



Public Sector
Fraud Authority

Cross-Government Fraud Landscape

Annual Report 2022

Alternative format versions of the report are available on request from the Public Sector Fraud Authority: PSFA@cabinetoffice.gov.uk

Public Sector Fraud Authority

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Foreword



Mark Cheeseman

Interim Chief Executive
Public Sector Fraud Authority

The UK government aims to be the most transparent in the world in how it deals with fraud against the public sector. As part of this commitment, it publishes this Fraud Landscape Report. This report details the levels of fraud and associated error that departments and public bodies (excluding tax and welfare, as these are published elsewhere) are reporting, and have dealt with, in the associated year.

The Fraud Landscape Report for 2020/21 has been delayed as a result of reprioritisation of the resources in the Centre of the government's Counter Fraud Function to support public bodies during the Coronavirus pandemic. I am now pleased to be able to present this report, which includes data from the first year of the government's response to the pandemic.

The government has an explicit objective to find more fraud in the system. This acknowledges that inherently fraud is a crime that is hidden by those who commit it. As such, effective fraud control and response has to be active in uncovering it. By detecting more, we can understand fraud better - and deal with it better.

We should continuously challenge ourselves to get better at dealing with fraud because we know that fraud against the public sector is damaging. It increases the cost of public services and damages the citizen's confidence in government. We also know that those who commit fraud adapt their tactics and behaviour - we have a capable and committed adversary with a lot to gain. As such, we must challenge ourselves to change and adapt to improve how we control and manage fraud and fraud risk.

The 2022 Fraud Landscape Report covers the financial year 2020/21. The data presented here shows a rise in the levels of reported fraud and associated error across the public sector - in line with the government's stated objective. However, it should be noted that this increase is in the context of an increased level of public spending and fraud risk as a result of the pandemic.

The report also provides an update on the work of the Counter Fraud Function. The Counter Fraud Function was created in 2018, led by a Centre of Expertise based in the Cabinet Office. In response to the pandemic, this Centre changed its focus from a unit that developed structures, standards and guidance to one that scrutinised and understood the increased level of fraud risk in the pandemic and increasingly delivered support and services to have an impact on this risk.

As would be expected, the progress is dominated by the activity in support of that response. However, it is also pleasing to report an increase in the membership of the Counter Fraud Profession to 7,011¹, the continued delivery of the National Fraud Initiative and use of the Digital Economy Act and the continued leadership of the Counter Fraud Function in the International Public Sector Fraud Forum, which brings together experts in public sector fraud from across Australia, Canada, New Zealand the United Kingdom and the United States.

The challenge for the government in taking action on fraud against the public sector remains significant. Our estimate (including tax and welfare) is that every year at least £33.2bn of taxpayers' money is subject to fraud and error. The more we can take action on this, the more we can reduce the cost of public services and reduce what is often criminal activity undertaken to the detriment of honest taxpayers.

In August 2022, the government launched the Public Sector Fraud Authority. The PSFA will replace the Centre of the Counter Fraud Function, and lead the Function in raising the public sector's ambition on this agenda. It will do this through an increased focus on performance across the system, and by providing broader and deeper expert support to public bodies in their work to understand and manage their fraud risks.

This will be accompanied by a step up in the use of data and analytics to find and prevent fraud, building off the successes of the data work led from the Cabinet Office and seeking to be ever more innovative and agile - mirroring our capable and committed adversary. The PSFA will also continue to help counter fraud specialists to improve their capability through guidance, standards and training (through the Counter Fraud Profession) - making expertise an expectation in counter fraud work.

We have learned a lot through the last few years and will integrate these lessons into the Public Sector Fraud Authority and its activity. It will use these lessons to work with departments and public bodies to better understand and reduce the impact of fraud.

Mark Cheeseman OBE

Interim Chief Executive
Public Sector Fraud Authority

¹ By April 2022.

Summary

Since its establishment, the Government Counter Fraud Function has been committed to finding more fraud across the public sector through strengthening government's counter fraud capability.

The UK government aims to be the most transparent government globally by publishing its fraud and error losses and recoveries annually, and highlighting the continued work that is being done by the Counter Fraud Centre of Expertise, now the Public Sector Fraud Authority, with public bodies to find and fight public sector fraud.

Since its establishment in 2018 the Centre of Counter Fraud Expertise has continued to increase capability across government through;

- Creating the world's first Government Counter Fraud Profession in 2018 which as of April 2022 brought together 7,011 counter fraud professionals from across the public sector.
- Producing 7 Professional Standards to provide best practise for counter fraud colleagues, including Fraud Risk Assessment and Fraud Measurement Standards.
- Assuring departments adherence to the Government Counter Fraud Functional Standard.
- By April 2022, trained 99 counter fraud colleagues from across government in Fraud Risk assessment and developing the Counter Fraud Leaders Programme to ensure government departments have leaders who understand counter fraud response.

This report details the work of the Counter Fraud Centre of Expertise and provides an update on cross government work on fraud against the public sector.

COVID-19

Following the outbreak of COVID-19, the UK government responded to the urgent needs of citizens, creating multiple schemes and grants to support people and businesses.

The unprecedented shift to remote working due to the pandemic presented challenges in the traditional counter fraud response and in parallel prompted fraudsters to use virtual tactics to target schemes and individuals. Due to the nature of the pandemic, emergency funding needed to be issued to citizens at pace, this coupled with the increase in procuring equipment to aid in the pandemic response created opportunities for fraudsters and saw the risk of fraud against the public sector increase.

Fraudsters were quick to adapt their practices and take advantage of the emergency situation unfolding across the world, attacking stimulus schemes set up to help the most vulnerable within our society. In order to respond to both the COVID-19 and business as usual (BaU) fraud threats, many organisations had to utilise their resources within a risk-based approach, prioritising as required.

Government is committed to do more to fight fraud perpetrated against the public sector. Throughout COVID-19 it has utilised counter fraud experts from around government, the private sector and international partners to identify ways in which it can improve its approach to counter fraud. As experts across the Government Counter Fraud Function look to create the next Cross-Government Counter Fraud Strategy, key lessons learnt through the pandemic will be at the forefront of discussion.

Government will look to embed these learnings further through the design and implementation of the Public Sector Fraud Authority which was announced within Spring Budget 2022.

Reported levels of detected, recovered and prevented fraud and error - 2020/21

The year reported on in this publication (2020/21) is the first year that includes spending by the UK government in support of the pandemic response. The level of fraud, and associated error, reported by departments and public bodies (excluding tax and welfare) and assured by the Centre of Expertise in the Cabinet Office rose in 2020/21.

Detected fraud rose from £227m in 2019/20 to £243m in 2020/21.² Detected fraud and error rose from £310m in 2019/20 to £525m in 2020/21. The difference between fraud and error is whether a department or public body has established the intention of the action to a balance of probabilities and is explained further in Part One.

Prevented fraud and error rose from £388m in 2019/20 to £653m in 2020/21³, and recovered fraud and error rose from £92m in 2019/20 to £193m in 2020/21.

