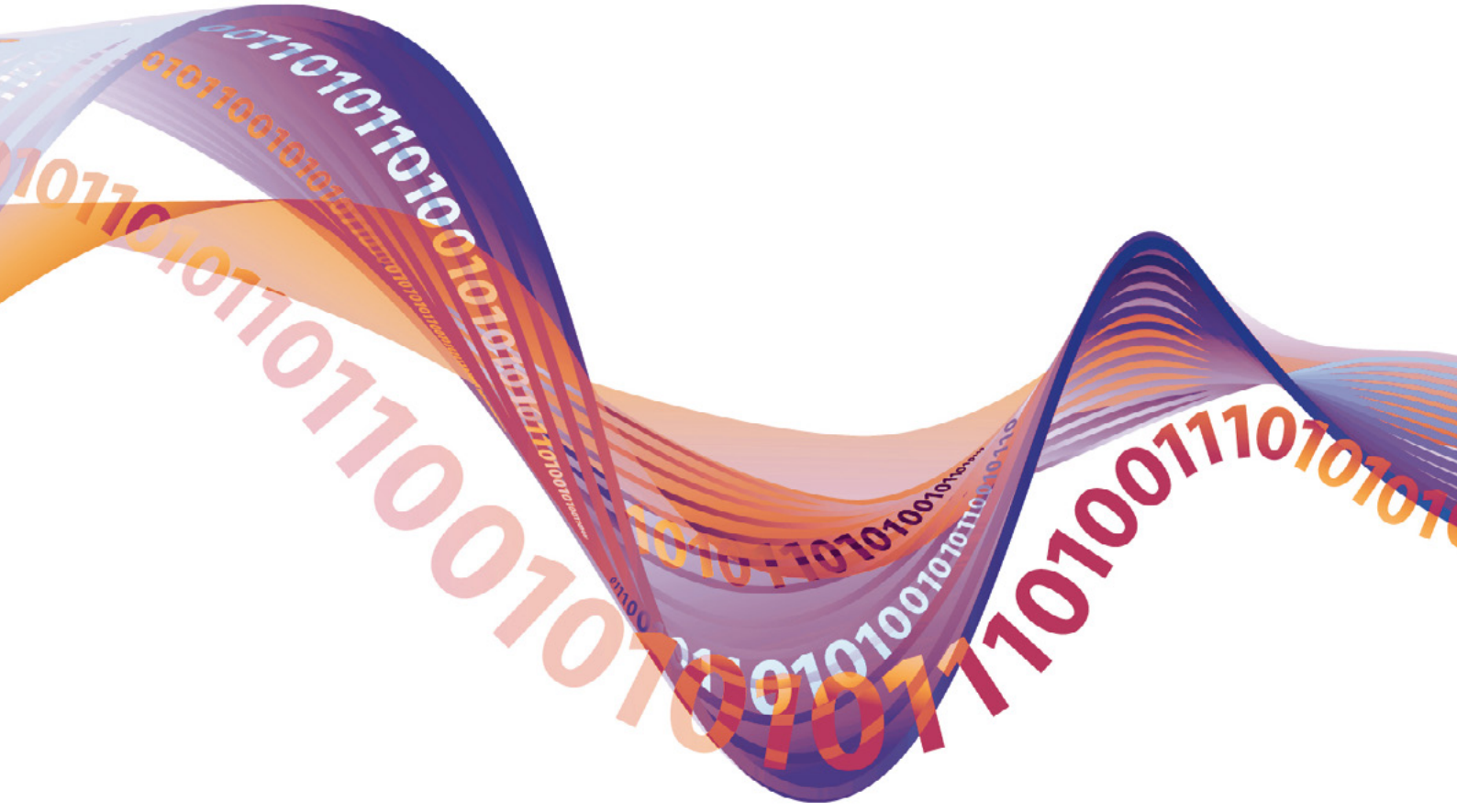
Public Sector
Fraud Authority

National Fraud Initiative

National Fraud Initiative

2024 - 2028 Strategy



February 2025

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Public Sector Fraud Authority

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Foreword

Fraudsters relentlessly target public services, diverting vital resources away from those who need them most. In doing so, they undermine fairness and trust, often denying families access to the housing and local services support they rightfully deserve.

