



Public Sector
Fraud Authority

Public Sector Fraud Authority Annual Report 2023-2024

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

Public Sector Fraud Authority

Publication date: July 2025

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Chief Executive's Statement

The Public Sector Fraud Authority (PSFA) completed its second year of operation in 2023/24, having been established in August 2022. It was introduced, following the government's experiences during the Covid Pandemic, to work with departments and public bodies to better understand and reduce the impact of fraud against the public sector.

Fraud, by its very nature, is a hidden crime. To take effective action, we must first uncover it. This requires building specialist capability across the public sector - professionals who can identify and prevent fraud, and confidently demonstrate their value. This transformation across government is well underway.



We exceeded our financial target - delivering £373m of audited benefits

In its second year, the PSFA continued its collaborative journey with departments, enhancing capability across the system through the training and qualifications in the Government Counter Fraud Profession, alongside the advice for the experts in the PSFA. The PSFA also implemented a framework across government ensuring counter fraud investments have clear, measurable targets for the impact they have on reducing the financial loss caused by fraud.

In 2023/24 the PSFA achieved 26 of its 27 objectives. This included exceeding its financial target - delivering £373m of audited benefits.

This year saw the development of the PSFA's core functions and services and the structures around it. Key milestones included launching the new Risk, Threat and Prevention Service and piloting a new Enforcement Unit for public bodies. By the close of 2023/24, all component parts of the PSFA were in place.

The High Fraud Risk Portfolio was further developed across 2023/24, enabling a comprehensive view of high-risk areas across government. Additionally, the PSFA built and deployed the Single Network Analytics Platform – an integral tool for uncovering hidden connections between companies and individuals, helping public bodies bring potential fraud to light.

Beyond these structural achievements, 2023/24 marked the full implementation of a target framework across the public sector, demonstrating to the public the tangible difference being made in protecting taxpayers' money. The Risk, Threat and Prevention service helped public bodies understand fraud risk across over £15bn of expenditure. The Government Counter Fraud Profession continued to enhance capability across the system by doubling the number of

trained fraud risk assessors, creating new professional standards and guidance, and formally launching the world's first fraud leadership programme.

This remarkable progress reflects the passion and focus of the experts who have joined the PSFA, alongside our partners from Synectics, Deloitte, Quantexa, Ernst & Young and Coventry University. Other partners have also contributed expertise to help build and deliver PSFA services.

Our remarkable progress reflects the passion and focus of the experts who have joined the PSFA

Mark Cheeseman OBE

The PSFA's achievements are fundamentally collaborative in nature. All the PSFA's successes require public bodies to engage to make a difference. Public bodies have continued to work alongside the PSFA, encouraging and challenging the PSFA across various forums. Their commitment is reflected in the results reported - fraud recovery and prevention figures having increased from £1.1bn to £1.3bn in welfare and - if the targets are met - by 64% outside of welfare and tax.

Yet there is still further to go. The PSFA will continue to evolve and work with public bodies to enhance capability, deepen understanding of and increase action on fraud risk, advance the use of data, analytics and AI, strengthen action when fraud is found, and - most critically - increase impact on the loss inflicted when fraudsters attack the public sector.



2023-2024 Key Achievements

- ✓ **Delivered £373m in audited counter fraud benefits, protecting public funds.**
- ✓ **Successfully achieved 26 out of 27 of our strategic objectives.**
- ✓ **Established outcome-based targets with departments facing the highest fraud risks, yielding a £129.5m (64%) increase in counter fraud outcomes in the previous year (excluding DWP and HMRC).**
- ✓ **Strengthened accountability by reviewing and publishing evidence on fraud and error, including analysis of losses in COVID support schemes.**
- ✓ **Enhanced standards across government by conducting reviews of fifteen public bodies against the Counter Fraud Functional Standard.**
- ✓ **Introduced our new Risk, Threat and Prevention service, equipping departments with specialist expertise and capability.**
- ✓ **Undertook Fraud Risk Assessments and Initial Fraud Impact Assessments across £15.4bn of public spending.**
- ✓ **Doubled the number of qualified fraud risk assessors across government to 200, significantly expanding prevention capacity.**
- ✓ **Established the Enforcement Unit pilot, empowering departments and public bodies to take action against fraudulent activity.**
- ✓ **Pioneered professional development by welcoming the first two cohorts to the world's first Counter Fraud Leadership Programme.**
- ✓ **Contributed to the government's Economic Crime Plan and Fraud Strategy by providing critical data services to the private sector, helping detect and prevent £100m in potential fraud.**

Report Purpose

This publication provides an account of the Public Sector Fraud Authority's activities and performance against its 2023/24 objectives. It also outlines its governance arrangements.

Our Mission

Our mission is to:

- ✓ 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 developed in collaboration 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.
- ✓ 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.

The PSFA works with departments and public bodies to modernise how the public sector counters fraud, drawing on valuable insights and lessons learned from both the UK and internationally. This modernisation aims to enhance our collective ability to understand, prevent, and address fraud effectively—ultimately reducing the financial burden on public services and better safeguarding public resources.

