue to be the most appropriate approach. However other approaches such as civil processes also need to be part of the armory against fraudsters.

Support for victims of fraud: To ensure fraud victims receive the same level of appropriate care given to victims of other crimes and provide a single place to report fraud and cyber crime to Action Fraud and thereby enhance the national intelligence for these crimes.

NFA'S AMBITION AND STRATEGIC OBJECTIVES

Our Ambition

The NFA aims to be the acknowledged champion of the country's fight against fraud, driving effective collaborative efforts and sharing good practice across all sectors in order to secure a demonstrable and substantial reduction in the cost of tackling fraud and the harm it causes.

Strategic Objectives for 2011/12

NFA has developed its work-plan against the following four strategic objectives that we believe will make the biggest difference and most positive contribution to the fight against fraud in the year ahead and beyond:

1. Building and applying knowledge about fraud
2. Setting clear and evidence-based fraud strategy and policy
3. Raising the profile and awareness of fraud among individuals, businesses and the public sector and empowering them to self-protect
4. Coordinating the counter-fraud community to tackle the most harmful fraud threats and enablers

The following sets out the detail of what we plan to deliver in 2011/12 against these four objectives.

OBJECTIVE 1 - BUILDING AND APPLYING KNOWLEDGE ABOUT FRAUD

Improving both the measurement of the scale of fraud and our understanding of its nature and the harm it causes is vital in helping the counter fraud community target its limited resources effectively and preventing fraud.

In the year ahead, the NFA's key activities will be:

- **Fraud Loss Measurement:** To develop the most comprehensive analysis yet of the scale of fraud losses in the UK to share with the wider counter fraud community; publishing a new Annual Fraud Indicator in 2012. This will include a new analysis of the organised crime threat and fresh, in-depth measurements for specific fraud types including mass marketing, corporate, insider, payroll and recruitment, procurement and grant awards.
- **Fraud Information Sharing:** To continue our work to improve fraud prevention and reduction through better fraud information sharing between and within the private, public and voluntary sectors, and wider use of data analytics to prevent and detect fraud.
- **National Fraud Intelligence Bureau (NFIB):** Working with the City of London Police – the National Lead Force for Fraud - to champion a joined-up and one stop shop approach to intelligence building and dissemination through NFIB, including improved organised crime group mapping and inclusion of key public sector fraud data.
- **Best Practice:** Across all our work, identifying and disseminating best practice on preventing and combating fraud, and encouraging and facilitating its adoption.
- **Economic Crime Coordination Board (ECCB):** Supporting work by the ECCB to create a stronger intelligence picture across the agencies involved in tackling economic crime and driving better co-ordination of cases and alignment of resources across agencies.

OBJECTIVE 2 - SETTING CLEAR AND EVIDENCE BASED FRAUD STRATEGY AND POLICY

With limited enforcement resources available, the responsibility to prevent and to fight fraud rests with every member of the counter fraud community in the UK. All the evidence points to the need for a balance between prevention, disruption and enforcement, and for rationalisation of the current UK counter-fraud landscape. It is therefore essential that all significant parties agree a collective approach which reflects their interests and provides clear direction and responsibility for future action. The NFA will continue to play an important role in the provision of evidence-based policy and strategy proposals.

In the year ahead, the NFA's key activities will be:

- **Strategic Plan:** Finalising the new Strategic Plan ("Fighting Fraud Together") for the whole counter fraud community and putting in place new, rationalised governance to oversee implementation of its more collaborative action plan in the coming years. This work will be closely linked to the organised crime and cyber crime strategies, and will help shape priorities for the forthcoming structural reforms affecting the fraud landscape. It will also recognise the priority which needs to be placed on reduction in public sector losses from fraud and error.
- **Advice & Expertise:** Improving and extending the performance measurement of counter-fraud enforcement, prevention and disruption, to influence the development of planned landscape changes such as the National Crime Agency and on economic crime. To continue to provide expert fraud advice to Home Office on this and on the development and implementation of its strategies for Organised Crime, Cyber Crime and its cross-cutting ID crime action plan. To provide the necessary evidence base to set priorities for actions to reduce public sector fraud.
- **Improving the Fraud Enforcement & Criminal Justice Response:** Applying our knowledge and expertise to areas where evidence shows there is a gap in the counter fraud enforcement and criminal justice response, potentially including greater use of civil litigation, the creation of industry-sector funded fraud investigation units, and improved asset denial and recovery performance.
- **Joint working with Law Enforcement:** To continue to work closely with City of London Police, ACPO, other police forces and law enforcement agencies to improve the overall law enforcement response to fraud.