Public sector fraud and error losses are estimated to be at least £55 billion annually — a staggering figure that reflects the urgent need to protect public resources. Reducing fraud is not just a financial imperative, but a matter of social justice. The government is committed to tackling fraud to ensure that services reach those who need them, particularly in areas like housing, benefits and social support.

It is for this reason the Public Sector Fraud Authority is launching a National Fraud Initiative (NFI) strategy for the next four years. This strategy is published to demonstrate our commitment to focussing on maximising fraud detection outcomes, building new counter-fraud partnerships across sectors, and harnessing innovation, data access, and insights over the next four years. These efforts will be underpinned by a continued commitment to the highest standards of service quality and data security.

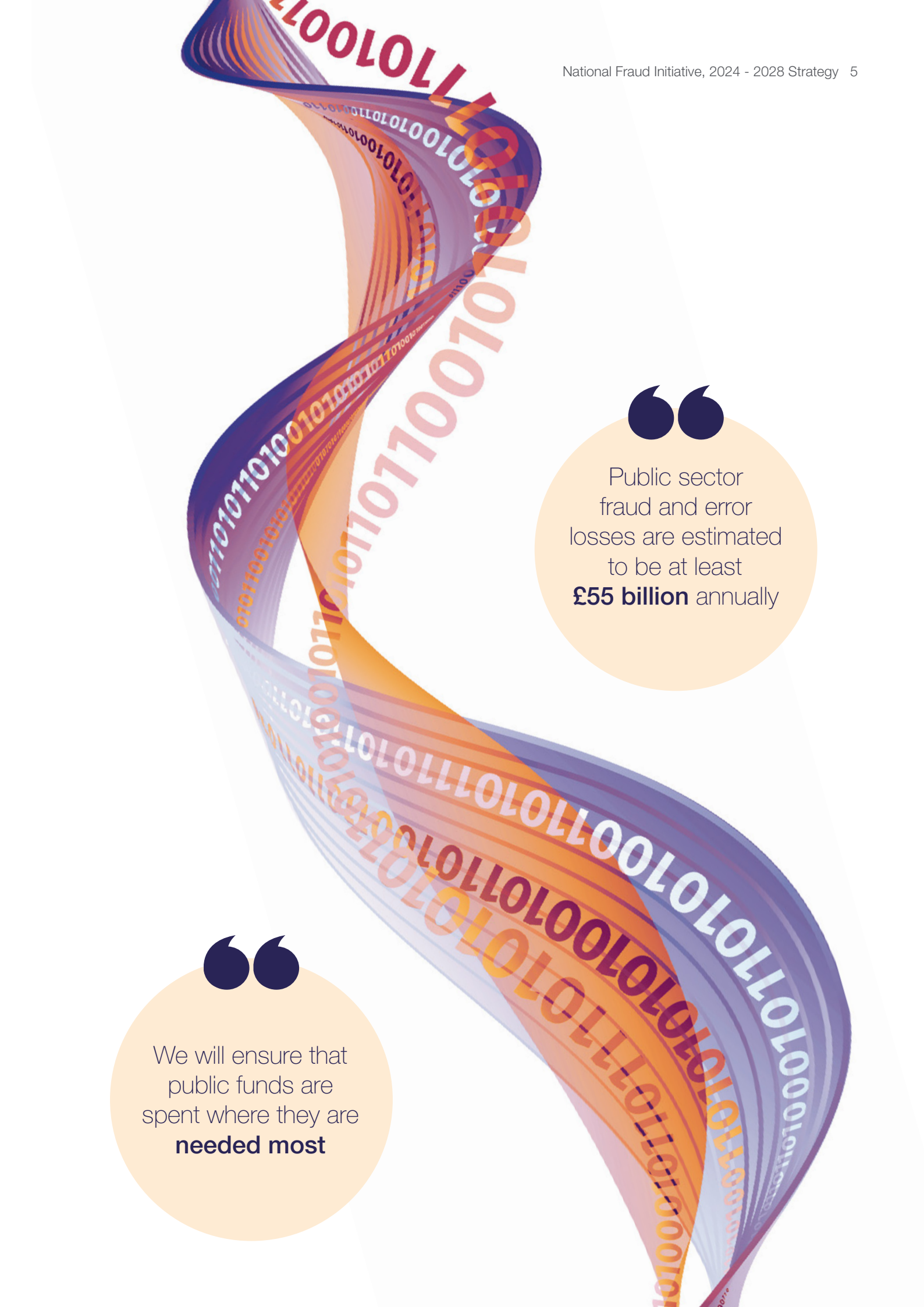
We will also work closely with the NFI community to provide training, support, and greater engagement, identifying new opportunities to uncover fraud. By strengthening our collective ability to protect public services, we will ensure that public funds are spent where they are needed most on supporting communities, protecting vulnerable families, and delivering homes and local services to those who deserve them.

