



Government
Counter Fraud
Function



Public Sector
Fraud Authority

The Government Counter Fraud Functional Strategy 2024-2027

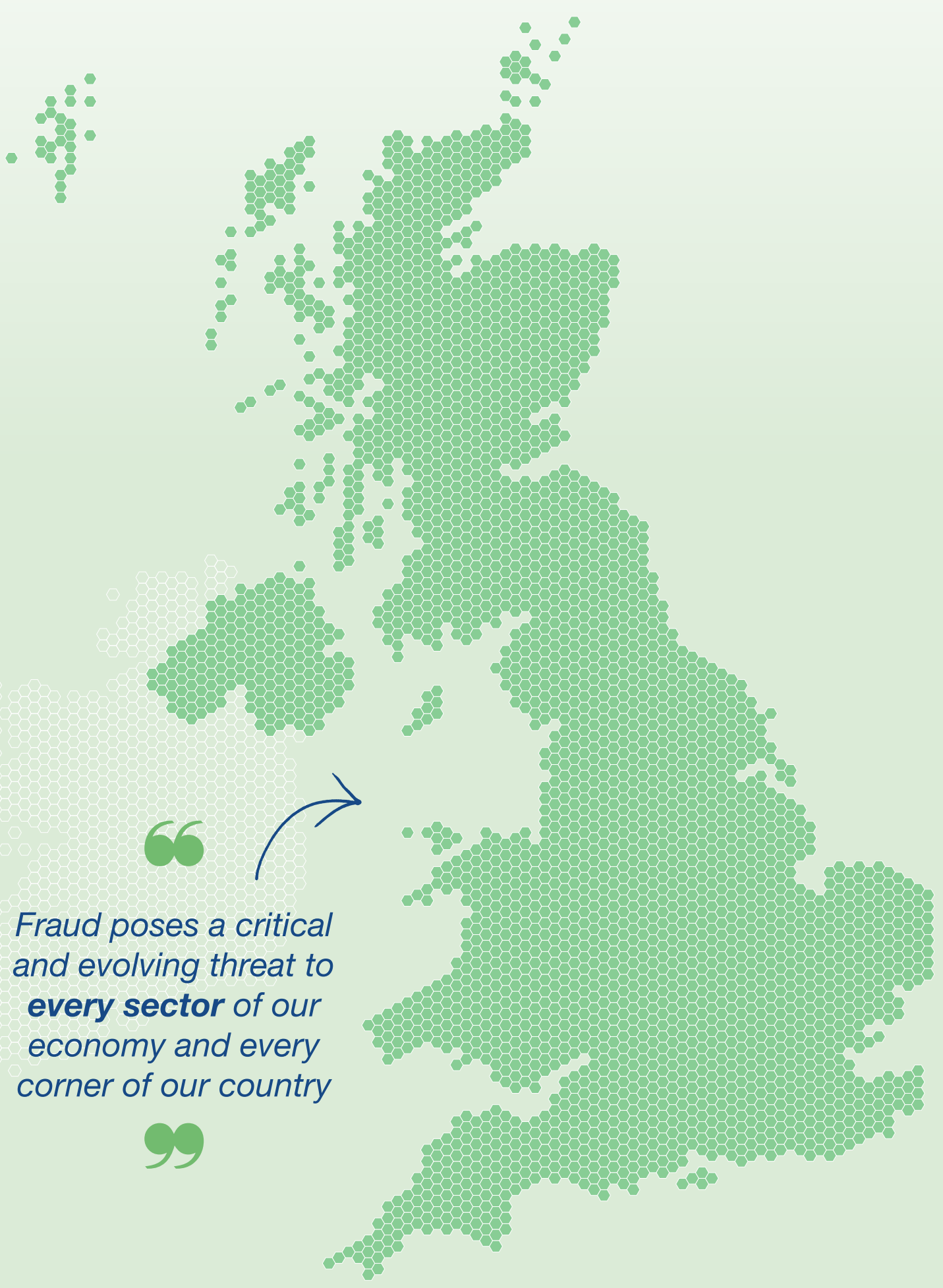
Progress Review



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*The Strategy brings
a renewed focus to find
and fight fraud*

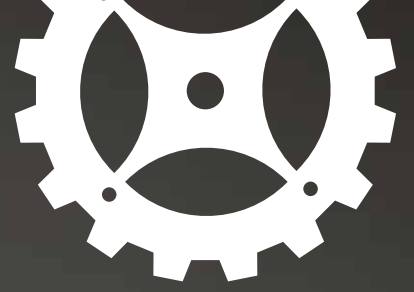
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*Fraud poses a critical and evolving threat to **every sector** of our economy and every corner of our country*

Contents

Ministerial Foreword	5
Head of Function Foreword	7
Introduction	8
Government Counter Fraud Function	8
2024-2027 Counter Fraud Functional Strategy	8
2024-25 Action Plan	10
Marking our progress	11
Objective One: Support and develop our people	12
Objective Two: Harness data and technology more effectively	14
Objective Three: Embed prevention	16
Objective Four: Drive a targeted, proportionate response against fraudsters	18
Objective Five: Secure cross-system cultural change	20
Our future focus	22



Georgia Gould

Parliamentary Secretary, Cabinet Office



Ministerial Foreword

Fraud poses a critical and evolving threat to every sector of our economy and every corner of our country. When criminals target the public sector, they don't just steal money - they undermine vital services that our communities depend upon and fuel organised crime networks that threaten our national security.

The Government's response is clear and decisive: we are taking comprehensive action to protect public money and ensure it delivers the services we all rely on. At the forefront of this action stands the Government Counter Fraud Function, bringing together counter fraud professionals across departments and public bodies.

