



# DHSC counter-fraud strategy

2020 to 2023

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## Foreword

**“A system-wide approach to tackling fraud which protects taxpayer’s money for better patient care”.**

### The problem

We are delivering on our historic long-term settlement for the NHS, which will see NHS funding increase by £33.9 billion by 2023 to 2024, and as a result, never before has a counter-fraud response to protect this investment been so important. Fraudulent activity in the NHS means that the money intended for patient care, and funded by the taxpayer, ends up in the pockets of those who did not legitimately earn it. It means fewer resources are available to be spent on frontline health services such as patient care, health care facilities, doctors, nurses and other staff. There is a reduced ability to invest in new and improved equipment and technology, fewer clinical interventions, and a general diminution in the sustainability of an NHS which remains free at the point of delivery. The NHS Counter Fraud Authority (NHSCFA) have assessed, that, in the context of a 2019 to 2020 NHS budget in England of almost £140 billion, fraud, bribery and corruption against the NHS costs the public purse an estimated £1.21 billion.

The risk of fraud extends to every transaction, contract and payment made across the NHS. Clearly the overwhelming majority of activity and individuals within the NHS are correct and honest. Work undertaken so far has identified levels of estimated losses in specific areas. For example, within the NHS, the NHSCFA Strategic Intelligence Assessment 2020, estimates that over £259 million is lost each year due to patients incorrectly claiming an exemption from NHS prescription, optical and dental charges. Whilst good work has already been done on reducing the estimated loss to dental contractors acting fraudulently or making mistakes from £126.1 million in 2018 to £65.9 million in 2020, it is important that such downward pressure is maintained.

As we publish this DHSC counter fraud strategy, the country is responding to the COVID-19 pandemic, possibly the greatest challenge our health service has faced in its history. We know that during a national emergency, there will be some who will take advantage to commit fraud. Our job is to protect the coronavirus emergency response funding and the additional expenditure that has been allocated to health services in response to COVID-19 from fraud.

### Our response

Fraud is a hidden crime and to fight it, you have to find it. There is no one solution. Addressing fraud needs a holistic response incorporating detection, prevention and redress, underpinned by a strong understanding of risk. It also requires cooperation and a spirit of collaborative working between organisations.

It is generally the case that complex organisations with delegated systems are at higher risk of fraud than simpler, centrally run organisations. The NHS is a particularly complex organisation with many layers of delegated responsibility. It is important to recognise that fraud is not randomly distributed. Criminals seek out weaknesses in controls and scrutiny, taking the opportunity to exploit these where they can. Fraud does not recognise or respect organisational or geographical boundaries, and criminals are ready, willing and able to adapt to the opportunities presented within an evolving

healthcare system.

Equally, the ability to take effective action against fraud is dependent upon an environment in which everyone fully understands the importance of their role in preventing and detecting fraud. This includes - ensuring that all staff having a thorough understanding of what fraud looks like and how to report it. Every organisation in the NHS has an important and essential role in ensuring that fraud is effectively tackled and must demonstrate a clear commitment to doing so. Significant progress has been made to break down barriers between NHS organisations and encourage greater sharing of information. However, there is further to go.

There needs to be a greater understanding of the risks and losses at a greater level than before and this must inform our activity to tackle fraud. Good work to reduce fraud in the NHS is already taking place and we need to build on this and extend consistent principles and best practice to all parts of the NHS. All this work will lead to a further strengthening of the DHSC reputation of being at the forefront of counter fraud work in government.

Finally, the NHS must embrace and utilise advances in technology to tackle fraud, including data mining and data analysis techniques.

Lord Bethell of Romford

Parliamentary Under Secretary of State (Minister for Innovation) Department of Health and Social Care

## Vision

A system-wide approach to tackling fraud which protects taxpayer's money for better patient care.

## Context

There are 5 internationally recognised principles for public sector fraud and our counter fraud work is based on and predicated by these underlying principles:

- **There is always going to be fraud** - It is a fact that some individuals will look to make gains where there is opportunity, and organisations need robust processes in place to prevent, detect and respond to fraud and corruption.
- **Finding fraud is a good thing** - If you don't find fraud you can't fight it. This requires a change in perspective so the identification of fraud is viewed as a positive and proactive achievement.
- **There is no one solution** - Addressing fraud needs a holistic response incorporating detection, prevention, enforcement and redress, underpinned by a strong understanding of risk. It also requires cooperation between organisations under a spirit of collaboration.
- **Fraud and corruption are ever changing** - Fraud, and counter fraud practices, evolve very quickly and organisations must be agile and change their approach to deal with these evolutions.
- **Prevention is the most effective way to address fraud and corruption** - Preventing fraud through effective counter fraud practices reduces the loss and reputational damage. It also requires less resources than an approach focused on detection and recovery.