The overall trend is one of increasing levels of detected, prevented and recovered fraud and error. This is in line with the government's explicit policy to encourage public bodies to do more to find and report fraud and error. However, analysis in Part 2 shows that the rise is driven by additional levels of fraud and error found as part of pandemic related spending, with BaU reported levels dropping. It is likely that this is due to fraud resources being refocused onto pandemic spending - where the inherent risk of fraud was higher.

Understanding fraud risk

The pandemic response highlighted the importance of a risk-based approach to counter fraud activity and the necessity of increasing the understanding of fraud risk to government schemes and where the potential for widespread fraud could present itself.

The Counter Fraud Centre of Expertise worked with departments to establish a Global Fraud Risk Assessment (GFRA) - highlighting the highest risk COVID-19 stimulus schemes and the need for in-depth fraud risk assessments in these areas.

² This number excludes anomalies/outliers, the centre of the Function reviews the data in this way to analyse trends.

³ This number excludes anomalies/outliers, the centre of the Function reviews the data in this way to analyse trends.

Government departments also undertook Post Event Assurance (PEA) on their stimulus schemes. The aim of PEA was to understand the risks within each of the schemes as well as to support and review Fraud Measurement Activity to establish the levels of fraud likely to have occurred. With the ever-changing nature of the pandemic, PEA work is ongoing but early information published by departments and public bodies shows that the level of fraud and error in pandemic related spending in 2020/21 is likely to exceed £10bn⁴.

Following a recommendation from the Public Accounts Committee, HM Treasury created a requirement for departments to make an evidence based estimate of the extent of the level of fraud and error in the COVID-19 support schemes that they administer in their 2021/22 annual reports and accounts. This brings them in line with best practise from HMRC and DWP.



The pandemic highlighted the benefits of **sharing information** across government

Intelligence and understanding the threat

Alongside the GFRA and PEA activity, the pandemic highlighted the benefits of sharing information across government. Government established a central intelligence team to gather information provided by the public and other sources, and disseminate it to law enforcement agencies and other government departments. In conjunction with Crimestoppers, government set up the Crimestoppers COVID-19 intelligence hotline, giving the public a route to anonymously provide information about suspected public sector fraud.

The intelligence team also created several public-facing documents to highlight fraud risks that were being presented to the public, such as COVID-19 pass and vaccine fraud.

Colleagues across government came together to share data in order to detect and prevent fraud within COVID-19 stimulus spending. The Counter Fraud Centre of Expertise within the Cabinet Office worked with various stakeholders to identify how data could be best utilised, including collaborating with the Department for Business, Energy and Industrial Strategy (BEIS) and the British Business Bank to establish how data could be used to create upfront fraud controls and assist in proactive detection of loans that had been obtained fraudulently.

International engagement

The UK government continued to work closely with its international partners (Australia, Canada, New Zealand and the United States) through the International Public Sector Fraud Forum (IPSFF), sharing experiences and best practice to build guidance that could be used across the world to deal with fraud in emergency situations. The IPSFF has also worked to establish lessons that have been learnt through the global pandemic and other emergency situations that occur across the globe.

4 Estimated using pandemic relating spending only (including the impact on Universal Credit).

Public Accounts Committee

The levels of fraud experienced throughout the pandemic led to scrutiny from both the public and the Public Accounts Committee (PAC), and the first ever hearing on cross-public sector fraud and error took place in April 2021. The PAC questioned government's response to fraud in the pandemic and provided recommendations to the Government Counter Fraud Function and HM Treasury on various aspects of counter fraud activity. The Counter Fraud Centre of Expertise is currently working with departments across government to act on these recommendations and improve its response to fraud.

Public Sector Fraud Authority

As part of the government's commitment to go even further in finding and reducing fraud and error, it has invested over £900m since March 2021 across government; £24.7m of this has gone to the Counter Fraud Centre of Expertise to enhance its role and mandate and replace it with the Public Sector Fraud Authority. This was launched on the 3rd August 2022.



The government has invested over £900m since March 2021; **£24.7m** of this has gone to the **Counter Fraud Centre of Expertise** to enhance its role and mandate

Key highlights

Our impact...

£243m⁵

Detected fraud in 2020/21⁶



7%

Increase from previous year

Our reach...



7,011

Professional members,
against a target of 7,000⁷



99⁸

Fraud Risk Assessors trained
across government in 2020/21,
up from 41 in 2019/20



132

Government schemes
risk rated in 2021/22



10,000

Intelligence reports shared,
since May 2020

⁵ Figure includes detected fraud within business as usual activity and COVID-19 specific schemes.

⁶ Across central government outside of tax and welfare.

⁷ For April 2022.

⁸ Full training course and assignment completed.



We aim to be the most transparent government globally in how we deal with public sector fraud

Introduction

A functional approach to fighting fraud

As part of its response to fraud against the public sector, in 2018, the UK Government established a Cross-Government Counter Fraud Function (GCFF). The GCFF seeks to build the capability of public bodies to detect and respond to fraud risk. While departments and public bodies continue to own and manage the risks of fraud, the Government Counter Fraud Function brings together c.13,000 public servants who work to find and fight fraud across the public sector. This includes those working to understand and mitigate fraud risk within their organisations and those who work in the public sector to fight economic crime.

To help coordinate and support the Function, government created a Counter Fraud Centre of Expertise hosted in the Cabinet Office. The centre:

- Brings the Function together by providing expertise and advice.
- Maintains the evidence base on fraud in the public sector.
- Oversees the development of capability, through the Government Counter Fraud Profession.
- Works with experts to develop tools and services to help find and fight fraud, including the use of data and analytics.
- Maintains the Counter Fraud Functional Standard (GovS 013) - which details the basics that public bodies should have in place to control fraud and assesses public bodies' compliance with these.
- Engages with public sector agencies globally, through the International Public Sector Fraud Forum, to develop leading practice.

Scope of the report

This report focuses on the public sector fraud landscape, along with the progress made by the Centre of Expertise to help tackle fraud and error loss outside of the tax and welfare system. Fraud and error in the tax and welfare system is separately published by Her Majesty's Revenue and Customs and the Department for Work and Pensions.

This publication will report on the fraud and error loss figures in the year 2020/21, as well as fraud and error data trends from 2017 to 2021.

It will also highlight the work that the Counter Fraud Centre of Expertise is doing across government to support the fight against economic crime and protect public services.

Additionally this document will report on how the centre of the Function pivoted to support departments and public bodies with the impact and changing priorities as the COVID-19 pandemic hit.

Vision and strategic priorities

In 2018-19, fraud leaders and experts from across government came together to develop the Cross-Government Counter Fraud Strategy that would last until 2023. The five strategic aims that were developed were;



Building capability across government and supporting organisations to evolve



Innovating in intelligence sharing and the use of data



Increasing our understanding of risk and threat, and using this to design out opportunities for fraud where possible



Close working with cyber security on shared threats and opportunities



Minimising loss in the areas where there is known loss

As the global pandemic broke, the Government Counter Fraud Function worked together to establish key aims to help deal with the increased risk of fraud within COVID-19 spending. These five aims were;

1. To research and risk assess the stimulus support to understand the fraud risks, including embedding resources in public bodies.
2. To help public bodies design, develop and deliver upfront countermeasures to safeguard the stimulus support.
3. To work with public bodies to build Post Event Assurance work to find and recover fraud and irregular spending.
4. To provide ad-hoc COVID-19 related support and guidance to public bodies.
5. To work with international partners to establish lessons learnt throughout the pandemic.