OBJECTIVE 3 - RAISING THE PROFILE AND AWARENESS OF FRAUD AMONG INDIVIDUALS, BUSINESSES AND THE PUBLIC SECTOR AND EMPOWERING THEM TO SELF-PROTECT

Fraudsters will only be beaten when every member of society, whether an individual or an organisation, takes responsibility for protecting themselves against fraud and reporting it when it happens to them. To change behaviour, we need to raise levels of awareness about the nature of fraud and ensure all have the information they need to report and self protect.

In the year ahead, NFA's key activities will be:

- **Action Fraud:** To deliver an enhanced service for reporting of fraud and cyber crime through Action Fraud, the NFA's national fraud reporting centre and harness that information collected to achieve better prevention. This will include developing the service to collect useful intelligence information as well as reports where an actual crime has been committed. Police will be able to refer victims directly or indirectly to the service and we will measurably improve the level of support and advice given to fraud victims, to arm them better against further fraud attacks. We are building capacity during 2011-12 to handle up to 270,000 phone and web contacts. Based on past experience this will deliver about 42,000 reports of fraud and cyber crimes into the National Fraud Intelligence Bureau along with up to 200,000 other reports providing valuable intelligence such as on attempted frauds. These crime and intelligence reports will contribute to a stronger intelligence picture and better targeted disruption and enforcement performance. These capacity and volume levels represent a 157% increase on activity levels during 2010-11. More widely the service will provide advice and guidance to customers to help them deal with their situation and prevent repeat victimisation.
- **Awareness & Self-Protection:** Activities to raise awareness of fraud and improve self-protection among:
 - Individuals - To provide individuals with the knowledge and skills to avoid becoming a first time or repeat victim of fraud. By segmenting the population by their susceptibility to fraud we will develop targeted education and intervention initiatives that can be measured.
 - Public & Third Sector, by developing a culture change programme of activities for staff that can be measured for their impact to change behaviour.
 - Businesses – To select specific business sectors – identified by the AFI as being more prone or vulnerable to fraud in addition to partnering with existing sector representatives to drive fraud awareness and establish initiatives to change behaviour and attitude toward dealing with fraud.
- **Identifying and Protecting Victims:** Increasing and improving the level of advice and support to victims of fraud to reduce repeat victimisation, whilst raising awareness of the importance of reporting fraud and where to

- **Economic Crime Coordination Board (ECCB):** the above activities will all contribute to supporting and helping deliver work by the ECCB to increase the ability of the individuals, public sector and businesses to protect themselves from fraud.

OBJECTIVE 4 - CO-ORDINATING THE COUNTER FRAUD COMMUNITY TO TACKLE THE MOST HARMFUL FRAUD THREATS AND ENABLERS

Fraud affects every part of society: individuals, businesses, public sector bodies and voluntary organisations. “Fighting Fraud Together”, the Strategic Plan for the counter fraud community will be unique in embracing every sector to identify ways of reducing the harm fraud causes and working together to develop and implement action plans that deliver measurable benefits.

In the year ahead, the NFA’s key activities will be:

- **Tackling Fraud against the Public Sector:** This costs £21billion a year: more than half the total fraud loss in the UK. Tackling it is a priority for Government given its scale, severity and deficit impact. NFA will continue to develop and support work led by the Cabinet Office Counter Fraud Taskforce to reduce fraud, error and debt across Central Government. These include developing a range of preventative solutions, effective intelligence sharing capabilities across departments, enhanced fraud reporting mechanisms, a consistent set of sanctions and building a counter-fraud culture across the civil service. More specifically, we will:
- Continue to support the network of Counter Fraud Champions to deliver a consistent cross government approach to tackling fraud by:
 - Producing guidance to departments on how to measure their fraud loss exposure and assess their fraud risks
 - Embedding the public sector fraud alerts system working with the National Fraud Intelligence Bureau
 - Providing a forum for sharing of best practice
 - Developing a tool-kit to support and drive the development of a strong and consistent anti-fraud culture across government
- Establish a panel of experts to assist departments to independently review the fraud risk of major projects, new policy and critical systems.
- Take forward initiatives arising from our scoping papers to tackle procurement, grant and insider-enabled fraud.
- Develop and implement a road-map for sharing intelligence more effectively across government.
- Work with the Cabinet Office Identity Assurance Programme to ensure robust standards of identity assurance and counter fraud are at the heart of the switch to digital delivery.
- Work with the NFIB to improve the sharing of intelligence between public and private sectors and details of false identity documents in order to protect government services and benefits from organised crime.