The Function provides a framework for collaboration between counter fraud experts, enabling more efficient and effective delivery of counter fraud work across government. It plays a crucial role in fostering a culture of innovation and ambition, recognising that our impact is greater when we work as one.

The 2024-27 Government Counter Fraud Functional Strategy¹ sets out the Function's vision to find and prevent fraud against the public sector, alongside the objectives and actions needed to deliver it. It is ambitious and bold - reflecting the progress required to tackle the threat posed by fraud head-on.

In the strategy's first year, the Function has made significant strides - initiating and embedding over 100 measures, each designed to strengthen our defences against fraud. While this progress review demonstrates the substantial achievements, with examples of strong action, it also acknowledges where we must increase our efforts.

As threats evolve, so must we. The Function will continue to adapt and innovate, ensuring our counter fraud activities remain coordinated, effective and focused on protecting public resources. The Government's commitment is unwavering: to safeguard every pound of public money for the vital services our communities need.

Georgia Gould
Parliamentary Secretary, Cabinet Office

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The Function provides a framework for collaboration between counter fraud experts, enabling more efficient and effective delivery of counter fraud work across government
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¹ <https://www.gov.uk/government/publications/government-counter-fraud-functional-strategy-2024-2027>



Mark Cheeseman

Chief Executive of the Public Sector Fraud Authority



Head of Function Foreword

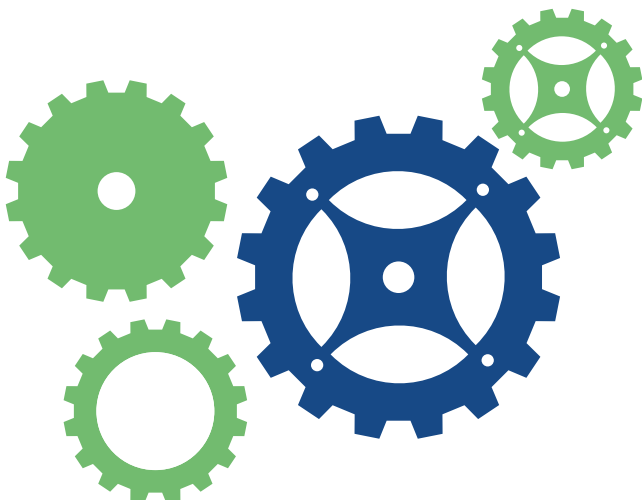
A year after launching the 2024-27 Government Counter Fraud Functional Strategy, my initial assessment holds true: while the fraud challenge has never been greater, neither has our capability to take it on and make an increasing difference.

Fraud remains a complex, diverse and quickly changing crime. The advancement in digital technology means fraudsters are becoming more sophisticated in how they attack and exploit the public sector. As a hidden crime, fraud presents a unique challenge – we must continue to fundamentally shift our perspective and recognise that finding fraud is itself a success. We can only fight it, if we find it.

The Government Counter Fraud Function brings together over 14,000 public servants working in departments and public bodies to fight fraud. The biggest strength of the Function is that it enables collaboration within and across public bodies to share practices and experiences, agree clear standards and improve the efficient and effective delivery of counter fraud work. The functional model also means this can be done in a way that departments and public bodies can tailor to fit their own areas of responsibility.

With over 300 departments and public bodies across Government, there are inevitable differences in fraud risks and threats, and in the resources and capability we have to combat fraud. But the Government Counter Fraud Function unites us in a common purpose.

This collaboration is vital – our collective expertise and shared commitment give us the ability to meet these challenges head-on, building from each other's experiences and successes



The Strategy gave us a framework to guide or focus our efforts - some common areas where we all committed to make progress. But for that strategy to make a difference requires action. This progress review shows the actions that have been taking place across the government under our strategy. This first year has delivered significant progress against our strategic objectives, which we are pleased to share with you in this report.



This collaboration is vital – our collective expertise and shared commitment give us the ability to meet these challenges head-on, building from each other's experiences and successes



This includes direct action to tackle fraudsters through the introduction of the Public Authorities (Fraud, Error and Recovery) Bill which will show fraudsters that action will be taken against those who seek to steal from the public sector and will deter future attacks. It also includes actions from public bodies to build counter fraud knowledge skills and expertise and support from the centre to increase the number of training opportunities and talent pathways.

Whilst considerable progress has been made, there is more work that needs to be done. I encourage all those working in counter fraud to maintain their resolve, maximise their impact, and contribute to our shared mission as a Function.

Mark Cheeseman OBE

Chief Executive of the Public Sector Fraud Authority

Introduction

Government Counter Fraud Function

The Government Counter Fraud Function is one of the [government's fourteen functions](#). The Function helps public bodies to effectively manage counter fraud, bribery and corruption activity in government.

It sets standards, agreed by experts, for critical work areas and provides a structure for the sharing of leading practices so public bodies can draw on their combined experience. It helps public bodies to build capability and expertise by defining the skills, knowledge and experience and providing the opportunity to evaluate and develop the skills of their counter fraud specialists.

It brings together over 14,000 public servants who work to find and tackle fraud, bribery, corruption and wider economic crime across government. Over 80% of the Function work for the Department for Work & Pensions (DWP) or HM Revenue & Customs (HMRC), whilst the remaining counter fraud staff are spread across the rest of government.

The development of Counter Fraud as a distinct function comes from the recognition that traditional business functions do not cover the expertise and disciplines needed to find, respond to and prevent fraud. Organisations increasingly are, and should be, investing in specific counter fraud capability.