2020-2021 Focuses

During 2020-2021 the Counter Fraud Centre of Expertise, within the Cabinet Office, focused on:

- Developing data analytics work in areas of high risk such as Bounce Back Loans.
- The Global Fraud Risk Assessment to provide an overview of fraud risk in COVID-19 schemes across the whole of government and supporting fraud risk assessment activity.
- Collaborating with Crimestoppers to introduce the COVID-19 intelligence hotline and set up an intelligence function sitting behind this to disseminate intelligence to departments and public bodies.
- Working alongside international partners to develop and implement lessons learnt while fighting fraud in emergency situations.
- Overseeing Post Event Assurance by departments and public bodies to help them better understand the risk and fraud levels within their COVID-19 schemes and take action.

Due to the Centre of Expertise pivoting to deal with its changing priorities as a result of the pandemic, various aspects of work were paused, including assessing departmental compliance against the Functional Standards. As such, departmental Functional Standards compliance does not feature within this report. The Counter Fraud Centre of Expertise continued to develop the Government Counter Fraud Function, although at a reduced pace, through work such as:

- Engagement with departments to support the use of the Counter Fraud Functional Standard, GovS013.
- Building of counter fraud capability across government through the Government Counter Fraud Profession, building routes for senior leaders across government to join the profession, and through training, including training 99 colleagues across government in fraud risk assessments.
- Stronger data analytics work to combat fraud through cross government collaboration and the National Fraud Initiative.



Government
is **committed to**
do more to fight fraud
committed against the public
sector and has utilised counter
fraud experts from around
government, the private
sector and international
partners



Part one – Public Sector Fraud Authority



Public Sector
Fraud Authority

Public Sector Fraud Authority **Working with Departments and Public Bodies** **to understand and reduce the impact of fraud.**

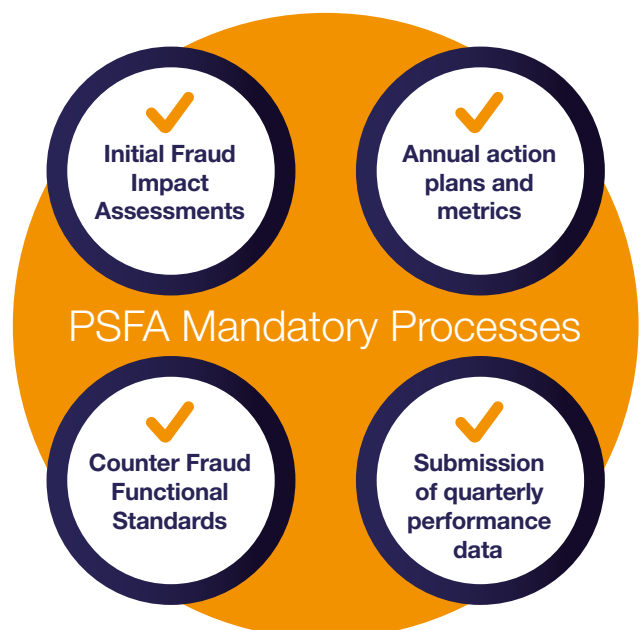
In the Spring Statement of March 2022, the Chancellor announced the creation of a Public Sector Fraud Authority (PSFA).

Building on the work of the Centre of Expertise in the Counter Fraud Function, the PSFA brings together experts from across sectors to improve the management of fraud. It will be integrated into both Cabinet Office, where the Centre of Expertise was based, and HM Treasury (HMT). The PSFA was officially launched on 3 August 2022, with the aim of working with government departments to understand and reduce the impact of fraud against the public sector.

The PSFA puts a greater focus on performance and outcomes, as well as building deeper and broader expert-led services to support government departments and public bodies to reduce the impact of fraud.

Government departments and public bodies will continue to understand and manage their own risks and responses to fraud. The PSFA will support this by being the authoritative voice on the extent of the risk and threat of

fraud across the system. The PSFA is underpinned by a mandate, setting out its role. As part of this, it has mandated a number of processes. It is in service of Accounting Officers and Ministers and will provide them with expert advice to help manage the risk of fraud.





How will it be different?

Greater focus on performance and outcomes

A key aspect of the PSFA is an increased focus on departmental and public body performance in countering fraud.

Increased breadth and depth of support

The PSFA will build support for departments and public bodies that covers the whole fraud management life cycle, from Initial Fraud Impact Assessments through to asset recovery. This will be gradually built over three years and is intended to support and complement the work across departments and public bodies, not to replace it.

Integration with Cabinet Office and HM Treasury

The PSFA reports to both Cabinet Office and HM Treasury Ministers and has been created under the stewardship of HMT and Cabinet Office. An early priority for the PSFA is to embed Initial Fraud Impact Assessments into government processes, meaning fraud is considered at the outset of all new significant spending areas.

The PSFA Mission

- Modernise the fraud and error response by widening access, and use of, leading practices, tools and technology - better protecting taxpayers' money.
- Build expert-led services that collaborate with experts in departments and public bodies to better fight fraud and error through risk, prevention, data and enforcement techniques.
- Develop capability in the public sector to find, prevent and respond to fraud and error - both organisationally and individually.
- Put performance at the heart of the public sector fraud conversation - focusing on investments and outcomes.
- The PSFA will aim to be seen as a beacon of fraud and error expertise and a destination for those who seek to make a difference in fighting public sector fraud.



2

Part two – Definitions of fraud and error

Reporting on fraud

In 2014, the government introduced fraud definitions and typologies across the public sector in order to provide a consistent approach for the reporting of fraud and error in the public sector. To ensure this, the legal definition of fraud currently applies to “the making of a false representation or failing to disclose relevant information, or the abuse of position, in order to make a financial gain or misappropriate assets.”⁹

Government departments and their ALBs (arms-length bodies) report against the definition using a civil test - they consider on the balance of probabilities whether or not an action or inaction was likely to have been taken with the intention of defrauding the taxpayer. Cases are thereby reported as fraud where the department judges it more likely than not to have occurred. Cases do not need to be proven to a criminal standard (i.e. beyond reasonable doubt) to be reported as fraud.

Reporting on error

The government defines error as losses arising from unintentional events, processing errors and official government errors - such losses are judged as without fraudulent intent. For example, if an incorrect account was paid, and it was judged on the balance of probabilities that fraud had not occurred (i.e there was no intent to defraud), it would therefore be classified as error.

Reporting on loss

Departments and their ALBs report identified quarterly losses from fraud and error alongside associated recoveries and prevented losses to the Counter Fraud Centre of Expertise in line with the agreed government definition. To increase confidence in the data, all loss data is subjected to an annual assurance process. In addition, a prevention panel, made up from experts across the public sector, reviews and approves the methodologies used to calculate prevented fraud. The number of departments whose figures have been assured through the panel in 2020/21 is limited and a review of how departments will report prevented fraud in the future is ongoing.

In part three of this report, we present the figures for both detected fraud and error, as well as prevented fraud and recoveries, that departments and public bodies have reported for the past five years using the above definition.