Counter Fraud is a rapidly expanding specialist field that has historically lacked robust standards and frameworks. Building on the foundation established by the Centre of the Counter Fraud Function, the PSFA is now accelerating this development journey.

By strengthening these professional standards and structures, we are enabling the public sector to adopt more sophisticated approaches to fraud prevention, detection, and enforcement—delivering cost efficiencies while protecting vital public services for those who need them most.





Performance Overview

This report covers the performance of the PSFA in the financial year 2023/24.

This performance overview sets out how the PSFA has delivered its priority outcomes, as well as highlighting the Authority's core achievements.

The PSFA set 27 key objectives (outlined in Annex 1) in 2023/24. Of these, we successfully achieved 26, a 96% success rate.

The objective we did not hit was on the Single Network Analytics Platform (SNAP). In 2023/24, we created and deployed the SNAP in full and created five test models. However, onboarding of the three public bodies was not finished until 2024/25.

For the second consecutive year, we exceeded our targets, delivering £373m in audited counter fraud benefits.

To enhance prevention capabilities, we introduced our innovative Risk, Threat and Prevention service, supporting departments by providing them with expert capability to help them understand risk, while our new Enforcement Unit pilot enables the public bodies it works with to take action against potentially fraudulent activity where they previously could not.

We worked with departments facing the highest fraud risks to establish outcome-based targets, increasing counter fraud ambitions across the government.

We've invested in capability, doubling the qualified fraud risk assessor workforce across the public sector to 200 across government, significantly strengthening our prevention capacity further.

The Single Network Analytics Platform (SNAP), the government's fraud detection tool, was developed and implemented. We invested time in future-proofing SNAP and getting it right first time by establishing multi-lateral data governance arrangements, ensuring that SNAP was compliant with data security and data ethics requirements, which led to us onboarding public bodies later than planned.

These achievements build on the strong foundation established during our inaugural year (2022/23), when we delivered £311m of audited outcomes—far exceeding our £180m target- redirecting vital taxpayer funds back into essential public services. That year also saw us establish our expert Advisory Panel, implement financial outcome targets with departments, and collaborate across government to develop a three-year strategy for the Counter Fraud Profession. We achieved 20 of our 21 objectives, a 95% success rate.

Lessons learned from pandemic fraud management have directly informed the PSFA's development, creating a more robust framework for fraud prevention. This strengthened approach helps ensure public money is directed to vital services rather than lost to fraud, better preparing us for future crises.



Priority Outcomes

The following section details **key PSFA outcomes** in 2023/24:

Our plans are built around the public sector's experiences in the Covid-19 pandemic. Each theme, is taken from a learning over that period of how government did, and could better respond to fraud risk.

We will resolutely focus on **performance** and **outcomes**.



We will take **more**, and **better**, **action** where fraud occurs.

We will better use **data** and **technology** to find, stop and recover fraud.



We will get more **fraud expertise** up front and make a step change in how fraud is prevented.

We will **strengthen key building blocks** for counter fraud work across government.





We will resolutely focus on performance and outcomes

The PSFA set a target to deliver **£185m** in audited benefits in 2023/24.

For the second consecutive year, we exceeded our target, delivering £373m in audited counter fraud benefits.

This substantial figure represents both prevented and recovered fraud and irregular payments achieved through our activities, including data, analytics and AI. The PSFA's comprehensive approach encompassed various workstreams, including:

- **The National Fraud Initiative:** A data-matching program working collaboratively with more than 800 public bodies to cross-reference data-sets and identify discrepancies that may indicate fraud;
- **The Covid-19 Loan Schemes Fraud Analytics Programme:** Delivering counter-fraud intelligence through targeted analytics that identified potential fraud indicators, which were then shared with accredited lenders to protect and recover taxpayers money.



Public Sector Audited Benefits Achieved

Project	Description	Savings 23/24
Bounce Back Loan Scheme <i>Phase 1 fraud risk flags</i>	Financial losses to bounce back loan fraud were successfully prevented through financial lenders' strategic application of our phase 1 fraud risk flags project. The project enabled them to identify ineligible loans and implement prompt recovery actions. Additionally, lenders have removed loan facilities from the State guarantee where they have accepted liability for the ineligible loan.	£26,645,579
COVID loan schemes Dissolution Objections	The COVID loan schemes dissolution objections process blocks companies from being struck off or being removed from the Companies House register that still carry a COVID loan debt. This provided the lenders with more time to investigate and take recovery action where appropriate. They could not have achieved this if the companies had been removed or struck off the register.	£37,294,448
NFI AppCheck	Local Authorities used NFI data to decline fraudulent applications for public services upfront.	£2,294,519
NFI Web application	Extensive data matching to detect and prevent fraud delivered across 800 public sector organisations across the UK, such as the NHS Business Services Authority.	£189,983,513
Total		£256,218,059

Continuing to develop strong partnerships across sectors is a key part of the government's overarching Fraud Strategy, published in May 2023, and the PSFA is continuing to take action in line with this.