## Delivering the counter fraud principles in the NHS

We will deliver the 5 key principles in the NHS by ensuring our work is:

- Centrally driven and managed, with clear lines of accountability, whether that be in individual NHS bodies themselves or up to the Director General Finance & NHS and the Counter Fraud Board.
- Reliant on a collaborative approach between organisations and a clear senior management commitment to developing a consistent and organised mechanism for sharing both information about identified and potential risks, and best practice.
- Recognising that reducing fraud/financial loss is the responsibility of all staff and therefore supports the development of a clear assurance framework that is underpinned by consistent guidance and clear escalation routes. Fraud is a hidden crime and to fight it, first we must find it. Everyone needs a clear understand of how and what to report which then allows specialist counter fraud staff to take matters further.
- Building on previous success and lessons learned, it takes fraud reduction to the next stage by proactively seeking to introduce preventative ways of permanently eradicating whole categories of fraud/financial loss (e.g. prescription fraud) and minimising the opportunity for new categories of fraud to arise.
- Acknowledging that work on fraud and other types of financial loss is critical to maintaining a sustainable and financially balanced NHS.

There is still much more that needs to be done to tackle the spectre of fraud across the NHS landscape in England. However, everything that is set out in this strategy is achievable and realistic and we should not lose site of the significant progress that has already been made.

The NHS Counter Fraud Authority (NHSCFA) was established in 2017 to spearhead the fight against NHS fraud and to implement DHSC strategic plans under the sponsorship of the DHSC Anti-Fraud Unit. In addition to the counter fraud work undertaken by the NHSCFA, and the Cabinet Office cross Government Counter Fraud Function Standards, other bodies with national coverage, such as NHS England and NHS Improvement and the NHS Business Services Authority (NHSBSA) now routinely undertake activity to tackle fraud:

Since September 2014 the NHSBSA has been responsible for administering the Prescription Exemption Checking Service (PECS), which is a robust evidential based sampling process aimed at checking and validating patient exemption claims, focussing in the main on areas at highest risk of loss. Work is also being undertaken with NHS Digital to introduce a Real Time Exemption Checking (RTEC) system.

NHS England has its own dedicated team of counter fraud specialists that undertake investigations and work with the NHSCFA to deliver the DHSC Counter Fraud Strategy. This team serves both NHS England and NHS Improvement.

Since NHSCFA was established, and through collaborative actions, £360.8 million savings were made between 2017 to 2018 and 2019 to 2020 as a consequence of behavioural change from the Prescription and Dental Exemptions Checking Services (PECS and DECS).

This has been underpinned by the governance of the Counter Fraud Board (CFB). The CFB is chaired by DHSC which draws together key national organisations NHSCFA, NHSBSA and NHS England and NHS Improvement with representation from Cabinet Office for strategic oversight of all NHS counter fraud activity.

DHSC is at the centre of the government's response to the COVID-19 pandemic in England, which emerged during Q4 2019 to 2020. The Chancellor has been clear that the NHS will get whatever funding it needs to respond to the Coronavirus. DHSC has committed £63 billion in 2020 to 2021 and £29 billion in 2021 to 2022 to help health services tackle coronavirus, including £22 billion on NHS Test & Trace, and £15 billion on Personal Protective Equipment (PPE) in 2020 to 2021. A further £15 billion in NHS Test and Trace and £2.1 billion in PPE has been committed in 2021 to 2022.

Given the level of funding that has entered the healthcare system, the counter fraud response is more important than ever. Initial action from DHSC Anti-Fraud Unit (AFU) involved:

- creating a COVID-19 Fraud Risk Assessment based on health insights, which fed into the Cabinet Office Global Fraud Risk Assessment and informed Post Event Assurance activity;
- working with teams from across government to implement controls to reduce fraud in the PPE procurement process without slowing down the urgent need to buy life-saving equipment; and
- developing enhanced due diligence processes, and implemented at pace, to support DHSC Finance and Commercial teams to inform real-time decision making to mitigate the risk.

Our strategy will remain flexible and adapt to/anticipate the changing environment and emerging fraud risks to ensure we still deliver. All this work will lead to a further strengthening of the DHSC reputation of being at the forefront of counter fraud work in government.