Reporting frequency

Detailed within this report, the government publishes data on the levels of fraud and error loss across central government (excluding tax and welfare) from the previous financial year(s). The frequency of this reflects the way departments report data to the Counter Fraud Centre of Expertise. All figures are assured, and are confirmed as factually accurate (in line with departmental and public body reporting) prior to publication.

COVID-19 reporting

In 2020 the Counter Fraud Centre of Expertise required departments to highlight the amount of fraud and error they were detecting, preventing and recovering, broken down by BaU and COVID-19 schemes. BaU consists of the day-to-day work undertaken by colleagues across government to combat fraud and error whilst fraud and error reported against COVID-19 consists of fraud and error within specific schemes that were introduced to support the public through the pandemic. The typologies for the losses remained the same; however, the breakdown gave insight into how the fraud landscape across government had changed as a result of the pandemic, and how government departments reallocated their counter fraud capability to deal with the changing and emerging threats from COVID-19.

Reporting within the document covers April 2020-March 2021. As a result, these figures do not represent the full extent of fraud and error losses within COVID-19 schemes. Due to the nature of counter fraud work, it is likely fraud and error losses will be seen within these COVID-19 schemes for a few years to come.



3

Part three – The scale of the challenge

Changes to the fraud landscape due to COVID-19

During emergency situations, such as the COVID-19 pandemic, governments have created schemes to help the most vulnerable in society by getting money to those who need it most.

During COVID-19 the UK government committed over £370bn¹⁰ in stimulus spending to help support businesses and citizens. Any spending has fraud risk associated with it. However, during emergency situations this risk is heightened - thus increasing the potential extent of fraud across the public sector.

Alongside the heightened risk of fraud within COVID-19 stimulus spending, it is likely fraudsters continued to target other government schemes that were already in place before the pandemic.

Public sector fraud loss estimates

When measuring the extent of fraud in the system, the government considers overall fraud and error loss. The reason for this is that the difference between fraud and error is intent and when undertaking large estimations the certainty around the intent behind individual interactions is low - and as such it is more accurate to state the loss is fraud and/or error.

The Government Counter Fraud Function estimates that, in 2020, the level of fraud and error was between £33.2bn-£58.8bn outside of COVID-19 specific schemes.

In contrast to the reported levels of fraud in Part 3, this calculation includes tax and

welfare and is based on established and published estimates where measurement was undertaken, most notably in tax and welfare.

Measurement exercises outside of tax and welfare are reviewed by a panel of experts to ensure they meet the government standard for fraud measurement.

These exercises are then used to provide an estimate of the areas that have not been measured.

Based on these exercises it is estimated that between 0.5-5%¹¹ of all government spending is lost to fraud and error.

An independent Oversight Board has historically overseen fraud loss measurement. The Oversight Board has concluded that it is likely that the true scale of fraud and error loss lies towards the lower end of this range. This view was formed before the pandemic and does not include pandemic related spending.

Due to the nature of fraud as an inherently hidden crime, with a high degree of uncertainty, the government uses an estimated range for it. This helps to negate the diversity found across government and the vast array of spending areas that its departments have.

There will always be a gap between the level of fraud against the government that is detected and the amount that is estimated, given the use of extrapolation across samples in estimated.

Fraud measurement activity within COVID-19 specific schemes is still ongoing and some departments have published estimates. A full picture across the schemes as a whole is not yet available.

10 Up to August 2021, <https://www.nao.org.uk/covid-19/cost-tracker>

11 The range is informed by 48 loss measurement exercises (23 are judged to be high quality) by an independent expert panel.

Detected fraud and error

The part of the fraud iceberg above the surface is made up of that which the government has found and is able to use to understand how fraud is committed against the public sector. This is considered the tip of the iceberg.

The figure for 2020 was £10.8bn (including tax and welfare).

The Fraud Iceberg shows what we know about fraud loss in the public sector including within the tax and welfare system but outside of COVID-19 specific schemes. The most reliable evidence we have suggests there could be a significant gap between the levels of fraud and error we detect, and the levels that the estimates indicate.

**Total estimated fraud
& error loss per year**

**£33.2bn-£58.8bn
billion**



Detected

In 2020 this amounted to
£10.8bn¹²

Estimated

In 2020 this amounted to
£30.3bn¹³

Unknown

In 2020 this amounted to
£2.9bn to £28.5bn,
or 0.5% to 5.0% of public
services expenditure¹⁴

¹² This figure is an estimate based on the latest data provided from DWP and HMRC to the PSFA including annual report and account, HMRC Tax Gap publication and detected fraud data for central government outside of tax and welfare collected by the Centre of the Counter Fraud Function.

¹³ This figure includes the detected fraud figure above as well as estimated figures based on FMA activity from 2014 onwards.

¹⁴ Based on the latest whole of government accounts expenditure (2019/20) for central government excluding social protection, debt interest, EU transactions, dental and prescription full service costs and legal aid funding.



4

Part four – Loss data trends (outside of tax and welfare)

Financial highlights

Wider Context of the Fraud Loss Narrative

Since 2014-15, government departments and their arm's-length bodies (ALBs) have reported £1.6bn of total detected fraud and error (outside of tax and welfare)¹⁵. This sum reflects the activity that has been undertaken across government to both improve the management of fraud risk as well as the efforts to develop new tools to detect fraud within public sector organisations.

Recognising that fraud is a hidden crime, the government has an objective to detect more fraud across the system. This helps identify more fraud, and ensure it is dealt with. Since this approach was introduced, the reported levels of detected, prevented and recovered fraud and error have increased significantly.¹⁶

The increase in detected, prevented and recovered fraud and error figures for 2020/21 includes the increased spending by government through various COVID-19 stimulus schemes. In order to place the increase in detected, prevented and recovered fraud and error in the correct context, the centre of the Government Counter Fraud Function split its fraud and error reporting into fraud and error loss relating to the COVID-19 schemes and, what we have referred to as business as usual (BaU) fraud and error losses.

These figures are highlighted separately below, as well as together, to show the overall impact in 2020/21.

2020/21 - £243m detected fraud

Within the broader narrative of fraud loss trends, 2020/21 represents a continuation of progress against the government's objective to find more fraud year-on-year. Across government, 2020/21's total detected fraud (outside of tax and welfare) was £243m, which represents a £16m (7%) increase from the 2019-20 figures. Of this £243m, £189m related to BaU activity whilst the remaining £54m related to fraud within COVID-19 specific schemes. When including detected error, these figures increase to £320m detected fraud and error in business as usual activity and £205m of detected fraud error related to COVID-19 specific schemes.

Similarly, a value of £268m in prevented fraud and error within COVID-19 specific schemes has created a 68% increase in prevented fraud and error across government outside of tax and welfare since 2019-20, up from £388m to £653m. When COVID-19 specific fraud and error is removed the level of prevented fraud and error across government, outside of tax and welfare, is £385m (£3m decrease from 2019-20 figures).

An additional £2.2bn of prevented fraud has been reported by BEIS against the Bounce Back Loan Scheme. However, this figure has not been audited and will therefore be reported separately from the figures stated within this document.

¹⁵ This number excludes anomalies/outliers, the centre of the Function reviews the data in this way to analyse trends.

¹⁶ Increased figures within these areas in 2020/21 include BaU and COVID-19 figures.