The Government's Economic Crime Plan 2¹ sets out a continued focus on coordinated action between public and private sectors, designed to maximise our collective impact against economic crime threats targeting the UK's economy and society. This collaborative approach strengthens our national resilience against financial criminality.

Several PSFA services are offered to the private sector.

1 <https://www.gov.uk/government/publications/economic-crime-plan-2023-to-2026>

Private Sector Audited Benefits Achieved

Service	Description	Savings 23/24
NFI Private Sector Insurance	Use of NFI data by private sector insurance companies to prevent and detect insurance fraud.	£82,308,000
NFI Vehicle Hire	Use of NFI data by vehicle hire companies to prevent and detect vehicle fraud.	£6,300,890
NFI Utilities	Identification of properties fraudulently declared empty when they were occupied - allowing the status to be corrected and preventing future losses.	£28,439,180
Total		£117,048,070

Agree financial impact targets and action plans with public bodies and monitor performance against them

As part of the government's work to modernise counter fraud activity, public bodies were challenged to increase their ambitions for the impact they have on loss due to fraud and error.

Building from the PSFA's work last year to increase the number of public bodies who had financial targets, the PSFA worked with the largest departments to set financial counter-fraud targets across central government - a first for government. Departments were prioritised into a tier-based system, based on their size and perceived level of fraud risk.

Targets were agreed with 100% of Tier 1² and Tier 2³ departments in 2023/24, a significant increase from the 6% of reviewed public bodies⁴ with targets for financial outcomes that their counter fraud investments would deliver in 2022/23.

HMRC agreed its targets for activity on fraud and error in the tax system with HM Treasury and Ministers. DWP set a target to achieve savings in 2023/24 of at least £1.3bn from dedicated counter fraud and error resources, representing an increase on the £1.1bn of savings achieved by these activities in 2022/23.

Other departments developed their targets with the PSFA. If the targets were met, this would result in a substantial 64% (£129.5m) increase in counter fraud outcomes in the departments who have agreed targets (outside HMRC and DWP).

² Department for Business and Trade; Department for Education; Department for Environment, Food and Rural Affairs; Department of Health and Social Care; Department for Transport; Department for Work and Pensions; HM Revenue and Customs; Ministry of Defence; Ministry of Justice.

³ Department for Culture, Media and Sport; Ministry of Housing, Communities and Local Government; Department for Science, Innovation and Technology; Foreign, Commonwealth and Development Office; Home Office.

⁴ From the 2022/23 WPR.

Repeat and update the analysis of counter fraud investments and outcomes across central government

Where we measure our investment and impact, we make more progress more quickly. The PSFA repeated the Workforce Performance Review (WPR) with public bodies to maintain understanding of investments and outcomes across the public sector. The WPR evaluates departments and public bodies counter fraud risk awareness, resources, and the outcomes delivered. The 2022/23, WPR included 70 organisations. This increased to 85 organisations in 2023/24.

In 2023/24, the WPR showed a 10% increase in the number of full-time equivalent professionals in counter fraud and that the actual investment had increased across government by 64%.⁵

10%
increase of
full-time
counter fraud
professionals

**Where we
measure our
investment and
impact, we make
more progress
more quickly**

Review fifteen public bodies against the Government Counter Fraud Functional Standard

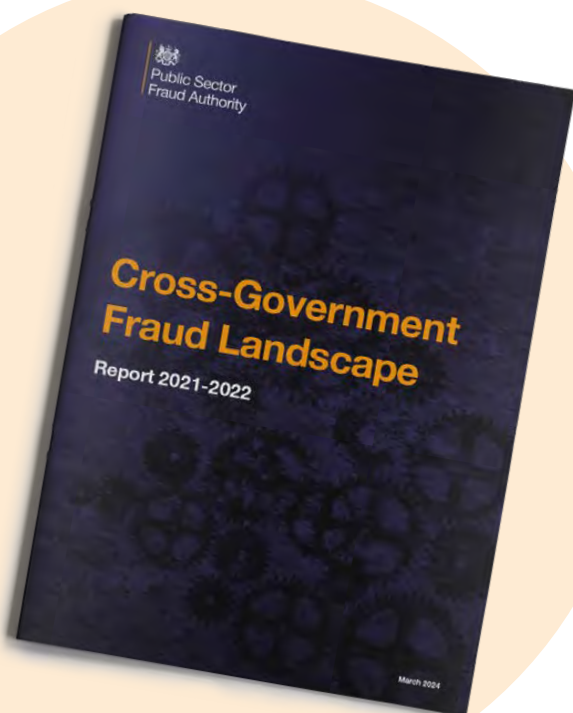
The Government Counter Fraud Functional Standard (GovS 013) was launched in October 2018, detailing the fundamentals that public bodies should have in place for the management of fraud. In 2022/23, the PSFA designed, created and piloted a continuous improvement framework for the Standard. After implementing the feedback from the first phase, 15 organisations were assured against the Standard in 2023/24. A summary of the findings will be presented in the Fraud Landscape report in 2025.