2024-2027 Counter Fraud Functional Strategy

The [2024-2027 Counter Fraud Functional Strategy](#) was developed in order to build on the progress that has already been made across the Function in tackling fraud against the public sector. The Strategy brings a renewed focus to find and fight fraud and utilising the strengths and expertise of departments and public bodies to collectively strive for better outcomes.

The Strategy sets out the five strategic objectives for the Government Counter Fraud Function, which have been summarised below:



Strategic Objectives



Support and develop our people

The Function will work to develop a dynamic counter fraud workforce that is better equipped to meet evolving fraud threats and which is able to develop deep expertise. We want to attract talent and increase capacity, while ensuring that those in counter fraud roles are developed and supported in their work.



Harness data and technology more effectively

The Function will work across organisational boundaries to promote data sharing and to minimise the barriers to doing so. Data and analytics will be utilised across the Function to drive increased performance, supported through quality evidence and assurance activity.



Embed prevention

The Function will work to embed an increased range of strong prevention practices, developing enhanced approaches to designing out fraud including controls testing and to measure the benefits of preventative action.

We will develop and embed robust prevention activity from the initial stages of scheme and programme design with clear underpinning methodologies. There will also be increased understanding of the risk and threat landscapes.



Drive a targeted, proportionate response against fraudsters

The Function will increase access to enforcement activity, coordinating cross-departmental action to maximise the consequences felt by those who commit fraud, bribery and corruption against and within the public sector. Enforcement will be increasingly professionalised with an increased level of oversight.

Whilst a strong and consistent enforcement response is an important deterrent, the Function will increase, apply and more effectively coordinate the range of criminal, civil and other counter fraud tools in our toolbox.



Secure cross-system cultural change

The Function will work to improve recognition of the value and impact of counter fraud work. There will be increased advocacy for it at every level, increasing engagement from senior leaders and non-counter fraud professionals across the public sector. The Function will use clear and accessible communications to celebrate our successes, ensuring partners understand the value and impact of our work.

2024-25 Action Plan

The Counter Fraud Functional Strategy committed to the development of annual Action Plans.

Action Plan
2024-2025

Action Plan
2025-2026

Action Plan
2026-2027



Whilst the Strategy sets out the roadmap for what the Function aspires to achieve by 2027, each Action Plan sets out the practical steps of how the Function aims to meet those achievements, year by year.



In creating the 2024-25 Action Plan, the Function agreed over 100 commitments across 17 Departments and Arm's-Length Bodies through the Government Counter Fraud Functional Leaders Board².



The Board, led by the Public Sector Fraud Authority (PSFA), has provided quarterly assurance for the progress of each action to help to support delivery.



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The delivery of these action plans is the collective responsibility of all members of the Function, and undergoes regular assurance via the Functional Leaders Board
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² The Fraud Functional Leaders Board provides the strategic leadership and direction for the Government Counter Fraud Function. The Board works with the PSFA to agree the Function's priorities and delivery of its strategic objectives. It is chaired by the Head of Function and is comprised of counter fraud senior civil servants.

Marking our progress

Since it was implemented last year, the Function has used the strategy to shape the development of new activities.

In the strategy's first year, the Function has made progress in delivering action against its objectives. These include improving the availability, promotion and take-up of counter fraud training and departments improving their ability to accurately identify and report losses resulting from fraud and error.

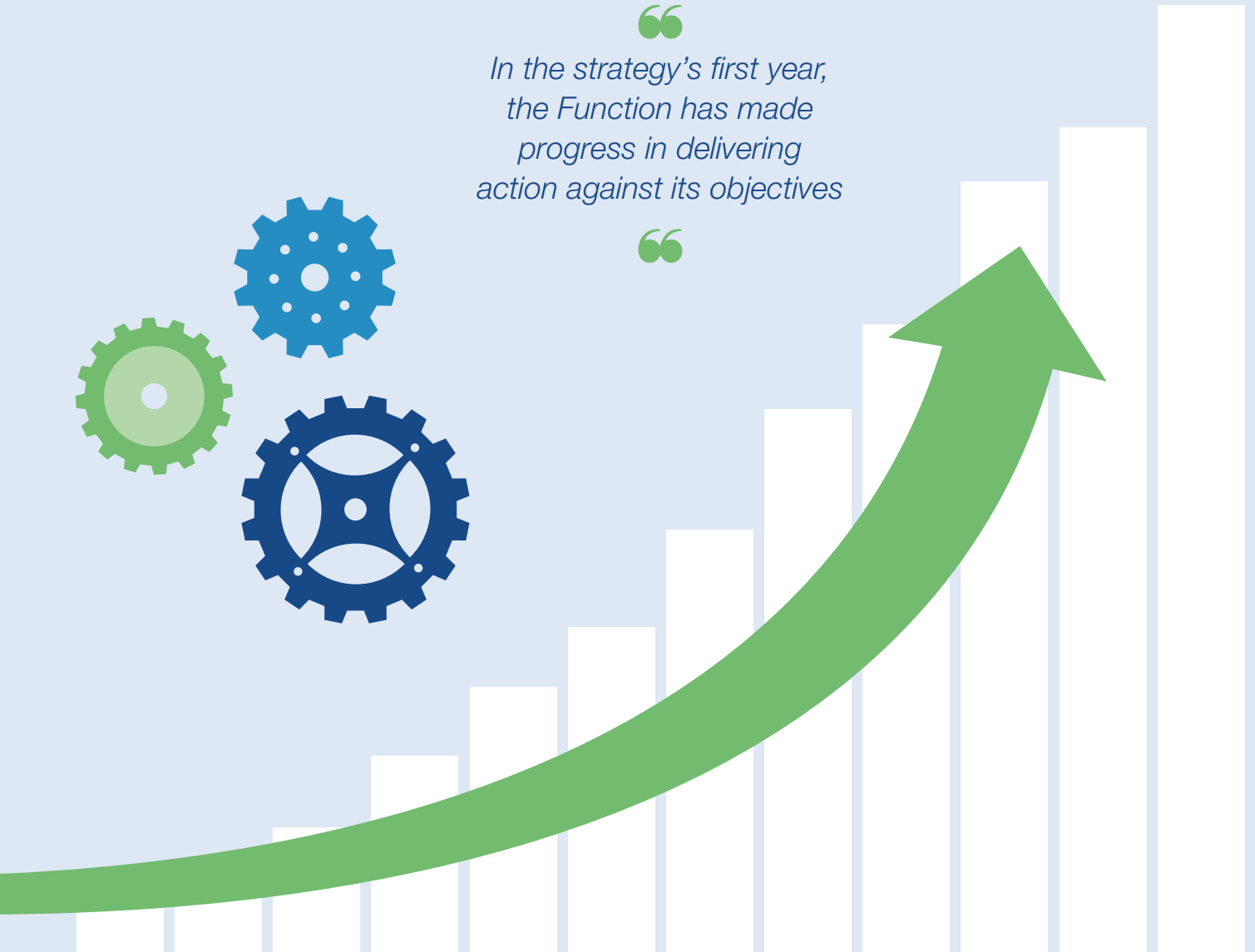
However, the challenges in fighting fraud are multi-faceted and cannot be overcome through one simple solution in a short time period. System-wide change is a constant activity and the Function recognises where it should develop the collective fraud response further.