Impact of COVID-19

Whilst the overall figure for detected fraud increased by 7%, we saw a 16% decrease in BaU detected fraud. This highlights the impact that COVID-19 has had.

Throughout the national lockdowns certain aspects of daily life, and therefore public spending, were closed for the public, potentially reducing the fraud risk associated with these activities.

For departments with a large number of COVID-19 schemes to administer, their spending (and therefore counter fraud risk) increase may indicate that the detected fraud was displaced from areas of BaU fraud to COVID-19 specific schemes.

Due to the nature of counter fraud work, it is expected more fraud and error will be detected within COVID-19 schemes as work in this area continues.



Since 2014-15, government departments and their arm's-length bodies (ALBs) have reported **£1.6bn of total detected fraud and error**



For departments with a large number of COVID-19 schemes to administer, their spending (and therefore counter fraud risk) **increased** in a short period

Trends over time excluding anomalies

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020/21	Total
Detected Fraud	£31m	£74m	£119m	£151m	£99m	£227m	£243m	£944m
Detected Error	£29m	£31m	£72m	£67m	£106m	£82m	£282m	£669m
Total detected fraud and error	£60m	£105m	£191m	£218m	£205m	£310m	£525m	£1,614m
Prevented	£28m	£33m	£45m	£36m	£50m	£388m	£653m	£1,233m
Recoveries	£27m	£20m	£52m	£47m	£99m	£92m	£193m	£530m

NB: All figures are rounded to the nearest £1m.

NB: 2020/21 prevented figure does not include £2204m unaudited Bounce Back Loan figure.

NB: All figures include COVID-19 related fraud and error.

COVID-19

	BAU (including anomalies)	BAU (excluding anomalies)	COVID-19 Related
Detected Fraud	£189m	£189m	£54m
Detected Error	£147m	£131m	£151m
Total detected fraud and error	£336m	£320m	£205m
Prevented	£559m	£385m	£268m
Recoveries	£121m	£105m	£88m

NB: All figures are rounded to the nearest £1m.

NB: COVID-19 prevented figure does not include £2204m unaudited Bounce Back Loan figure.

Trends over time including anomalies

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020/21	Total
Detected Fraud	£31m	£74m	£119m	£151m	£99m	£227m	£243m	£944m
Detected Error	£29m	£31m	£182m	£67m	£142m	£167m	£298m	£916m
Total detected fraud and error	£60m	£105m	£301m	£218m	£241m	£395m	£541m	£1,861m
Prevented	£28m	£33m	£45m	£755m	£234m	£478m	£827m	£2,400m
Recoveries	£27m	£20m	£162m	£47m	£99m	£166m	£209m	£730m

NB: Anomalies include one-off processing errors and high-value prevented fraud attempts with no loss to central government. The 2016-17 detected error and recoveries total includes a £110m processing error. All figures are rounded to the nearest £1m.

Detected fraud (internal vs external)

This table shows the total amount of internal and external detected fraud for all government departments and their arm's-length bodies.

	2019-20	2020/21
Internal Fraud	£24.7m	£19.0m
External Fraud	£202.6m	£223.9m
Total	£227.3m	£242.9m
Internal Fraud	11%	8%
External Fraud	89%	92%

NB: All figures are rounded to the nearest £0.1m

Detected fraud by typology

This table shows the total amount of internal and external detected fraud by typology for all government departments and their arm's-length bodies.

Level I	Level II	2019-20	2020/21
External Fraud	Procurement	£159.1m	£115.4m
	Other	£35.7m	£54.8m
	Loans	£0.1m	£43.1m
	Grants	£4.3m	£9.4m
	Charge Evasion	£3.4m	£1.2m
	External Fraud Total	£202.6m	£223.9m
Level I	Level II	2019-20	2020/21
Internal Fraud	Procurement	£10.3m	£9.2m
	Other	£9.1m	£3.1m
	Theft of Assets	£0.9m	£2.5m
	Travel and expenses, pay and other allowances	£1.7m	£2.3m
	Personnel Management	£2.7m	£1.9m
	Internal Fraud Total	£24.7m	£19.0m
Total		£227.3m	£242.9m

NB: All figures are rounded to the nearest £0.1m

2019/20 Detected fraud and error by department

This table shows the total amount of detected fraud and error reported by government departments and their arm's-length bodies in 2019-20¹⁷.

	Detected Fraud	Detected Error	Total Detected
Ministry of Defence	£172.4m	£0.0m	£172.4m
Department for Transport	£0.5m	£27.9m	£28.4m
Department for Education	£13.7m	£7.5m	£21.2m
Department for Health & Social Care	£20.6m	£0.5m	£21.1m
Department for Business, Energy & Industrial Strategy	£4.5m	£13.4m	£17.9m
Foreign, Commonwealth and Development Office	£9.6m	£8.2m	£17.8m
Home Office	£0.4m	£13.4m	£13.8m
Department for Environment Food & Rural Affairs	£0.3m	£9.5m	£9.9m
Ministry of Justice	£3.3m	£0.2m	£3.5m
HM Revenue & Customs ¹⁸	£0.6m	£1.6m	£2.2m
Department for Work & Pensions ¹⁹	£0.9m	£0.0m	£0.9m
Department for Levelling Up, Housing and Communities ²⁰	£0.3m	£0.0m	£0.4m
Department for Digital, Culture, Media & Sport	£0.3m	£0.0m	£0.3m
HM Treasury	£0.0m	£0.2m	£0.2m
Cabinet Office	£0.0m	£0.0m	£0.0m
Department for International Trade	£0.0m	£0.0m	£0.0m
Total	£227.5m	£82.4m	£309.9m

NB: All figures are rounded to the nearest £0.1m

¹⁷ All figures are reported at departmental level and exclude anomalies.

¹⁸ Internal fraud only (excludes tax avoidance / evasion).

¹⁹ Internal fraud only (excludes welfare fraud).

²⁰ Excludes Local Government and NFI savings.

2020/21 Detected fraud and error by department

This table shows the total amount of detected fraud and error reported by government departments and their arm's-length bodies in 2020/21. All figures are reported at departmental level and excludes anomalies.

	Detected Fraud	Detected Error	Total Detected
Department for Business, Energy & Industrial Strategy	£55.2m	£160.7m	£215.9m
Ministry of Defence	£148.9m	£0.0m	£148.9m
Department for Health & Social Care	£15.4m	£43.2m	£58.5m
Department for Education	£18.0m	£29.1m	£47.1m
Home Office	£0.0m	£17.1m	£17.1m
Department for Environment Food & Rural Affairs	£0.4m	£15.9m	£16.3m
Department for Transport	£1.0m	£11.3m	£12.3m
Foreign, Commonwealth and Development Office	£2.2m	£2.7m	£4.9m
HM Revenue & Customs*	£0.3m	£1.4m	£1.7m
Department for Digital, Culture, Media & Sport	£0.8m	£0.1m	£0.9m
Ministry of Justice	£0.4m	£0.1m	£0.5m
Department for Work & Pensions*	£0.3m	£0.0m	£0.3m
Department for Levelling Up, Housing and Communities	£0.0m	£0.2m	£0.2m
HM Treasury	£0.0m	£0.2m	£0.2m
Cabinet Office	£0.0m	£0.0m	£0.0m
Department for International Trade	£0.0m	£0.0m	£0.0m
Total	£242.9m	£282.0m	£524.8m

NB: All figures are rounded to the nearest £0.1m.