⁵ The number of organisations included in the WPR increased but this has had limited impact on the overall changes.

Review the evidence base for fraud and error, including loss in the pandemic support schemes

Fraud against public bodies takes money away from the vital public services that citizens rely on and can damage trust in government. The Public Sector Fraud Authority estimates that, in 2021-22, the level of fraud and error was between £39.8bn and £58.5bn⁶, outside of COVID-19 specific schemes. This calculation includes tax and welfare and is based on established and published estimates where fraud and error measurement is undertaken to a high standard, along with an estimated range of 0.5%-5%⁷ on the areas where high-quality measurement work has not been carried out.



We updated this work and published in the Cross-Government Fraud Landscape Report 2021/22⁸, which was published on March 2024. In order to improve the data collection, the PSFA updated the typologies used in the consolidated data report return to enable public bodies to be clearer on the types of public sector fraud they are detecting. This increases the quality of the data and will improve the quality of the evidence base going forward.

The PSFA conducted comprehensive reviews examining fraud and error within Covid-19 support schemes. Simultaneously, government departments continued to detect and recover fraud and error in these schemes, revising their reported estimates as new evidence emerged. Rigorous research and analysis of the latest available data in 2023/24 culminated in a significant milestone—the first publication of aggregate estimated fraud and error figures in the Cross-Government Fraud Landscape Report 2021/22⁹, which was published on 21 March 2024, establishing an important baseline for measuring future progress in fraud prevention and detection.

The estimate of loss from Covid-19 support schemes is £10.34bn. Reporting to the PSFA shows that departments (excluding HMRC) detected fraud and error on Covid-19 schemes of £1.04bn for the financial years 2020/21 to 2022/23, and recovered £170m. We are continuing to collect and analyse data for 2023/24.

6 Gross fraud and error.

7 The most likely range for 'unknown' areas as determined by the Fraud Measurement Assurance programme oversight board, based on the evidence held by the programme and their collective professional experience.

8 https://assets.publishing.service.gov.uk/media/65f45beeaf6a0d001a90d4fd/Cross-Government_Fraud_Landscape_Report_2021-2022.pdf (published 21 March 2024)

9 https://assets.publishing.service.gov.uk/media/65f45beeaf6a0d001a90d4fd/Cross-Government_Fraud_Landscape_Report_2021-2022.pdf (published 21 March 2024)



We will take more, and better, action where fraud occurs

- ✓ Finalise the design of the Enforcement Service to support departments and public bodies to take action in cases of fraud.
- ✓ Recruit and procure the expertise for the Enforcement Service.
- ✓ Launch the Enforcement Service and start the first investigations.
- ✓ Pursue opportunities for improving powers to take action on fraud, including securing Proceeds of Crime Act powers.

The pilot unit was established to support select departments and public bodies in addressing fraud cases across the public sector where organisations did not possess sufficient resources, experience or expertise to act independently. Our target operating model enables us, upon request, to undertake investigations and implement recovery actions for funds lost to fraud across government entities. By taking decisive action and ensuring appropriate publicity, we aim to create a powerful deterrent against those who attempt to defraud essential public services.

During this reporting period, we successfully onboarded personnel to become operational. We completed the procurement of a Professional Services contract that complemented our team's specialist expertise, enabling us to launch the pilot of the Enforcement Service and deploy counter fraud enforcement capability to central government departments and public bodies to start the first investigations.

Secondary legislation to support Proceeds of Crime Act 2002 (POCA) powers was laid in Parliament on 26 March 2024, coming into force on 26 April 2024.

**The
Enforcement Unit
was established
as a pilot on
20 March 2024**

INVESTIGATIONS
FRAUD



**The
Investigation and
Intelligence
standards were
refreshed in
2023/24**

Refresh the Government Counter Fraud Profession's Professional Standards for Investigation and Intelligence

The Government Counter Fraud Profession's Professional Standards and Guidance codifies the knowledge, skills and experience for those working to fight fraud. They enable experts working in counter fraud to self-assess against the new standards, shape their development, and ensure they are in line with leading practice across the public and private sectors. The UK is the first country in the world to develop a professional structure for those working to fight fraud and economic crime.

The expertise of counter fraud professionals across the public sector were brought together to refresh the Standard for the Fraud Intelligence Practitioner in 2023/24, before being signed off by the Government Counter Fraud Profession Board. This was published in July 2024. The Standard recognises the importance of intelligence in assessing the

organisational threat and response to fraud. It outlines the knowledge, skills and experience a practitioner requires in understanding what intelligence is, what work can be done to develop intelligence, how this supports decision making and how it can assist in fraud investigations, both criminal and civil.

Experts worked to develop the GCFP Counter Fraud Investigator Curriculum, which was published in September 2023 in support of the Investigation Standard. The Curriculum builds on the competencies outlined in the Standard, mapping them against specific, relevant pieces of legislation, with clear outcomes and assessment criteria. It places a greater emphasis on the importance of legal disclosure as part of the investigation process.