## A structure for delivery

DHSC sets the direction and pace of the Health Group's counter fraud work through the CFB. Relevant DHSC policy units will support delivery of actions against each fraud risk. This anti-fraud work will align with the DHSC "3 dimensions" strategy for dealing with arm's length bodies (ALBs):

- **Accountability:** supporting ministers to hold ALBs to account and ensuring that ALBs are accountable through their boards. DHSC has a direct interest in ensuring that the government's priorities are met, and a role to challenge ALBs, in particular the NHSCFA, to ensure that they are building their internal capability and organisational effectiveness.
- **Convening:** using the Department's convening power to align strategies and plans across the health care system. This means looking beyond short-term issues and bringing together those with a shared concern about the future to explore how to tackle emerging fraud risks or exploit opportunities.
- **Working together:** to deliver a shared outcome: this includes forming joint programmes, projects and programmes with shared teams with accountability.

## The role of the DHSC Anti-Fraud Unit (AFU)

The DHSC AFU provides support and co-ordination in the development and delivery of counter-fraud work and holds to account those responsible for actions. The DHSC AFU investigates allegations of fraud and corruption in both the Department and its ALBs where the health service is not affected. The DHSC AFU also seeks to ensure fraud prevention is built in to DHSC policy development at the earliest possible stage and promotes awareness of fraud risks across the health group.

As part of the wider cross Government counter fraud agenda, the DHSC AFU engages with the Cabinet Office and other Government Departments at a strategic level to prevent and deter fraud. The DHSC AFU is also the sponsor branch for the NHSCFA, the organisation that tackles fraud and corruption in the NHS.

## The role of the NHS Counter Fraud Authority (NHSCFA)

The NHSCFA will be the single expert intelligence-led organisation providing centralised intelligence, investigation and solutions capacity for tackling fraud, bribery and corruption in the NHS in England. The NHSCFA will act as the repository for all information and intelligence related to fraud in the NHS and the wider health group and will have oversight of and monitor counter fraud work across the NHS. They will provide strategic and tactical solutions to identified fraud risks, counter fraud standards and assessment of performance through the provision of comparative data. Working together with our stakeholders, NHSCFA will drive improvement to counter fraud work that is undertaken across the NHS.

The NHSCFA will work collaboratively across the NHS, DHSC, and other relevant organisations to obtain better information and intelligence on the types of fraud the Health Group is exposed to and assist in putting in place effective measures to better prevent, deter and investigate fraud. The NHSCFA will also be better equipped to provide valuable information to the Health Group on

weaknesses and risks that can expose us to serious financial loss.

## **The role of NHS England and NHS Improvement and NHS Commissioners**

Within the framework of the overall anti-fraud work directed by DHSC, NHS England and NHS Improvement and NHS Commissioners will be responsible for implementing the required activities. Having due regard for the Cabinet Office Counter Fraud Functional Standards.

NHS England and NHS Improvement will investigate allegations of fraud against NHS England and NHS Improvement (NHSEI) and its constituent parts, NHS Commissioners will investigate where they have suffered a loss, unless these fall within the remit of NHSCFA. Each Commissioner will have an appropriate programme of proactive counter fraud work to address its own fraud risks. NHS Commissioners will have appropriate anti-fraud measures in place when contracting with providers of NHS services.

## **The role of the NHS providers**

NHS providers will comply with the requirements of the NHS standard contract and undertake counter fraud measures at the local level. They will assist NHSCFA in the implementation of actions arising from the centrally determined approach and action plans, including the provision of information and data to enable effective counter fraud work to be undertaken.

Additionally, they will undertake local prevention and deterrence activity, along with appropriate investigation and sanction activity, and demonstrate compliance with the Government Counter Fraud Functional Standards from April 2021.

## **Our objectives**

To achieve our vision, we have identified five key objectives that are fundamental to our success:

## Objective 1 – getting the basics right

We will do more to prevent fraud and, by working with process/policy owners, consider, design and build in fraud mitigation measures from the outset.

**Actions to achieve our objective** – to achieve our objective, we will undertake the following actions:

- 1. Facilitate collaborative work** with every NHS organisation to ensure they have sufficient understanding of their capability/ internal structures to evidence fraud prevention measures.
- 2. Demonstrate value for money** through counter fraud cost/benefit reporting.
- 3. Raise awareness** of the Government Counter Fraud Functional Standards to facilitate adoption by the entire Health system in England.