Reported allegations of suspected fraud

This table shows the total number of reported allegations of suspected fraud by government departments since 2015-16²¹.

	2015-16	2016-17	2017-18	2018-19	2019-20	2020/21	Total
Reported allegations of suspected fraud	8,703	11,530	8,361	10,116	9,571	5,115	53,396

²¹ Figures exclude HM Revenue and Customs and the Department for Work and Pensions.



5

Part five – COVID-19 Fraud Response

Data analytics in COVID-19

Responding to threat

The COVID-19 pandemic highlighted many ways in which data could be shared both across government and with the private sector to reduce the amount of money that is lost to fraud in emergency situations.

Following the introduction of various stimulus schemes, including the Bounce Back Loan Scheme (BBL), the Counter Fraud Centre of Expertise worked in partnership with the private sector to make commercial banking data available to the public sector. By changing the Commercial Credit Data Sharing (CCDS) scheme we enabled public bodies to carry out enhanced checks before paying grants. This enabled the Counter Fraud Centre of Expertise to develop tools such as the Active Company Check and Bank Account Verification tool to help departments and public bodies identify companies that were not trading or were being impersonated to fraudulently obtain grants and loans.

In the BBL and Future Fund (FF) schemes, the Counter Fraud Centre of Expertise designed and implemented improved controls to prevent companies that were not trading from fraudulently obtaining loans.

These controls were designed and implemented in response to the threat of organised crime seen within the schemes and prevented £128m²² of fraud.

In addition, the Counter Fraud Centre of Expertise designed and delivered a fraud analytics programme for the COVID-19 loan schemes. This programme supported lenders and government to understand the

risk, whilst delivering insights to support our accredited lenders to recover loans that have been fraudulently obtained. This included a partnership with Quantexa, a British start-up company that is assisting the government to find fraud through the use of advanced network analytics and entity resolution technology.

Global Fraud Risk Assessment

In order to build a deeper understanding of the fraud landscape across government during the pandemic, the Counter Fraud Centre of Expertise established the Global Fraud Risk Assessment (GFRA).

The Counter Fraud Centre of Expertise started work on creating the GFRA during the first weeks of the pandemic by identifying and recording all COVID-19 schemes that had been announced, providing an overview of, and insight into, some of the fraud risks that were inherent in the announced measures. As the pandemic developed, the GFRA continued to develop and adapt, with a second iteration developed in Autumn 2021.

The GFRA provides a high level overview of the relative fraud risk profiles for each of the schemes and measures identified from the following 4 categories: Budget (March 21), Manifesto, COVID-19, and Economic Recovery.

These overviews enabled the Counter Fraud Centre of Expertise to work with departments to:

- Conduct analysis on how many departments have completed detailed fraud risk assessments (FRA);
- Provide training on FRA techniques in line with the government's professional standards to public bodies;

22 Audited figure, source Counter Fraud Centre of Expertise.

- Work collaboratively with departments to conduct FRAs;
- Identify areas where no FRA had been conducted;
- Provide a template for the development of new detailed FRAs where not already completed by departments;
- Conduct quality assurance of detailed FRAs produced by departments for specific schemes and new or modified areas of spend; and
- Encourage inter-department conversation and collaboration on common risks which helped improve the quality of their FRAs.

The use of the GFRA highlighted the benefits of early engagement with schemes at high risk from fraud - this enabled upfront controls to be recommended and implemented, such as the use of tools to check applicant identity or verify bank accounts. In addition, it enabled prioritisation of subsequent post-payment Post Event Assurance activity, such as work to measure fraud losses within specific schemes.

COVID-19 Intelligence

In March 2020 an Intelligence Team was set up within the Counter Fraud Centre of Expertise to gather intelligence from across the public and private sector on COVID-19. The aim of this was to give an overview of the fraud threat by monitoring the fraud landscape, collaborating across government, and informing the public sector response to fraud. The Intelligence team was also set up to provide tactical insight for public bodies to find and take action on fraud.

Dedicated flows of information into central government were established for intelligence from the public, law enforcement, government departments and international forums relating

to fraud against the public sector. This included setting up the Crimestoppers COVID-19 Fraud Hotline²³ (launched in October 2020) to provide the public with an anonymised process to report suspicions of people committing fraud against the public sector. These flows of information allowed the team to understand the evolving threat, collaborate across the public sector to share understanding and highlight opportunities to fight fraud.

The original focus of the intelligence team was on COVID-19 financial stimulus schemes, but it evolved to consider wider threats.

Engagement with partners in the NHS, National Cyber Security Centre and Action Fraud has allowed messaging to be created at pace to target identified threats. This included developing media awareness campaigns to protect members of the public against SMS and email scams, for example, relating to NHS COVID-19 Pass fraud,²⁴ as well as vaccine fraud.²⁵ Messaging was amplified online and across social media to alert the public.

The creation of additional intelligence flows has drawn attention to high risk areas within the COVID-19 response and enabled closer working with partners in law enforcement, cyber security and the private sector. Collaboration with the National Crime Agency, Department of Health and Social Care (DHSC) and Commercial colleagues involved checking contracts for high value PPE and health service contracts, pre-award and scrutinising post-award to identify the risk of fraud occurring - combined with wider efforts by the DHSC fraud team, this has contributed to over £76m²⁶ in savings to the taxpayer.

23 <https://forms.theeline.co.uk/crimestoppers-COVID-19-fraud-hotline>

24 <https://www.gov.uk/government/publications/resources-for-raising-awareness-about-COVID-19-pass-fraud>

25 <https://cfa.nhs.uk/fraud-prevention/COVID-19-guidance/COVID-19-vaccine-fraud>

26 Audited figure, source Counter Fraud Centre of Expertise.



International Public Sector Fraud Forum

Bringing countries together to fight public sector fraud



International Public Sector Fraud Forum

UK Government launched the International Public Sector Fraud Forum (The Forum) in 2018. The forum seeks to facilitate collaboration between countries in order to improve the way in which we prevent, detect and measure public-sector fraud by sharing best and leading practice in counter fraud. Since then the founding members of the Five Eyes (consisting of senior representatives from organisations in the governments of Australia, Canada, New Zealand, the United Kingdom and the United States) have met regularly to discuss various aspects of fraud at the forum.

The aims of the forum are to:

- Share international insight to better understand and fight fraud;
- Develop and share international counter fraud leading practice;
- Create international collaborative opportunities to prevent, detect and disrupt public sector fraud; and
- Promote the profile and importance of counter fraud across and within our governments.



How did COVID-19 shape what we did with the Five Eyes?

During the response to COVID-19, all member countries faced similar fraud challenges. The Forum came together to share strategies, intelligence, advice and proven techniques. This included, but was not limited to:



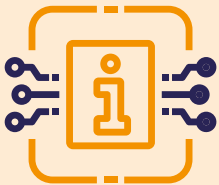
Response Strategies

The forum frequently came together to share and develop pandemic response counter fraud strategies, lessons learnt and technical guidance.