The following section sets out:

- where the Function has driven progress against each objective, highlighting example case studies from a relevant Department or public body; and
- where there are further challenges against each objective and what areas the Function will focus on next year.



In the strategy's first year, the Function has made progress in delivering action against its objectives



Objective One: Support and develop our people



Those working across the Function are striving to reduce the levels of fraud in the public sector and beyond. They seek to take action against those who attack the system, better understand how those attacks happen and make the government more resilient to them. Being able to effectively counter fraud relies on those individuals and best supporting them to ensure they have the appropriate skills and expertise.

So far, the main actions taken by the Function in pursuit of this objective have centred around:

- departments and public bodies deepening counter fraud knowledge, skills and expertise across their organisation through bespoke training and guidance for counter fraud and non-counter fraud professionals;
- identifying strengths and gaps in counter fraud capability and resilience, and using this data to map future workforce planning;
- enrollment in opportunities offered by the Government Counter Fraud Profession to develop talent pathways for leaders and future leaders; and
- developing an ongoing support offer to retain staff, including cross-sector mentoring.

The Function has taken action to embed the new mandatory training on Counter Fraud, Bribery and Corruption with their staff. For example, HMRC is working to include this training into the standard induction process for new staff and HM Land Registry have expanded on the training to develop their own organisation-specific counter fraud, bribery and corruption training - supporting their staff with organisational-specific fraud risks.

This follows activity by other Departments which have worked to increase counter fraud awareness and resilience amongst non-counter fraud professionals. For example, the Department of Health and Social Care (DHSC) has introduced mandatory counter fraud training as part of induction processes for staff and the Foreign, Commonwealth and Development Office, which has embedded targeted counter fraud training for new Heads of Missions.

Public bodies across the Function have continued to work in partnership with the Counter Fraud Profession to ensure that we have more qualified colleagues across counter fraud roles to take preventative action on fraud. Across 2024-25, c.100 counter fraud colleagues from 42 different public bodies have successfully undertaken the fraud risk assessors training. Departments and public bodies are embedding this knowledge back into their relevant fraud teams, and there is a strong pipeline of colleagues from across the Function to undertake this training in the future.

Furthermore, the Function is also investing in counter fraud leadership skills now, and for the future, through active participation in the Counter Fraud Leadership Development Programme. Counter fraud leaders from across the Function are actively engaged in the Programme, empowering and equipping them to be at the forefront of significant areas of counter fraud policy and delivery.



Those working across the Function are striving to reduce the levels of fraud in the public sector and beyond



Investing in counterfraud leadership

Case Study...

 Home Office

Changing policy to enhance counter fraud awareness

Fraud is complex. Countering it relies not only on the Function having the appropriate skills and expertise but also that it is recognised as a serious issue that needs to be addressed beyond those working in counter fraud.

In the last year, Home Office's Fraud, Error and Debt (FED) Team has worked to review and update its counter fraud, bribery and corruption policy to ensure it is aligned with wider strategic risk reporting across the Department.

The FED Team conducted a first of its kind cross-Departmental gap analysis workshops with senior civil servants from other Functional areas, including Finance, Human Resources, Commercial, Legal, Estates, Security, Digital, Data and Technology and Portfolio and Project Delivery.





The workshops provided insight to develop a comprehensive list cross-Departmental counter fraud risks, which are being embedded with wider Departmental risk reporting and are recognised by Home Office's senior leaders.

This activity has also meant that the FED Team has updated its counter fraud, bribery and corruption policy to ensure that cross-Departmental risks can be effectively mitigated - again, supported by wider senior leadership.

Areas to go further:

Fraud by its very nature is an evolving crime. This means that those across government working to fight fraud need to have the most relevant, specialist skills and support possible. It also means that people being employed into counter fraud roles for the first time feel empowered and able to learn and grow into their counter fraud careers.