Alongside this strategy, the Public Sector Fraud Authority is publishing its report on the National Fraud Initiative results for 1 April 2022 to 31 March 2024. Participating organisations have been able to prevent and detect £510 million of fraud and error during this period. This represents the highest ever outcome for the NFI, surpassing the previous record of £443 million in 2022, thanks to increased collaboration with private sector partners. Since its inception, the NFI has helped detect and prevent nearly £3 billion of fraud and error.

This work has highlighted a wide range of cases including where fraudsters have misrepresented their income, assets or existing residency to access housing they are not entitled to, this ensures social housing homes are made available for those truly in need.

This would not have been possible without the tenacity and dedication of staff across public and private sector organisations. By exposing fraudulent housing, blue badge, council tax claims, their work ensures that resources go to those most in need, restoring fairness and trust in our systems.

Georgia Gould MP
Parliamentary Secretary,
Cabinet Office



Public sector fraud and error losses are estimated to be at least **£55 billion** annually

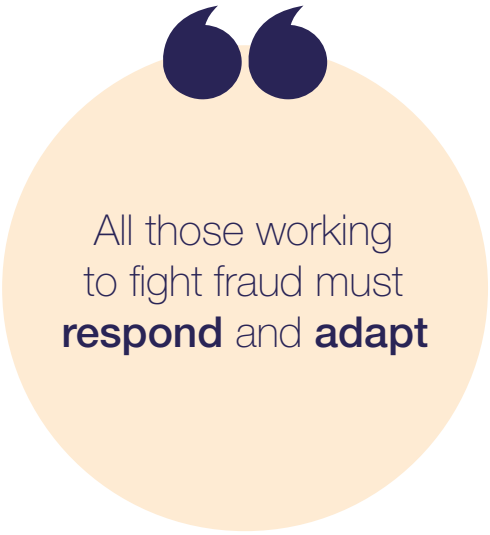
We will ensure that public funds are spent where they are **needed most**

Executive Summary

The NFI Vision Statement:

"To better detect and prevent fraud by utilising data and technology from the public and private sector".

1. The National Fraud Initiative (NFI) is a key data service of the Public Sector Fraud Authority. The NFI compares datasets to identify inconsistencies that are indicators of potential fraud. The results are released securely through a web-based application to 1,100 public and private sector organisations that provide data for further investigation.
2. The NFI has enabled these organisations collectively to deliver cumulative savings of £2.9bn[1]. Between April 2022 and March 2024 alone, £510m was prevented and detected/recovered across the UK and performance is increasing with each two-year cycle.
3. With fraud and error against the public sector an ever-evolving threat, all those working to fight fraud must respond and adapt. The NFI strategy is firmly committed to building on the success of its history and through evolution and innovation, ensuring it is fit for the future too.
4. This strategy details how the NFI plans to achieve this over the next four years with a focus on:
   - Evolve Our Products Through Innovation
   - Increase Data Access and Insights
   - Uphold the Highest Standards of Service Quality and Data Security
   - Improve Training and Support
   - Enhance Engagement to Maximise Outcomes
5. Crucial to the delivery of this strategy are the continuation and development of strong collaborative partnerships across sectors and across central, local, and devolved governments which will be at the heart of the NFI's approach.