Procurement of Personal Protective Equipment (PPE) Fraud Intelligence

Sharing intelligence flows through the forum enabled our public bodies to better identify fraudulent or suspicious companies selling PPE and medical equipment at a time of unprecedented global demand. This led to the prevention or cancellation of fraudulent overseas supplier contracts - protecting public funds.



Expert Fraud Risk & Threat Advice & Information

Using expert advice and support from global experts to better identify the potential areas of schemes that were open to fraud. This enabled us to mitigate those risks and embed expert resources in areas where support to prevent and detect fraud and losses was most needed.



Fraud Prevention and Detection Techniques

The Forum's network of data and fraud prevention experts come together to identify and share upfront and rapid countermeasure techniques to prevent fraud and to support Post Event Assurance activity.

How will we take this forward?

The Forum will continue to drive forward international leading practice whilst raising the profile and promoting the importance of counter fraud globally. This will include holding regular meetings with senior fraud leads as well as technical deep dives, producing guides and technical guidance notes based on expert discussions and link with other international forums.

Post Event Assurance and Fraud Measurement

During the UK's first national COVID-19 lockdown the UK government provided financial support to both individuals and businesses across the UK. This necessitated an unprecedented effort across departments to design a series of high-profile and high-value support schemes, such as the Coronavirus Jobs Retention Scheme (CJRS) and the Self Employed Income Support Schemes (SEISS) administered by HMRC and the Coronavirus Business Interruption Loan Scheme (CBILS) administered by the British Business Bank on behalf of the department for BEIS.

In response to an increased risk, the Counter Fraud Centre of Expertise oversaw the Post Event Assurance (PEA) programme. This aimed to support departments in taking action to look for fraud in their schemes and to recover losses where this was possible. In the highest risk schemes, the intention was also to better understand the extent of loss.

The PEA programme covered 12 government departments and 103 different schemes.

Throughout the process the PEA plans created and executed by departments underwent scrutiny from experts across government. The losses estimated, prevented, detected and recovered through the PEA work will be published alongside the rest of the 2021/22 fraud data. Some departments (BEIS, DWP and HMRC) have published their early findings of their activity to understand the extent of fraud risk and loss.

The Counter Fraud Centre of Expertise gave particular support and assurance to six of the highest profile spending schemes, through the Fraud Measurement Assurance programme which has run since 2015. Expert advice was given to departments on using statistical sampling to measure losses, with reviews against the Government Fraud Measurement Standard conducted by an expert panel.

In addition to this, in response to a Public Accounts Committee recommendation, HM Treasury introduced a requirement that from 2021-22, departments will need to report their debt in COVID-19 schemes within their annual report and accounts. This debt is to include fraud and error loss figures.



Counter Fraud Centre of Expertise oversaw the Post Event Assurance Programme (PEA). This aimed to support departments in **understanding the extent of loss** within their schemes



Part six – Functional Standards

Mandation of the standards

The Government Counter Fraud Function (GCFF) is one of 14 Functions across government. Each comes with its own functional standard that sets out the basic principles of work to be undertaken in that discipline across government. Since its establishment in 2014, GCFF has worked with counter fraud experts across government to create a unified approach to counter fraud work, including introducing the Government Counter Fraud Functional Standard in 2018.

In August 2021, version 2 of the Government Counter Fraud Functional Standard was published on [GOV.UK](https://gov.uk) in line with the full suite of new standards being published online. The basic principles of counter fraud work have remained the same within this document. Following this, in September a letter was issued to all Accounting Officers across government mandating the use of all functional standards for their organisations.

continuous improvement framework. The PSFA will assess departments' counter fraud responses in line with the Standard in 2023.

Alongside the assurance framework, and following recommendations from the Public Accounts Committee, the Function has been working with HMT to develop 'Initial Fraud Impact Assessments' (IFIA). IFIA's will help facilitate conversations between policy professionals and counter fraud teams regarding the potential fraud impacts associated with new schemes during the policy design stage. This has been incorporated into the Fraud Risk Assessment standard. The PSFA will work with HM Treasury departments and public bodies to integrate Initial Fraud Impact Assessments into new schemes.

Functional Standards Assurance

Since 2018 all core government departments have been working to apply the Counter Fraud Functional Standard, with many arms-length bodies getting on board in the years that followed. Early 2020 saw around 125 government organisations signing up to the Functional Standard and working towards full compliance.

Due to reprioritisation of workload during the COVID-19 pandemic, the Counter Fraud Centre of Expertise within the Cabinet Office has not undertaken Functional Standards assurance to measure compliance across government since 2019. The PSFA is currently working to build and implement a new assurance model, along with a



Part seven – Government Counter Fraud Profession

Introducing the Profession

The Government Counter Fraud Profession was established to provide a common structure for developing counter fraud capability across a diverse range of disciplines, which together provide a comprehensive and effective counter fraud response.

The profession moves beyond the traditional focus of investigation and aims to develop and recognise the skills of up to 13,000 staff that perform a variety of counter fraud roles across government. Standards have already been created for seven of the disciplines in the Counter Fraud Framework, with the Investigation standard published on [GOV.UK](https://www.gov.uk/government/publications/professional-standards-and-guidance-investigation) in 2021,²⁷ and more due to follow in 2022.²⁸