Additionally, several new guidance documents and Standards on Counter Bribery and Corruption and Fraud Prevention were published in May and July 2023 respectively.



We will better use data and technology to find, stop and recover fraud

Create and deploy the Single Network Analytics Platform, onboard three public bodies and create five test models

The PSFA created and deployed the Government's fraud detection tool, the Single Network Analytics Platform (SNAP), our first live production data service outside of the National Fraud Initiative, and created five test models.

Our objective to onboard three public bodies during the reporting period was delayed. This was due to data governance activities taking longer than originally planned. We successfully onboarded three public bodies in October 2024. The experience has provided valuable insights that have systematically incorporated into our operational planning to enhance future onboarding efficiency.

SNAP analyses millions of pieces of public sector data to detect suspicious networks, activity and entities that warrant further investigation. This approach enables the public bodies who use it to identify and connect records relating to the same entities and individuals, creating a holistic view of UK-registered companies, directors and their associated networks.

In March 2023, the platform was upgraded with three new data sets:

- 1 **18,000** UK and US sanctioned entities, including those introduced following Russia's invasion of Ukraine;
- 2 **1,000** World Bank debarments, that are deemed ineligible for World Bank contracts;
- 3 and **647,000** UK dormant companies that do not have any income.

With this new data, public sector organisations will be even better supported to detect potentially fraudulent claims on public funds through contracts, grants and loans evasion.

**SNAP
analyses
millions of
pieces of
public sector
data**



Deliver counter fraud analytics services to public bodies through the National Fraud Initiative (NFI) and Covid-19 Loans Support Service

The National Fraud Initiative (NFI) was created in 1996 to help Local Authorities find fraudulent payments. Since then, it has been further developed and moved into the Cabinet Office in 2015. When the PSFA was launched in 2022, the NFI was incorporated into its Data and Intelligence Services.

The Covid-19 Loan Schemes Fraud Analytics Programme is a service provided by the PSFA to the Departments for Business and Trade. It uses data to analyse Covid Loans and provide counter fraud flags to lenders to help identify instances of potential fraud. It also undertakes further analytics to help lenders to recover losses and delivers a process to block companies with outstanding bounceback loans from dissolving for 6-months to help lenders maximise recoveries.

As a result of the analytics services provided by the PSFA to public bodies in 2023/24, we delivered a total of £256m in audited counter fraud benefits to the public sector.

Design and launch a new intelligence model to help public bodies access and develop intelligence on fraud

The PSFA Intelligence Hub undertook a scoping project across central Government to better understand intelligence capability and capacity. It has identified limited capacity to safely log, store and manage intelligence flows; the benefit of a centralised intelligence hub to facilitate and coordinate the flow where necessary; and an easier route for internal and external reporting of fraud.

To address this, the work undertaken by the PSFA Intelligence Hub will focus on 3 key elements:

- 1 Professionalise the handling of intelligence where needed**
 - This will ensure that intelligence is handled in compliance with the National Intelligence Model;
 - Build Capability across Government; and
 - Ensure accountability.
- 2 Facilitate the flow of Intelligence**
 - Provide accessibility to intelligence that was not previously available
 - Providing a visible, central capability; and
 - Enable wider sharing of intelligence.
- 3 Coordinate the Intelligence response**
 - Capability to have greater oversight to threats and actors;
 - Breaking down of information silos; and
 - Creating an ability to better understand methodologies.

The PSFA started piloting this model with one government department. It will monitor the effectiveness over a 2 year period. During the pilot phase, the PSFA Intelligence Hub will:

- Collate and disseminate Intelligence on Fraud against the Public Sector to all relevant departments;
- Make Public Sector intelligence more accessible across the system by securing access to new feeds; and
- Support the pilot departments to develop and execute operational/tactical solutions.

Complete the review of the Digital Economy Act and commence eight new data sharing pilots using its powers

To fight fraud, we need to continually challenge ourselves to use data and technology to its fullest extent in an ethical manner. The Digital Economy Act powers have delivered significant savings for the taxpayer by supporting public bodies to prevent, detect and recover money stolen by fraudsters.

The Statutory Review of the Debt and Fraud Powers of the Digital Economy Act (2017) was presented to Parliament in February 2024. The statutory review found that the Act has enabled more than 100 data sharing pilots across 70 local authorities and 17 government departments or agencies. It was announced that the government would retain the data sharing powers introduced in the Act.

Between September 2018 and February 2024, savings of £137 million were identified through a number of pilots enabled by the Digital Economy Act, including:

- £99.5 million of fraud was identified in Covid-19 loan schemes through an ongoing pilot run by the Cabinet Office on behalf of HM Treasury, the Department for Business and Trade, and the British Business Bank – the Covid-19 Loan Schemes Fraud Analytics Programme – using HM Revenue and Customs data to identify companies who have misrepresented their trading status, such as annual turnover, to fraudulently receive loans; and
- £14.9 million of fraud was identified in council tax and housing benefit systems by the National Fraud Initiative, who compared 20 million local authority records with data from HM Revenue and Customs.