1 As of March 2024.

Introduction

Context

6. The Government is focussed on delivering technology-enabled, mission-driven and efficiency-focused projects to realise its strategic ambitions to kickstart economic growth and to lay strong national security foundations.
7. Fighting fraud is key to this success as it accounts for **41%** of all crime in England and Wales[2]. Fraud is a drain on the economy, undermines public services and is a threat to national security - the government is firmly committed to tackling it.
8. Public sector fraud and error loss is estimated to be at least **£55bn** a year[3]. Therefore, every pound of taxpayers' money that can be saved by fighting public sector fraud is a pound invested in our public services, and a pound less in the pocket of fraudsters.
9. The **Public Sector Fraud Authority (PSFA)** works with departments and public bodies to better understand and reduce the impact of fraud against the public sector. The PSFA data and analytics service is a cornerstone of how we achieve this.
10. The **National Fraud Initiative (NFI)** is a key part of the service and has a well-established and proven track record of success. We want to go even further, so we are committed to continuing to evolve the NFI informed by user feedback and through regular reviews of the NFI products. We will also explore opportunities to exploit and adopt new and innovative technologies, tools and data sources to ensure we maximise our counter fraud impact.

National Fraud Initiative - a profile

11. The **NFI** utilises data matching tools and techniques to help in the prevention and detection of fraud and error.
12. The NFI's reach has evolved to support over **1,100 public and private sector organisations** in enhancing their fraud response through the use of data and analytics.
13. The NFI's data matching activities involve **comparing sets of data electronically**, such as the payroll records of a body, against other records held by the same or another body, to see to what extent they match. The matching identifies inconsistencies for investigation, allowing potentially fraudulent claims and payments to be identified.
14. **Investigation by those receiving the matches is crucial**. No assumption can be made as to whether there is fraud, error or another explanation for those matches until an investigation process is completed, and an organisation can then take the appropriate action. This may be to prosecute cases of fraud, recover overpayments, correct underpayments and update records as appropriate.
15. The NFI provides multiple solutions, ranging from real time point-of-application **fraud prevention checks**, through to the **national batch data matching exercise**, which helps those that take part detect active fraud cases within systems.

2 Economic Crime Plan 2 2023-26

3 An Overview of the impact of fraud and error on public funds for the new Parliament 2023-24 November 2024.

Performance and impact

16. The NFI has an unparalleled track record of delivering measurable outcomes in response to emerging fraud and error risks. This strategy commits us to evolve from and build on this record, most crucially on how we use data analytics to identify and recover more fraud.
17. Since its creation, the NFI has delivered cumulative savings of **£2.9bn**. Between April 2022 and March 2024 alone, **£510m** was prevented and detected/ recovered across the UK of which £477.5m was in England - the NFI's best ever result.

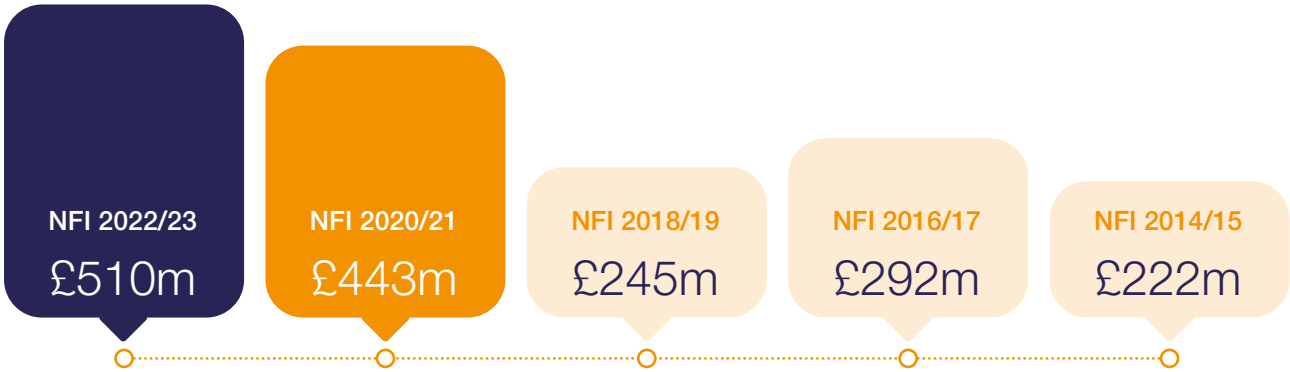
Savings into context

£477.5m would contribute to 18.8% of Local Authority budgeted expenditure on Housing services[4]