**Measuring success** - to assess the impact of our actions, outcomes and measures will include:

- The **Government Counter Fraud Functional Standards (GCFFS)** being rolled out to the entire healthcare system in England, raising the standards needed to prevent and detect fraud.
- **Increase adoption of GCFFS** by health ALBs showing year on year improvements in compliance with standards.
- **Measured improvements in counter fraud cost/ benefit reporting** across the healthcare sector helps demonstrate that counter fraud investment pays for itself.

## Objective 2 – building capability

We will be a high performing and diverse counter fraud function, with great people in the right roles with the right skills.

**Actions to achieve our objective** – to achieve our objective, we will undertake the following actions:

- 1. Raise awareness of the GCFFS** by developing capability and capacity building across the health sector to support a wider range of counter fraud specialists joining the Counter Fraud Profession.
- 2. Deliver a new national framework contract** for the delivery of local NHS counter fraud services, setting out minimum performance levels.

**Measuring success** - to assess the impact of our actions, outcomes and measures will include:

- The extent to which the **Government Counter Fraud Profession has been rolled out to the entire healthcare system in England**, raising standards and delivering the people capability needed to prevent and detect fraud.
- **Increased number of health counter fraud specialists** in the Government Counter Fraud Profession (and spread across organisations and disciplines).
- Increased adoption of **approved counter fraud providers** from the new framework contract.

## Objective 3 – insight

Increasingly, DHSC and the NHS, will be able to measure the impact of activity to protect the NHS from economic crime at both sector and organisational level.

Intelligence will be increasingly shared across the NHS and beyond enabling us to understand and spot fraud threats earlier.

**Actions to achieve our objective** – to achieve our objective, we will undertake the following actions:

1. DHSC will lead **intelligence sharing efforts** with stakeholder organisations.
2. Ensure a **full suite of national and local counter fraud measures are in place** measuring detected and prevented fraud, and fraud loss recovery.
3. Be in **routine use of technology**, facilitated by NHS Digital, NHSX, NHSEI, NHSBSA and NHSCFA, to detect and prevent fraud wherever possible.

**Measuring success** - to assess the impact of our actions, outcomes and measures will include:

- Successful **targeted loss measurement** exercises.
- Increased **levels and quality of fraud reporting**.
- Successful full suite of **national and local counter fraud targets** rolled out for detected and prevented fraud informed by risk assessment. Additionally, the success of targets in place for the recovery of monies lost to fraud.
- **Routine use of technology**, facilitated by NHS Digital, NHSX, NHSEI, NHSBSA and NHSCFA, being used to detect and prevent fraud wherever possible.
- Increased use of **data analytics** to inform the picture of fraud risk across the health sector and prioritise solutions.

## Objective 4 – working together

We will increase collaboration and coordination of counter fraud responses across the Health sector. DHSC and all health bodies will increasingly look for and find/identify fraud, which will be seen as a positive activity – detected fraud in the NHS will rise.

Smaller NHS bodies and healthcare providers will be more confident in their ability to counter fraud and will be able to access expertise in key areas.

**Actions to achieve our objective** – to achieve our objective, we will undertake the following actions:

- 1. DHSC Counter Fraud Board** will continue to deliver greater alignment with and between the key national organisations: NHS Counter Fraud Authority, NHS Business Services Authority, NHS England and NHS Improvement.
- 2. Maintain oversight** of the operational updates from national organisations.

**Measuring success** - to assess the impact of our actions, outcomes and measures will include:

- **Operational updates** provided by national organisations will show transparency, clear accountability and ownership.

## Objective 5 – minimising loss

We will drive a strong culture of counter fraud planning, risk and performance management.

Where we know about significant levels of healthcare fraud, those levels will be reduced in an evidenced and measurable way.

**Actions to achieve our objective** – to achieve our objective, we will undertake the following actions:

1. We will work with policy teams to **fraud proof policies** and their operational delivery.
2. We will **increase emphasis on fraud prevention activity** and develop measures to ensure we can evidence the impact.
3. We will continue to set fraud prevention, fraud detected and fraud loss recovery **targets for the NHSCFA**. These are used to inform and develop wider, cross sector loss reduction targets.

**Measuring success** - to assess the impact of our actions, outcomes and measures will include:

- Additional targets in place for the **recovery of monies lost** to fraud following the full suite of national and local counter fraud targets rolled out for detected and prevented fraud informed by risk assessment.
- **NHSCFA's performance against annual targets**. These will continue to develop and be refined as part of this new strategy. By March 2023 NHSCFA will achieve a minimum financial benefit of £400m to the NHS as a result of national and local counter fraud activity.
- Increased **impact of fraud prevention activity** across the health sector.

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Finance Directorate, DHSC Anti-Fraud Unit

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