In 2023/24, eight new data sharing pilots using the Act's powers were commenced:

1. A pilot between the Department for Business & Trade (DBT)¹⁰, Companies House and the Cabinet Office to combat fraud within the Covid-19 loan schemes;
2. A pilot between DWP and the Student Loans Company to combat Universal Credit fraud;
3. A pilot between HMRC and the Home Office to combat fraud within Child Benefit systems;
4. A pilot between the Department for Business & Trade (DBT), the Cabinet Office and HMRC to combat fraud within Bounce Back Loan Schemes, relating to sole traders;
5. A pilot between Skills Development Scotland and HMRC to combat fraud in apprenticeships;
6. A pilot between HMRC and DWP to combat impersonation fraud and organised crime against DWP;
7. A pilot between Leeds City Council and HMRC to combat fraud in social care applications; and
8. A pilot between three Lincolnshire Councils and HMRC to identify and prevent fraud in applications to local authority services and funding.

Once the benefits of pilots are explored, a continuation to business as usual agreement is encouraged, subject to Ministerial approval. In order to transition to business as usual, bodies must provide evidence of the value of the data sharing exercise in their interim and subsequent end of pilot reports.

10 The Department of Business, Energy and Industrial Strategy (BEIS) was the entity name at the time of approval, prior to Machinery of Government changes being implemented.



We will get more fraud expertise in up front and make a step change in how fraud is prevented

Launch the Risk, Threat and Prevention (RTP) service, opening it to provide support to departments and public bodies

This service launched on 23 May 2023 to support public bodies with expert capability in understanding their risks and improving their preventative controls. It provides expert advice on how fraudsters could attack government schemes and how organisations can better protect themselves.

Counter fraud experts were recruited to form the team and undertook training on areas including fraud risk assessments and fraud prevention, in addition to undertaking continued professional development.

The team is developing oversight of fraud risk across government through the High Fraud Risk Portfolio (HFRP), which lays out the highest risk areas of spending outside the areas with published measurements.

Provide support to public bodies completing Initial Fraud Impact Assessments and Fraud Risk Assessments

The PSFA undertook Fraud Risk Assessments and Initial Fraud Impact Assessments across £15.4bn in public spending in the period August 2023 to March 2024. This enhanced public bodies' understanding of fraud risks, enabling them to take focused action.

Initial Fraud Impact Assessments (IFIAs) are high-level fraud, bribery and corruption impact assessments that should be completed early on in the life cycle of proposed new major spend activity.

Full Fraud Risk Assessments (FRAs) aim to proactively identify and increase understanding of an organisation's vulnerabilities to both internal and external fraud. It is an essential part of an effective counter fraud response and should be integrated into an organisation's overall risk management approach.

The RTP service offered support in three ways:

9. Reviewing and providing advice on an existing full FRAs/IFIAs developed by a department
10. Reviewing, expanding on and providing advice on new full FRAs/IFIAs developed by a department.
11. Developing a full FRA/IFIA in conjunction with scheme owners.

Double the number of qualified fraud risk assessors in public bodies to over 200

Increasing the expertise to understand, and take action on fraud across the system is an integral part of the government's work to better protect public services from fraud. We launched a refreshed Fraud Risk Assessor Programme in November 2023. Building on the existing 100 qualified fraud risk assessors, we qualified an additional 102 fraud risk assessors in 2023/24, doubling the number of existing qualified fraud risk assessors in public bodies.

Develop and launch a new qualification for measuring the extent of fraud, in line with the Counter Fraud Profession's standard

As part of our continued work to increase counter fraud capability in the UK, the Government Counter Fraud Profession, in collaboration with the University of Coventry, developed and launched a new course in Fraud Loss Measurement in 2023/24. This course will provide learners with an understanding of why and how we measure fraud loss, how it interacts with fraud and error, and the government's standard and practices for fraud measurement.

Redevelop the Civil Service Fraud Awareness training programme

While the government is developing an increasing cadre of skilled Professionals to better understand and take action on fraud and related economic crime, a key part of the public sector's defence is the knowledge and awareness of all who work in the public sector. The Government Counter Fraud Profession created a refreshed mandatory training programme for all civil servants, which was launched as part of International Fraud Awareness Week in November 2023. This course builds awareness of public sector fraud across the system.

It is important that all civil servants understand what fraud is, how to spot it and how to engage with counter fraud professionals. The course highlights the role and responsibilities everyone has in fighting fraud and promoting an effective anti-fraud culture across government.

Further develop the Global Fraud Risk Assessment and the High Fraud Risk Portfolio, improving understanding of risk across government

The Global Fraud Risk Assessment (GFRA) captures the fraud risks and details of schemes and spend areas across government, using data from Initial Fraud Impact Assessments and Fraud Risk Assessments.

During 2023/24, from the data received, we continued to build a picture of the main fraud risks. The GFRA is gradually being populated as each new scheme is assured. Over time this will enable the PSFA to identify thematic risks across a number of spending areas and explore them in a cross system basis.