Examples of outcomes from the 2022-2024 National Exercise

Fraud-risk area	Impact
Pensions For pensions, the NFI's data matching identifies instances where individuals obtaining pension payments relating to a deceased person (known as mortality srceening).	In the 2022/24 reporting period, in England alone, 6,194 pension cases were identified totalling **£179.4m**.
Council Tax (Single Person Discount) The NFI's data matching identifies instances where an individual falsely claims they live alone, in order to receive Single Person Discount (SPD), despite cohabiting with another individual.	In England alone, the outcomes from both previous two National Exercises (2022/23 and 2023/24) were **£51.9m** in detected and prevented fraud.
Private Sector The NFI works with a number of private sector bodies to facilitate use of NFI data to help them prevent and detect fraud. Car rental businesses, insurance companies and the water industry have utilised insights from the NFI data in this way as part of their normal business processes.	Between 2022/24, this resulted in **£137.8m** of fraud being prevented or detected. This includes highlighting where applicants for services misrepresented their identity, or their residency.

4 Based on Local Authority budgeted expenditure on Housing services (excluding Housing Revenue Account) in the year of 2024/5.



Growth of outcomes since 2015

18. The NFI is, and continuously aims to be, cost neutral to central government, funding its activities (including pay) through fees levied on participants and charged-for services. This represents strong value for money for not just the taxpayer but also for the NFI's participants through nationally coordinated data matching exercises and providing a data analytics solution that multiple organisations can benefit from.

19. Data security and the proportionality of data usage is a priority for the NFI. The collection of data is mandated under the Local Audit and Accountability Act 2014[5], which is underpinned by a Code of Data Matching Practice[6]. The Code's purpose is to explain the NFI's data matching activities, give guidance to those involved in data matching and to promote good practice in data matching.

Challenges and opportunities

The current landscape

20. Economic crime is ever-evolving and, as set out in the government's most recent Economic Crime Plan[7], it is a rapidly growing and increasingly complex threat to UK national security and prosperity. It is because of this reality that we are focused on greater fraud prevention, identification of potential fraud and consistent collaboration, in order to tackle fraud at the first possible opportunity.

21. Access to, and utilisation of, data analytic tools and products that can identify potential fraud and help prevent it are critical in moving towards this preventative future. We are committed to evolving the NFI in a way that best harnesses data and analytics to better detect and prevent fraud.

22. User feedback from NFI national surveys has consistently highlighted that NFI participants are seeking faster technology-based and data-driven solutions, which can be embedded into their internal controls and processes. Participants want to be able to use a more bespoke solution that can be tailored to meet their local needs and is reflective of potential resourcing pressures.

5 Local Audit and Accountability Act 2014
6 Code of Data Matching Practice for the National Fraud Initiative
7 Economic Crime Plan 2, 2023-26 - pg.4

Acknowledging current opportunities and challenges

23. It is important to consider the following opportunities, and challenges, that are present in the current landscape to help inform the NFI's future direction:

    - One of the NFI's greatest strengths is that its data provides a **'point in time snapshot'**, matching data from over 1,100 organisations. This both generates economies of scale and addresses risks for a majority of organisations. However, it also presents challenges in that it is only refreshed on a periodic basis. So, whilst this approach allows for robust fraud and error detection, it limits the effectiveness of fraud and error prevention work in real-time. The frequency and quality of NFI data will be key for us to consider moving forward;
    - The NFI has the existing technology to access, match and share data on a more **automated basis** using Application Programming Interfaces or Secure File Transfer Protocols. Where possible, the NFI will explore how this technology can be embedded with NFI participants. However, a large proportion of participants do not have the IT infrastructure to accommodate such forms of data sharing. We will work to pilot and demonstrate the effectiveness of a more automated approach with organisations who can facilitate this technology, and promote it where possible;
    - The NFI has developed **innovative products**, such as FraudHub, that enables participants to tailor their approach to ongoing and emerging fraud risks and provides more real-time data matching. The NFI will further enhance these products to enable them to be at the forefront in offering accessible data matching in real-time; and
    - The NFI currently maintains a **cost-neutral financial model**, meaning that all expenditure in running the NFI's services is recharged through the fees paid by NFI participants. This represents strong value for money for not just the taxpayer but also for the NFI's participants, who see a strong return on their investment[8]. For example, in the last National Exercise (2020-22), the NFI generated £443m in outcomes against £3m in operational costs, representing a return on investment of 1:147 - a large increase on the previous reporting period (2018-20) which was 1:87 (£245m in outcomes against £2.8m in costs). We are committed to maintaining significant return on investments and aim to go even further.