To that end, the Function is keen to develop and make further progress in the following areas:

-  diversifying our talent by introducing support to break down barriers to entry, targeting those starting their career, with intern programmes, applicant coaching and apprenticeships;
-  embedding professional standards and guidance from the Government Counter Fraud Profession;
-  continuing to expand the number of qualified counter fraud professionals and leaders across government; and
-  evaluating the impact of cross-government counter fraud, bribery and corruption training on non-counter fraud staff and ensuring its adoption across government.

Across all these areas, the Function will also continue to work with internal and external partners to develop strategic insights on capability requirements, skill gaps and capability development best practice will also be vital in the Function's approach to support our people.



Objective Two: Harness data and technology more effectively



Effectively harnessing data and technology is crucial for enhancing cross-government counter fraud efforts. Sharing data across government departments through secure, interoperable platforms enhances collaboration and ensures a more comprehensive view of potential threats. Furthermore, by integrating advanced data analytics and machine learning, we can identify suspicious patterns and anomalies across diverse data sets, enabling earlier detection of fraudulent activities.

In the past year, great work has been done right across the Function to utilise data and technology to tackle fraud. This includes:

- increasing the delivered benefits derived from data matching and analytical activity across the Function;
- piloting emerging data analytics, such as artificial intelligence, to proactively combat fraud;
- using data analytics to better understand, and more accurately report, detected, prevented, recovered fraud and error to provide a more accurate landscape of the scale of challenge and where to best target our response; and
- ensuring counter fraud workforce and performance data is accessible to both counter fraud and non-counter fraud leaders in Departments and public bodies.

One of the [five principles for public sector fraud](#) states that in order to fight fraud, you have to find it. Across the year, the Function has taken action to improve processes that help to accurately identify and report fraud and error loss. As an example, Home Office has developed and embedded a new tool that provides an in-depth analysis of fraud typologies and performance monitoring across all areas within the Department and its arms length-bodies. Continuing to do this well across the Function is crucial to develop our understanding of where there are gaps in our fraud and error response, and how we can build in stronger controls to prevent losses in those areas.

The Function has also taken action to ensure that counter fraud workforce and performance data is visible and accessible to both counter fraud and non-counter fraud leaders. For instance, the Education Skills and Funding Agency (ESFA) has developed a counter fraud dashboard to centralise and monitor progress towards their strategic actions, adherence to the Counter Fraud Functional Standard, workforce data and management of fraud risks. Having readily available data to share both within and across organisations supports effective decision-making on where to target counter fraud resources and capability.

There are also further specific examples of Departments and public bodies investing more in data analytics. For example, the NHS Counter Fraud Authority's Project Athena has continued to progress. The pilot aims to both prevent fraud by identifying patterns in data, using analytical techniques and tooling to reduce losses from fraud so that money is redirected back into patient care. Subject to further funding, this work will continue into 2025-26.

Case Study...



Department for Transport

Using Artificial Intelligence (AI) to combat fraud

The Department for Transport (DfT) has pioneered the use of AI to proactively combat fraud in public sector grant schemes. Through advanced AI image recognition, DfT has developed and implemented measures within the Electric Vehicle Homecharge Scheme (EVHS), preventing fraudulent claims and protecting public funds.

The EVHS allowed consumers to receive up to £500 towards home installation of electric vehicle (EV) chargepoints, requiring installers to submit photo evidence of installation. However, key fraud risks were identified, including:

- Installers submitting generic images from online sources.
- Duplicate images presented as evidence of different installations to claim additional funds.

In response, DfT developed AI-powered algorithms to target these risks. Utilising Google Vision for online image matching and the ResNet image recognition model for duplicate detection, their approach flagged fraudulent submissions effectively. This AI-led innovation saved over 100 years of manual verification work and recovered tens of thousands of pounds in fraudulent claims.

Following the success in EVHS, DfT are seeking to apply this AI-based tool across other grant schemes that require photo validation. This broader application will enable real-time fraud detection, allowing us to prevent fraudulent claims before they're processed, streamlining fraud prevention across the board.

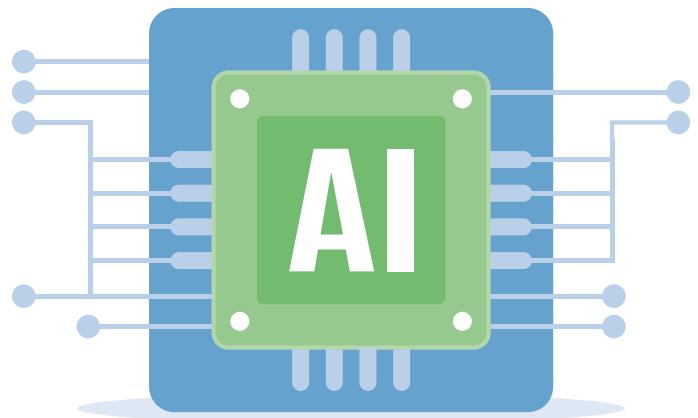
Areas to go further:

In their most recent overview³, the National Audit Office (NAO) set out that the government needs to increase the use of data analytics across government, both to stop fraudulent payments before they are made and to identify risky payments that have been made for investigation.

The Function will continue to make harnessing data and technology a priority - it is essential across the entire lifecycle of fraud management. In 2025-26, the Function will work towards making further progress in the following areas:

- ✓ continuing to explore emerging data analytics and technology to tackle public sector fraud, and moving existing pilots into business as usual activity;
- ✓ developing common frameworks and removing barriers to enable better counter fraud data sharing; and
- ✓ striving to solve common issues that lie across departmental boundaries by developing best practice to share between public bodies, and pursue new opportunities in partnership with the private sector.