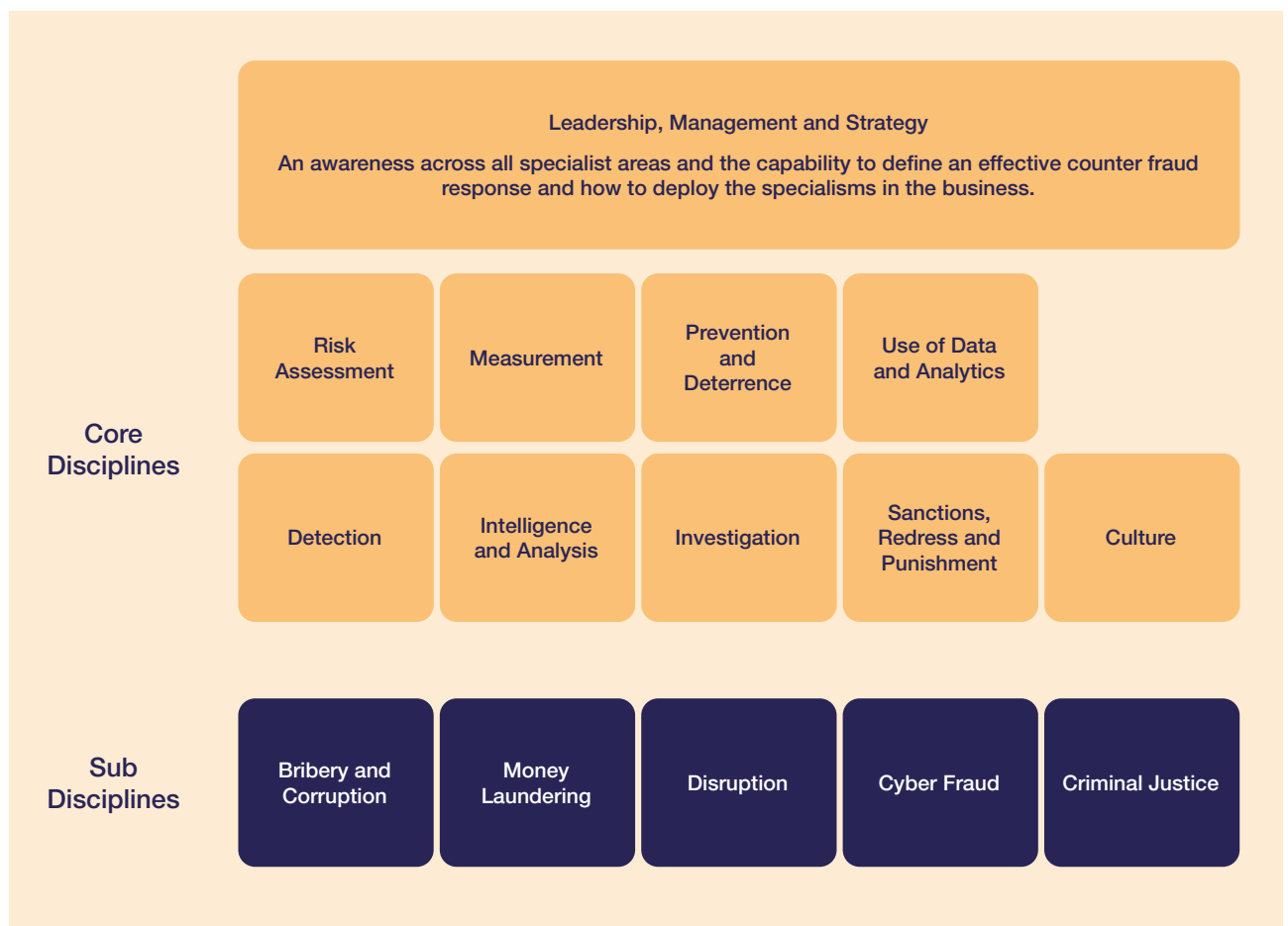


Figure 1. The Counter Fraud Framework

²⁷ <https://www.gov.uk/government/publications/professional-standards-and-guidance-investigation>

²⁸ All current standards are available to public sector organisations on request.

Routes to membership

Since its launch in October 2018, GCFP membership has grown from 3,614 to 7,011²⁹, with people whose backgrounds span 45 organisations - including central government, local government and policing.

Membership currently falls within three disciplines: Investigation; Intelligence and Analysis; and Fraud Risk Assessment. The Investigation and Intelligence and Analysis Disciplines were the first to launch, and are where the majority of counter fraud resources across government currently sit. Members have entered based on a 'collective membership' process, whereby each organisation's learning environment is assessed to ensure it meets the standard set by the Profession.

The Counter Fraud Investigator Apprenticeship provides individuals with a direct entry route into the Profession and a new career pathway.³⁰ This two-year programme was developed using the standard for Investigation, and was approved by the Institute for Apprenticeships in September 2019. The first apprentices will complete their studies and assessments in early 2023.

Member benefits

Central to the Profession is a members-only online platform that allows the sharing of knowledge and good practice, as well as facilitating the building of new professional networks.

The Profession also offers access to the Public Sector Counter Fraud Journal, a publication which offers insights into fraud trends and articles from a range of cross sector experts.

What's next?

In 2022-23 the Profession will broaden out to focus membership routes in counter fraud (Prevention, Measurement, Risk). There will be a particular focus on those in leadership roles, with the introduction of the Counter Fraud Leaders Programme. The Profession will continue to develop tools, processes and practices to help people be successful in their current and future career pathways in counter fraud.



29 By April 2022.

30 <https://www.instituteforapprenticeships.org/apprenticeship-standards/counter-fraud-investigator-v1-0>



Part eight – Data analytics and the National Fraud Initiative

Government is increasingly using data to find fraud against the backdrop of the coronavirus pandemic. The unprecedented speed at which the government responded with measures to support individuals and businesses called for the Counter Fraud Function to innovate with new tools and capabilities, whilst also expanding the use of data analytics to help protect our schemes from outside attacks.

As we move forward, data will continue to play a vital role in how we detect fraud and recover public funds that have been fraudulently obtained.

Building capability through innovative pilots

Trialling new technologies and running pilots is fundamental to our success. In 2020, the Counter Fraud Centre of Expertise worked directly with the Education and Skills Funding Agency (ESFA) and HMRC to identify training providers that were falsely claiming apprenticeship funding. This funding, if not prevented, would have otherwise been syphoned off, thereby reducing the amount of apprenticeship levy funding to help boost

UK employment. This pilot prevented £12.0m³¹ from falling into criminal hands.

Supporting Local Authorities and central government to find fraud

The National Fraud Initiative (NFI) has continued to prevent fraud year-on-year, and its use is being broadened to benefit the private sector - supporting the public/private partnership aspiration in the UK's Economic Crime Plan. As well as providing direct assistance to its members to pay grants and access entitlement through the exchange of government data, the NFI also directly prevents individuals from fraudulently obtaining benefit entitlements at the expense of the taxpayer. Between 2018 and 2020 the NFI identified and prevented £245m across the UK³². Between 2020 and 2022 the NFI identified and prevented £443m across the UK³³. Examples include preventing fraudulent and wrongful claims for council tax single person discount; preventing housing benefit overpayments; detecting pension fraud and fraudulent applications for housing waiting lists, amongst many other types of fraud. The NFI publishes reports every two years on its activities and outcomes.

31 Audited figure, source Counter Fraud Centre of Expertise.

32 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/903221/NFI_report_2020.pdf

33 <https://www.gov.uk/government/publications/national-fraud-initiative-reports/national-fraud-initiative-report-december-2022-html>

Digital Economy Act 2017

The Digital Economy Act (2017) (DEA) is a wide ranging piece of legislation that permits data sharing for the purposes of managing and reducing debt and combating fraud committed against a public authority listed in the relevant schedules for either debt or fraud. These public bodies are the central government departments, as well as Local Authorities in England and Wales. Additionally a third party, under specific conditions, can also be included. The powers are permissive and once the public bodies agree to share data and abide by a simple governance process (including a review board and Ministerial approval), data sharing can happen. Under the debt and fraud powers, test and learn pilots can be developed to both detect fraud and take action against the fraudsters, with successful pilots then becoming business as usual processes. The DEA removes the perceived barriers to data sharing, either through data protection or legal gateway concerns.

Data sharing pilots have included BEIS, Cabinet Office, Companies House, DWP, DVLA, DfE, ESFA, HMRC, Homes England, MOJ (including HMCTS, LAA & OPG) the National Fraud Initiative, the Student Loan Company, the Welsh Government, UK Research and Innovation, and a range of Local Authorities. Details of these pilots can be found in the Register of Data Sharing.³⁴

Work is ongoing to engage, promote and facilitate pilots with as many bodies as possible and convert successful pilots to BaU.

Pilots being undertaken using the Digital Economy Act are published on the government website - [GOV.UK](https://www.gov.uk).



Work is ongoing to engage, promote and facilitate pilots with as **many bodies as possible** and convert successful pilots to Business as Usual

³⁴ <https://www.gov.uk/government/publications/register-of-information-sharing-agreements-under-chapters-1-2-3-and-4-of-part-5-of-the-digital-economy-act-2017>



Public Sector
Fraud Authority