Anticipating the future landscape

Exploring the opportunities and challenges

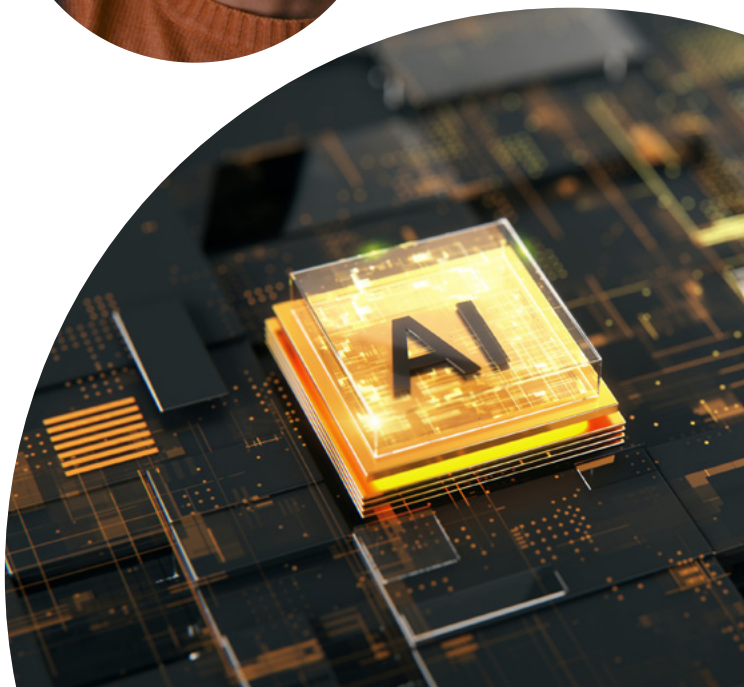
24. This strategy will demonstrate how we can evolve and build upon what the NFI has already delivered. We also know that in order to evolve, we cannot simply do more of the same, and must anticipate how emerging fraud risks will evolve.

25. As a result, the NFI has considered what the future landscape of fraud could look like, and therefore the role data matching can have in addressing it. The strategy has been designed with a focus on addressing these challenges in order to mitigate their impact, whilst aiming to maximise the outcomes we can achieve:

    a. **Artificial Intelligence (AI) and other technological developments** - The role AI and technology will play in the prevention and detection of fraud will undoubtedly be significant. The NFI is committed to identifying how to best utilise AI methodologies. The NFI will further explore existing tools, such as **Predictive Analytics**, and new technologies to assist in the early identification of fraud and error and enable more efficient data matching (for example, reducing false positives and better prioritising matches for review);

    b. **Private sector collaboration** - The Economic Crime Plan 2 (2023-26)[9] emphasises the continued importance of partnerships between public and private sector actors, so that they can address the same priorities in tackling economic crime. The NFI endorses and is committed to following this approach and will continue to pursue more data-sharing pilots with private sector partners, subject to compliance with the necessary legal and governance requirements, and build upon our already proven track-record of working in this sector to detect and prevent fraud.

    c. **NFI public sector engagement and capability** - Although technology is critical, the NFI's success in identifying potential fraud is reliant on human intervention and the need for capable, informed counter fraud specialists in public organisations, particularly local authorities and NHS bodies. It is because of this, the NFI will launch a new engagement strategy across 2024-28. We will work with the wider PSFA to identify ways in which counter fraud capacity and capability for public sector organisations can be better supported.