If the Function can build on what it has started, foster a data-driven culture, get the basics right and be strategic in how it invests and develops technology, the Function can aim to increase the impact of these tools and techniques and safeguard public funds more effectively.



Objective Three: Embed prevention



Prevention is the most effective way to address fraud. Preventing fraud through effective counter fraud practices reduces loss and reputational damage. It also requires less resources than an approach focused on detection and recovery. The advent of the COVID-19 pandemic, and the lessons it provided, demonstrates the need for robust fraud prevention activities.

If the Function is increasingly embedding robust methodologies for prevention and measurement, and is able to clearly articulate the benefits of both, then our outcome for the end of this strategy will be met. In the strategy's first year, action is being taken across the Function to embed strong prevention practices, including:

- Departments and public bodies increasing the number of quality assured Initial Fraud Impact Assessments (IFIAs) and Fraud Risk Assessments (FRAs) across their high-spend or high-risk programmes;
- increasing the number of trained fraud risks assessors within Departments and public bodies; and
- delivering targeted fraud awareness training within Departments and public bodies.

The Function has led by example by increasing the number of IFIAs in their respective Department or public body. As an example, the Department for Business and Trade (DBT) has completed IFIAs for new schemes such as Auto2030⁴ and is currently undertaking further IFIAs for the British Business Bank and UK Steel. This will help ensure that the impact of fraud, and fraud risks, are considered early on in the life cycle of these areas of major spend activity.

There are also an increasing amount of FRAs being carried out across Function, with more and more Departments and public bodies completing FRAs for individual business units across their organisations. For example, DHSC has recently developed a new FRA template to increase data sets for fraud measurement and simplify scoring, whilst also standardising all accompanying FRA guidance.

The Department of Environment, Food and Rural Affairs (DEFRA) has developed a pipeline of FRAs to track all grant-funded schemes as part of the Department's Grants Hub. All FRAs that are submitted are assessed against the FRA Standard, those that meet the standard are used to develop and inform an overarching thematic FRA for grant schemes. This continuous pipeline of FRAs is a great example of how this activity can identify systemic fraud risk issues related to specific types of grant funding to safeguard public money.

Going further, Departments and public bodies have embedded organisational-level Enterprise Fraud Risk Assessments (EFRAs) to help them better understand their organisation's cross-cutting fraud associated risks, the strength of existing controls and how to mitigate risks further. For example, DHSC has also designed and operationalised their EFRA - which is helping to provide holistic oversight of the Department's total fraud risk and driving team priorities to support the reduction of these risks. Many other Departments across the Function are also developing their EFRAs, such as FCDO, the Ministry of Defence and Ministry of Justice.

Departments and public bodies are also building increased oversight over the areas of highest fraud risk in their organisations. For example, the Department of Energy Security and Net Zero (DESNZ) is developing Fraud Management Plans for all high risk schemes in their Department, and will be working to extend this approach further to include all medium risk schemes. This approach will provide targeted fraud risk management.

It is also important that investigation and enforcement activity is robustly evaluated, so that lessons can be drawn to help future action. The ESFA have formally introduced a process to capture

⁴ Phasing of sales of new petrol and diesel cars from 2030 and supporting zero emission vehicle transition.

lessons learned within their counter fraud work, which has been further embedded across the ESFA's primary governance Boards as standing a agenda item, with further work underway to determine how ESFA can influence decisions taken at these boards as part of other delivery actions.

Other Departments across the Function are also committed to learning from instances where fraud has arisen. For instance, DWP conduct post investigation threat assessments, the outputs of which are collected and analysed to generate intelligence and a picture of the fraud threat landscape. This provides valuable insight to the Department on appropriate action to improve controls, mitigate the threats of future incidents and ensure prevention, deterrence and detection activity is fully focused and effective.

The cross-government Internal Fraud Hub (IFH) has continued to safeguard the public sector from internal fraud⁵. More Departments and public bodies across the Function are taking stronger action to bolster internal fraud controls. As an example, DHSC's Anti-Fraud Unit investigated a contractor committing internal fraud and successfully took actions of redress through a Community Resolution Agreement, with the individual paying back thousands of pounds and being registered on the IFH.

Areas to go further:

Whilst progressive steps have been taken, there is more that the Function can do shift the dial of counter fraud activity towards fraud prevention. For the next year, the Function will target its focus on the following areas:

- ✓ embedding more organisational EFRAs to provide a strategic view of fraud risks across an organisation;
- ✓ driving increased departmental application of fraud prevention methodologies informed by the Counter Fraud Prevention Standard in respective organisations; and
- ✓ continue to improve the strategic cross-Functional view of fraud risk, including further development of the Global Fraud Risk Assessment (GFRA) and the PSFA's High Fraud Risk Portfolio.



Ministry of Justice

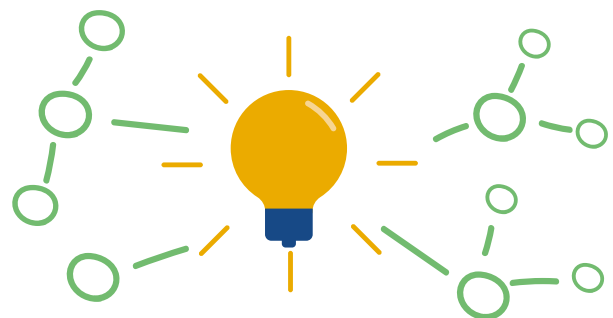
Putting fraud prevention at the heart of spending decisions

Fraud prevention requires early intervention at both policy development and funding decision stages, ensuring effort is spent at the outset considering fraud risks and how to mitigate them.