In accordance with the PSFA Mandate, the High Fraud Risk Portfolio (HFRP) has been designed to capture the highest fraud risk areas of spending across government¹¹ and the capability that is in place to deal with them. In late 2023/24 the HFRP went 'live' and the GFRA and horizon scanning were used by the PSFA to identify potentially high fraud risk schemes¹² for consideration. The sub-committee comprising PSFA and HM Treasury officials and external advisors convened on a quarterly basis to discuss proposed schemes and during 2023/24, two were added to the HFRP.

¹¹ Does not include Taxation and Welfare

¹² These spend areas could comprise one or more of the following criteria: High Value Spend (contracts, grants and subsidies); Complex programmes and/or grants which can be difficult to monitor and audit; complex SRO relationships; large scale public procurement; and emergency and crisis management funding.



We will strengthen key building blocks for counter fraud work across government

Deepen collaboration with our Five Eyes partners, including hosting the International Public Sector Fraud Forum (IPSFF) 2023 to share leading practice

Fraud is not constrained by national boundaries. By transcending borders and sharing insights we can harness our collective strength to counter even the most elaborate instances of fraud.

The PSFA hosted international delegates from the IPSFF at a summit in London in September 2023, including representatives from the Commonwealth Fraud Prevention Centre (Australia), New Zealand Serious Fraud Office, Canadian Revenue Agency and the Office of Inspector General from the United States.

The aim of the summit was to develop and share international fraud leading practice and to identify future opportunities to prevent, detect and disrupt public sector fraud. The key themes of the summit were fraud prevention; understanding risk; building capability; and, the use of data and innovation to fight fraud.

Building up to the Summit, the IPSFF established subgroups which are leading the creation of future leading practice, knowledge exchange and collaboration.



Fraud Controls Testing Framework

This Framework sets out key principles, processes and tools for conducting fraud control testing within public sector organisations. Conducting fraud control testing enables public bodies to:

- Better understand their exposure to fraud risk;
- Identify previously unknown fraud vulnerabilities in their schemes and business functions;
- Gain a better understanding of their fraud controls, their effectiveness and limitations;
- Reduce the opportunity for fraud and the harmful impacts it can have on citizens, government services and industry partners;
- Provide assurance to their accounting officer and that their fraud risks are being managed appropriately;
- Implement ongoing monitoring and assurance of control effectiveness; and
- Increase the quality, safety and efficiency of the programs and services they deliver.

This will deliver considerable benefits - trust in the public sector will be enhanced, government programs and services will be more secure and effective, public funds will be better spent, the government will continue to be seen as a trusted partner for industry, and, ultimately, the economy will be stronger.

In 2023/24, the PSFA sent a secondee to Australia to work with the Commonwealth Fraud Prevention Centre and the Australian Government, as part of the IPSFF, to create the Fraud Loss Measurement Framework¹³. The Framework sets out key principles and processes for conducting Fraud Loss Measurement (FLM) exercises within public sector organisations.

**The IPSFF
published a Fraud
Controls Testing
Framework in
September 2023**



**Trust in the
public sector
will be
enhanced**

13 https://assets.publishing.service.gov.uk/media/67b85a45ba253db298782c0c/IPSFF_Fraud_Loss_Measurement_Framework_.pdf

Publish an updated Counter Fraud Functional Strategy for those working to counter fraud across government

The Government Counter Fraud Function is led by the PSFA and consists of over 14,000 people who work across government to counter fraud. A new Counter Fraud Functional Strategy for 2024-2027 was published in March 2024. The Strategy provides a high-level vision for the Function and will be supplemented by detailed action plans outlining specific commitments from the PSFA, the Counter Fraud Functions, departments and public bodies. We will publish annual PSFA Annual Plans over the Strategy period and a selection of summaries of the contents of public body action plans.

The Strategy:

- Providing clarity on the nature and role of the Function, which will help bring the government counter fraud community together;
- Provides direction for the Function - while each department or public body is undertaking their own counter fraud activity, the strategy ensures that everyone across the Function is working together to achieve the same objectives; and
- Acts as a call to action to create a step change in the government's response to fraud, driving further action and innovation.

It sets out five new strategic objectives for the Function:

1. Bolster our people resource and capacity
2. Harness data and technology more effectively
3. Embed prevention
4. Drive a targeted, proportionate response against fraudsters
5. Secure cross-system cultural change

Bring together fraud leads across government to share practises through a reinvigorated Counter Fraud Champions Network

The Network has been rebranded as the 'Counter Fraud Community of Practice', reflecting its new remit of bringing together diverse counter fraud professionals to share expertise and guidance. This comprised 54 organisations by the end of 2023/24.

Quarterly meetings focused on a range of topics, including the Global Fraud Summit, the 'StopThinkFraud!' Campaign, best practice in embedding fraud prevention activities and extending the National Fraud Initiative's data matching offer to central government departments.