9 Economic Crime Plan 2, 2023-26 - pg.57-62

Creating the strategy

26. Acknowledging both the current fraud landscape, and exploring the future one, are integral as to how the NFI has developed this strategy.
27. The NFI's 2022 Survey asked a series of questions to understand the views, and therefore needs of our customers. The survey sought views on several thematic areas, such as overall satisfaction, the NFI product functionality, value for money and both current and future strategic direction. The survey was completed by 346 individuals, with the majority of responses (68%) being from local government.
28. The feedback from the survey highlights that several areas of good progress have been made in recent years, for example:
    a. **Customer satisfaction** has continued to increase, with 76% of respondents agreeing[10] that the NFI supports delivery of their organisation's anti-fraud strategy. This builds on an average of 67% from previous surveys;
    b. Confidence in the **NFI's services** has also continued to increase, with 69% agreeing the NFI is a valuable tool to demonstrate that an organisations' controls and compliance are robust with 67% supporting the frequency of the National Exercise; and for
    c. **Risk management and scoring**, 65% of respondents said they regularly use the NFI's risk scores to prioritise their work for the purpose of data-matching.
29. Although positive, and shows that the NFI's evolving approach and improvements has support, there is still much more that we can do to improve participant satisfaction, value for money and user confidence. As a result, these themes have informed the basis for the strategy's objectives and the actions underpinning them.
30. Input to develop the strategy has been sought from a range of local authorities[11] and counter fraud experts in Audit Wales and the Northern Ireland Audit Office. This provides confidence that the NFI's 2024-28 strategy represents the views of the NFI's users.
31. The strategy has been signed-off and endorsed by the Chief Executive of the PSFA, Mark Cheeseman OBE.

10 'Agree' categories include "somewhat agree, agree, strongly agree".

11 Over 40 Local Authorities that are active members of the NFI's FraudHub and the strategy's vision and objectives were shared with all NFI participants for their views.

NFI Partnerships

32. The NFI has developed a collaborative partnership with its data-matching services IT Supplier, Synectics Solutions. Together, we have created bespoke solutions to highlight potentially fraudulent activity where citizens falsify residency or other relevant personal information.

33. The partnership places innovation and collaboration at the forefront, with both committed to developing the NFI and associated products to maximise the benefits for participants. It also enables the NFI to continue to benefit from the expertise and understanding Synectics Solutions has gained from working with clients across the finance, insurance, automotive, public sector and private sectors.

34. Data for the NFI is provided by some **1,100 participating organisations** from the public and private sectors including local authorities, government departments, private registered providers of social housing (also known as housing associations) and pension schemes.

35. As voluntary participants, private sector organisations are able to match against data within the NFI secure environment. This allows them to gain insight that helps them target their fraud risks, for example, declaring false information to access a product, service, benefit, etc.

36. The NFI works with public audit agencies in all parts of the UK. The NFI also brings together data on behalf of devolved governments in Northern Ireland, Scotland and Wales. As a result, the NFI is ideally placed to be a UK leader in the matching of data to detect, prevent and recover fraud and error and is keen to work with more organisations to help deliver this.

Overview of the Strategy

37. The intention of this strategy is to commit to and set out the NFI's agenda for the next four years, giving a clear vision for both new and existing users. It is also intended that this strategy provides a holistic approach to data matching built upon public and private partnerships.

Our vision statement

38. Our vision statement aims to articulate the NFI's ambition to tackle fraud and error through improved access to data and analytics techniques via sophisticated fraud prevention and detection solutions. In turn, this will help ensure the right outcomes for taxpayers across the UK.

Vision Statement:

"To better detect and prevent fraud by utilising data and technology from the public and private sector".

Our five objectives to achieve our vision

39. The strategy sets out five ambitious objectives which, over the next four years, will put the NFI on its strongest footing to help deliver benefits to public sector bodies in their fight against fraud.

Working towards our objectives

40. Each objective is underpinned by a series of specific, measurable actions to help ensure that the relevant objective can be delivered in a practical way.

41. Each objective is supported by specific **actions** that articulate **how** we will enhance our services, products and data matching techniques

1

Objective One: Evolve Our Products Through Innovation

- We will develop and deliver **high impact biennial National Exercises** that achieve significant counter fraud outcomes for taxpayers and participants;
- We will **evaluate and integrate new tools and advanced technologies into our products, including AI and machine learning**, making them easy to use and meeting the future needs of our participants; and
- We will **provide increased opportunities for voluntary participation** and the use of the NFI's products to help maximise fraud outcomes across the public and private sector.