The Ministry of Justice (MoJ) is leading by example in this space. MoJ's Counter Fraud Team have secured a vital role in the Department's 'Keyholder process' - which involves senior representatives from across MoJ's Functions reviewing new business cases to ensure they meet various thresholds and standards for new investments.

For Counter Fraud, this ensures that any new investment in MoJ is 'thinking fraud' from the outset and has completed an IFIA. The process promotes engagement between Senior Responsible Officers and/or project manager with MoJ's Counter Fraud Team - both to support IFIA completion and to ensure that FRAs take place during the rest of a programme's delivery phase.

Since their involvement in the 'Keyholder process' in June 2024, MoJ's Counter Fraud Team has provided direct advice on c.15 new investments.



5 The IFH registers individuals that have been dismissed for committing internal fraud and bans them from working in the Civil Service for 5 years.

Objective Four: Drive a targeted, proportionate response against fraudsters



As a Function, we recognise the level of resource and capability across the public sector to take action against fraudsters differs greatly. Increasing access to enforcement activity on a cross government basis will maximise the consequences felt by those who commit fraud, bribery and corruption against and within the public sector.

Across the Function, action is being taken to enhance the ability of government departments in taking action against fraudsters. This includes:

- where criminal investigation is not possible or appropriate, pursuing alternative forms of redress such as civil recovery or disciplinary action; and
- implementing effective Fraud Management Plans in areas with high fraud-risk to embed fraud controls into the design and delivery of business areas and increase capability to use data to identify risks and anomalies; and
- introducing the Public Authorities (Fraud, Error and Recovery) Bill which will modernise the counter fraud powers used to support the work of the Function, alongside targeted oversight and assurance of their use.



The Function is serious about tackling criminality and deterring fraud



The Function is serious about tackling criminality and deterring fraud. For example, DWP investigators identified an organised attack on the Universal Credit system, involving fabricated claims resulting in more than £50 million being overpaid. This was the DWP's largest benefit fraud case to date and involved conspiracy and money laundering crimes. All defendants pleaded guilty and sentenced for a combined total of more than 25 years. Specialist Financial investigators will continue their work to identify assets and recover stolen monies.

The Function also wants to support the capability counter fraud investigators throughout the journey of a fraud investigation. That is why the Government Counter Fraud Profession published its “Practice Note - Attending Court as a Counter Fraud Professional”. Court is often the final stage of an investigative process, the point at which evidence will be scrutinised and when a defendant must ultimately answer to a case. This guidance therefore supports counter fraud professionals at this vital stage, providing advice and tips in how to prepare if they are called to attend court as a witness.

The PSFA has also started the pilot of the new Enforcement Unit Pilot for government. The Unit will be emboldened by the Public Authorities (Fraud, Error and Recovery) Bill - allowing the Unit to tackle fraud against public authorities outside of tax and social security. This will support public bodies with smaller investigation capabilities or resources - improving their ability to recover public money.

Existing legislation also continues to be maximised by relevant organisation across the Function. For example, the Proceeds of Crime Act (POCA) 2002 Amendment Order 2024 granted additional organisations powers to support their ability to recover the proceeds of crime. This included DWP, the Environment Agency, the Food Standards Agency, the Security Industry Authority and the PSFA to better enable the organisation to investigate and tackle fraud against the public sector.

The PSFA is also supporting the Covid Counter Fraud Commissioner, who was appointed by the Chancellor of the Exchequer in December 2024. The Commissioner, drawing on the expertise in the PSFA, as well as DHSC and other partners, is working to use every means possible to recoup public money lost to pandemic-related fraud and contracts that haven't delivered. Once concluded, the Commissioner's report will be presented to Parliament.

Case Study...



Department for Work & Pensions

Modernising our counter fraud powers

The government has introduced the Public Authorities (Fraud, Error and Recovery) Bill, which will give more tools to combat fraud, allowing the government to investigate fraud, recover public money and sending fraudsters a clear message: you won't get away with stealing public money.

This legislation extends and modernises the Department for Work and Pensions' powers to address fraud and error in the social security system. The Bill includes safeguards, reporting mechanisms and independent oversight to ensure the proportionate and effective use of powers.

The legislation also allows the Public Sector Fraud Authority to deliver on its mandate to support the public sector in tackling fraud by empowering its Enforcement Unit to address fraud against public authorities outside of tax and social security. This will benefit all Departments and public bodies to take action against fraudsters.



Areas to go further:

As acknowledged in the NAO's Overview of fraud and error⁶, departments and public bodies have varying counter fraud maturity levels. Public bodies that hold limited counter fraud resources do not have the capability to apply sanctions to individuals who have committed fraud against the public sector. This means that there is still an over-reliance on the police to take on investigations and have sanctions applied to these individuals.

For 2025-26, the Function will work towards making further progress in the following areas:

- ✓ developing best practice guidance on how Departments and public bodies should utilise different approaches in responding to fraudsters; and
- ✓ increasing avenues for Departments and public bodies who lack the resources for investigation to refer cases to other government departments who have access to investigatory powers including those outlined within the Public Authorities (Fraud, Error and Recovery) Bill.

6 <https://www.nao.org.uk/wp-content/uploads/2024/11/fraud-overview-2023-24.pdf>

Objective Five: Secure cross-system cultural change



It is important that the work of the Function is understood and more needs to be done to ensure our work is given the recognition it deserves. To fight fraud, we need to find it and it can only be found if we have the right culture that empowers everyone to actively seek and address it.