- Identify data assets and information exchange that can be deployed more effectively to verify a citizen's entitlement to government services and benefits.
- Address the £2.1 billion of fraud in local government, working with local authorities across the country to identify and agree a consistent strategy and action plan to tackle fraud in the sector. We will:
 - Consult on, draft and deliver a Local Government Counter Fraud Strategy and agree an implementation plan
 - Produce guidance on tackling the fraudulent exploitation of Council Tax exemptions
 - Collate and disseminate best practice on Housing Tenancy Fraud
 - Take forward initiatives arising from our scoping paper of the fraud risks arising from personal budgets and direct payments
 - Work with partners to develop a tool-kit of resources to tackle the main fraud threats faced by local authorities, including contributing to *Protecting the Public Purse* and the Audit Commission's Fraud & Corruption Manual
 - Report on existing pilots and pathfinders trialling technological solutions to fraud and initiate further pilots
- **Tackling Fraud against the Private Sector:** NFA will continue with "light touch" work to sustain the collaborative improvements to tackling mortgage fraud, and will build on work started to collaboratively tackle telecoms fraud. More widely we will work closely with the private sector in developing the strategic plan and new governance structures to oversee its delivery, and will help sectors of the business community facing significant fraud losses understand the nature of their fraud threat and join together to tackle it.
- **Addressing Fraud against Charities:** Having built a clearer understanding of the scale of loss to the charity sector, we will work to develop a collaborative approach to more effectively tackle fraud in that sector.
- **Disrupting Fraud against the Individual:** We will continue to sustain and develop collaborative activity to disrupt Mass Marketing Fraud, as the type of fraud which causes the most harm to individuals.
- **Addressing Fraud Enablers:** we will contribute actively to the development of an effective national response to key fraud enablers which cut across all sectors, including cyber crime, identity crime and the criminal use of accommodation addresses.

KEY SUCCESS INDICATORS

While we will be driving delivery of important outputs and outcomes across all the work set out in this plan in the year ahead, the following areas identify what we consider to be the most critical indicators of our success, against each of our 4 strategic objectives:

Building and applying knowledge about fraud

- Publishing the third Annual Fraud Indicator in quarter four 2011-12. This will be even more comprehensive than the last targeting priority areas for more detailed measurement and analysis.

Setting clear and evidence based fraud strategy and policy

- Agreeing a "collectively-owned" strategic plan ("Fighting Fraud Together") for the counter-fraud community with a wide range of key stakeholders in quarter two 2011-12, and thereafter producing quarterly performance reports on progress against it.

Raising the profile and awareness of fraud among individuals, businesses and the public sector and empowering them to self-protect

- Developing Action Fraud to take on more police fraud crime reports, new cyber crime reports and other fraud and cyber information (such as attempted crimes) to reach more victims and increase support levels. Through this and our wider awareness building work, to contribute to increasing public awareness of fraud and improving self-protection from it.

Co-ordinating the counter fraud community to tackle the most harmful fraud threats and enablers

- Supporting the Cabinet Office Counter Fraud Task Force and drafting an interim (June 2011) and final (March 2012) Task Force report to detail the successes of the first year's programme of work. We will drive the delivery of pilot counter fraud activity and develop a greater focus on prevention and the use of data assets and intelligence across government.
- Deliver a demonstrable difference, confirmed by our stakeholders, as we contribute to a range of initiatives to tackling fraud against businesses, charities and individuals, with a primary focus on raising awareness, prevention and disruption.