2

Objective Two: Increase Data Access and Insight

- We will ensure that the **highest-value NFI datasets are refreshed more regularly** to improve the accuracy and effectiveness of data matches;
- We will deliver a **pipeline of data-matching pilots** that will **identify and evaluate new data sources** that demonstrate clear counter fraud potential and address the new and evolving fraud risks of NFI participants before wider implementation; and
- We will **improve our matching techniques to reduce false positives** and improve the prioritisation of data matches by refining matching rules, and risk scoring through predictive analytics.

3

Objective Three: Uphold the Highest Standards of Service Quality and Data Security

- We will undertake **an annual review with our stakeholders and the technology sector** to identify opportunities for service and product improvement and seek regular feedback; and
- We will prioritise our **internal and external data security, policy and governance mechanisms** to protect and safeguard the data we are trusted to hold.

4

Objective Four: Improve Training and Support

- We will expand the NFI's **participant training programme** to provide bespoke learning and a full induction for all new contacts within six months of appointment;
- We will provide a **dedicated support service and provide quality guidance for participants**; and
- We will deepen the NFI Team's counter fraud and data analytics expertise through **targeted training and development opportunities**, allowing us to better support participants.

5

Objective Five: Enhance Engagement to Maximise Outcomes

- We will deliver an **engagement plan and programme for our participants** to co-design our products and pilots, enhance collaboration and maximise outcomes; and
- We will **engage and share best practices on the matching of data with national and international public sector organisations** in order to create new partnerships and collaboration opportunities.

Implementation and governance

42. The NFI will be accountable for the delivery of the strategy. The NFI will publish annual targets, where applicable, for the five objectives in a PSFA annual delivery plan. Progress against the delivery of each action in the strategy will be overseen by a governance process within the NFI and PSFA. This has been set out below:
    - Progress will be formally reviewed by the Head of the NFI on a bi-annual basis. This be done using a bespoke monitoring log, which will include specific, internal targets to ensure delivery is on-track;
    - Any issues or blockers will be escalated to the NFI Governance Board, which is chaired by the Head of Data and Intelligence of the PSFA;
    - The NFI will **publish an update** on the delivery of the strategy as part of its biennial NFI National Reports. This will provide a public opportunity to highlight the significant achievements of our participants, share best practice through case studies, and be transparent about where further action is required.
    - The first update on progress against this 2024-2028 strategy will be published in the **2026 National Report** and then in 2028, at both the mid and end stages of the strategy's lifecycle.

> Progress will be formally reviewed by the Head of the NFI on a **bi-annual basis**

Strategic alignment with the government fraud landscape

43. This strategy aligns with the government's commitment to ensuring that public resources are used efficiently and that public services are delivered effectively. Combating fraud and corruption will assist in the mission to kickstart economic growth and reduce the national security threat.
44. This strategy will also enable the PSFA to meet its commitments within the Economic Crime Plan (ECP) and the recommendations of the Fighting Fraud Corruption Locally Strategy for the 2020s, by modernising the fraud and error response, widening access to tools and technology and increasing public-private data sharing.
45. The PSFA has also published several external strategies and policy documents, such as its mandate, the Government Counter Fraud Profession Strategy and 2023/24 Delivery Plan - the totality of which sets out the PSFA's role, responsibilities and strategic direction.
46. In doing so, the NFI has ensured that its vision, objectives and actions are mutually compatible with PSFA's macro-level mission statements to:
    a. **Modernise the fraud and error response** by widening access, and use of, leading practices, tools and technology - better protecting taxpayers money;
    b. **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;
    c. **Develop capability in the public sector** to find, prevent and respond to fraud and error - both organisationally and individually;
    d. Put **performance at the heart of the public sector fraud conversation** - focusing on investments and outcomes; and
    e. We will aim to be seen as a **beacon of fraud and error expertise** and a destination for those wanting to make a difference in fighting public sector fraud.

Contact

For more information, or if you have any questions, please contact the National Fraud Initiative at nfiqueries@cabinetoffice.gov.uk.

We also invite you to browse through the NFI's publications on GOV.UK, including our national reports, press releases and information about our operation and services.

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