To do that, we must ensure we build on our work and continue to engage with senior leaders and non-counter fraud professionals across the public sector. This will ensure those working in the public sector will understand how to recognise fraud and how to access the necessary support to tackle it from the Function. We also need to utilise our communication tools to help build the confidence of the public in the government's handling of fraud through the action it takes.

Across the function, work is underway to raise greater awareness of Functional activities and the value it brings. This includes:

- delivering targeted fraud awareness sessions to colleagues working in high-risk areas to promote counter fraud work being undertaken and the benefits it has;
- developing a strong compliance culture in organisations through meaningful buy-in from relevant internal and external stakeholders to improve the understanding of counter fraud risks and share best practice and intelligence; and
- promoting an anti-fraud culture in respective organisations through effective counter fraud communications campaigns, increasing awareness of counter fraud risks and available counter fraud training.

The Department for Science, Innovation and Technology (DSIT) have designed and published a dedicated counter fraud space on their all-staff intranet. This provides advice and guidance on identification and reporting of fraud, tools such as the IFIA and FRA, standard templates, fraud reporting routes - such as Action Fraud, and key documents such as the Department's Counter Fraud, Bribery & Corruption Strategy and Counter Fraud, Bribery & Corruption Policy and Response Plan.

To ensure consistent engagement with cross-Departmental stakeholders as part of a strategic approach to embed a counter fraud culture, UK

Export Finance (UKEF) has developed an extensive stakeholder mapping exercise for its domestic and international stakeholders to improve the Department's understanding of financial crime risks and share best practice and intelligence.

The Function also ran a successful communications campaign during International Fraud Awareness Week in November 2024. To support departments and public bodies to align their communications, the PSFA created a partner toolkit. This contained resources and guidance to support public bodies craft consistent and impactful messaging for both internal and external audiences, including tailorable written content and visual assets for use across a range of internal and external communications channels (e.g., social media, newsletters and intranets). The toolkit was well-received and it was downloaded over 7,000 times.

A significant number of public bodies also ran their own communications campaign activities beyond International Fraud Awareness Week to create a rhythm of momentum that promotes counter fraud work. For example, HM Land Registry have relaunched their Fraud Awareness Campaign and awareness roadshows across all their offices nationwide to increase engagement from across the organisation, doubling the number of participants from 2023-24. Other Departments that are undertaking similar campaigns include the MoD and MoJ.

Effective cultural change can only happen when we get the basics right. For counter fraud, embedding the Counter Fraud Functional Standard (GovS 013) is the mechanism in which Departments and public bodies can be confident that they have the basics right. The PSFA works in partnership with public bodies to review and provide oversight of their compliance to the Standard - helping them embed fundamental counter fraud activities whilst ensuring they are reviewed by senior leaders. Across this year, the PSFA has reviewed a further 15 public bodies against the Standard - further promoting the principles for cultural change.

Case Study...



Department for Environment, Food & Rural Affairs

Raising the profile of counter fraud to secure cultural change

To bring greater awareness to the work being undertaken by those working in counter fraud, colleagues in the Department of Environment, Food and Rural Affairs (DEFRA) have delivered targeted fraud awareness sessions to over 600 colleagues working in two of DEFRA's highest fraud risk areas. DEFRA is also developing counter fraud 'Lunch and Learn' sessions, with the aim of delivering these to over 1000 colleagues.

The Home Office has been working to improve understanding of Counter Fraud across the Department. Introducing bespoke Counter Fraud sessions, they have enhanced staff understanding of fraud risks and prevention strategies being driven within the department. The Home Office have also made great progress in both modernising existing guidance, as well as publishing new counter fraud guidance. This has helped ensure that colleagues not working directly in counter fraud still have an awareness of the importance of detecting and preventing fraud.



Areas to go further:

For some public sector bodies, there is still further to go.

We want to do more to ensure that perceptions of counter fraud work changes, so that it becomes more embedded within departments and is a key component in the design stage of activities. We will aim to do this in the following ways:

- ✓ increasing our engagement with the Finance, HR, Commercial, Grants and Debt Management Civil Service Functions to further embed counter fraud awareness and activities into their operations and policies;
- ✓ expand cross government networks such as the Counter Fraud Community of Practice to share knowledge on the economic crime landscape, policies and best practice in dealing with common counter fraud challenges; and
- ✓ develop a lessons learned process across government counter fraud activities to capture best practice and share findings across the Function - aiming to identify areas for future improvement which can be utilised in future activities.

Our future focus

Recognising that fraud is ever changing and the Function needs to be able to react to change accordingly, we will develop two further Action Plans over the strategy period.



Each Plan will look to build on the individual strengths and expertise of Departments and public bodies to collectively strive for better outcomes, acknowledging the diverse experiences of counter fraud activity across government.



Action Plan 2025-26 is being co-developed by leaders across the Function. This Plan will be aligned to the development of organisational action plans as set out in the Counter Fraud Functional Standard. It will also encompass the areas where we want to push further following our efforts this year.



The next Plan will continue to represent the Function's collective ambition to go further against each objective and demonstrate that, in the fight against public sector fraud, the most effective way to do this is together.



The delivery of Action Plan 2025-26 will be the collective responsibility of all members of the Function, and will undergo regular assurance via the Functional Leaders Board in the same manner as this Action Plan.



The Function will also commit to publishing a further Progress Update next year. This will provide a concluding overview of Action Plan 2024-25 (e.g. how many actions have been completed) and set out what new action has been taken to deliver against the Strategy through Action Plan 2025-26, and where challenges need to be overcome.



Notes



Government Counter Fraud Function

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