Continue to develop and utilise the expertise of our Advisory Panel

The Mandate of the Public Sector Fraud Authority states that the leadership of the PSFA will be supported by an independent Advisory Committee of recognised experts on fraud management from different sectors. The Panel is an expert group that was set up to advise the PSFA's CEO and leadership team on our strategic approach to fraud prevention, detection and recovery, helps identify and shape new opportunities, and provides feedback on existing approaches.

The Advisory Panel first met in May 2023 and continues to meet and scrutinise the work of the PSFA and provide advice and challenge to the senior leadership and the Minister.



The Advisory Panel consists of:

Sir Ian Andrews

A former Second Permanent Secretary who retired from MOD in 2009, Ian continues to pursue a wide range of security interests. From 2009-2013, he was Non-Executive Chairman of the UK Serious Organised Crime Agency (SOCA) – now part of the National Crime Agency – and, from 2013 until 2018, a Non-Executive Director of NHS Digital where he took a particular interest in information assurance and cyber security. He is now the Vice-Chair of the UK National Preparedness Commission. A former Army reservist and adviser to the Transparency International Defence and Security Programme, he has supported Defence Engagement, particularly in Eastern Europe and Latin America, and contributes to various public sector and academic leadership and governance initiatives.

Linda Miller

A subject matter expert and thought leader in fraud prevention and detection. She is the Founder & CEO of Audient Group, LLC, a services firm specialising in anti-fraud solutions for commercial and government clients bringing an international voice to the Advisory Panel. Prior to launching Audient Group, Ms. Miller spent five years as a Principal at Grant Thornton, LLP, where she led the firm's Fraud & Financial Crimes practice. Ms. Miller has served in executive roles in the U.S. Government, including as Deputy Executive Director of the Pandemic Response Accountability Committee (PRAC), as well as spending 10 years at the U.S. Government Accountability Office (GAO), where she led the development of GAO's Framework for Managing Fraud Risks in Federal Programs.

Paul Davis

The Fraud and Financial Crime Prevention Director at TSB, having worked in this area for 17 years including previous roles at Barclays and Lloyds Banking Group. Paul is a board member of Stop Scams UK – a partnership between banks, telecommunication and technology companies to reduce the harm caused by fraud. He is also the deputy chair of the Fraud Committee at UK Finance, the trade body for the banking and finance industry. Paul is also a regular spokesperson in the media on the topic of fraud and financial crime prevention.

John Smart

An independent consultant on fraud, forensic accounting and business ethics. John works with organisations helping them to address issues of fraud and ethics, as well as working with HMG on fraud related matters. This has included being an expert member of the Fraud Taskforce, working with the PSFA and being the Chair of the UK Cabinet Office's Fraud Measurement and Assurance Oversight Board. John specialised in sensitive investigations with a particular focus on bribery, fraud and asset recovery. He also advises clients on fraud and corruption risk management. He was a founder of the fraud investigation group at Ernst & Young in 1991 and led the group in the UK and across Europe from 2006 to 2017.

Under the 2022 to 2024 government, there were additional members of the Advisory Panel. These were former Member of Parliament for South Cambridgeshire and former Government Anti Fraud Champion, Anthony Browne, and former Member of Parliament for Barrow and Furness and former Government Anti Fraud Champion, Simon Fell.

Open the Counter Fraud Leadership Programme for leaders of fraud responses in government to new entrants

We opened the world's first Counter Fraud Leadership Programme (CFLP) to the first two full cohorts in 2023/24. The CFLP builds from the standards created by the Counter Fraud Profession to challenge counter fraud leaders in public bodies and expand their level of skills, knowledge and expertise to effectively lead a Counter Fraud Function in HM Government (HMG) and beyond. Leaders who apply to and successfully complete this programme will increase their capability to develop their whole organisation's fraud response, bolstering HMG's efforts to reduce fraud by increasing the capability of those tasked with leading the functions that counter it.

The key skill and knowledge areas covered in this course are:



Leadership (Inspire Confidence, Empower)

How to effectively lead a Counter Fraud Function.



Counter Fraud Knowledge

Knowledge of the fraud landscape in HMG, the UK and internationally across a range of specialisms.



Strategic Skills

How to horizon scan, understand the organisation and its context and draft a proportionate and risk-based strategy.



Influence the Organisation to Manage Fraud Risk

Develop business insight and work with the organisation to manage fraud risks and be able to demonstrate the impact of counter fraud activities.



Commissioning and Managing Fraud Services

Able to effectively manage a Counter Fraud Function, and all the component disciplines, including insourcing and outsourcing services as and when required and ensuring value for money.



Business Ethics and Integrity

Able to collaborate and influence across the organisation, developing a culture where integrity and ethics is at the forefront of all organisational and individual activity; helping to promote and protect the UK, including its reputation and to aid in the prevention of financial crime, other related crimes including modern slavery, misconduct and unethical behaviour.

Produce three new leading practice guides for those fighting fraud and hold six technical events for Counter Fraud Profession members

Countering fraud is a complex and fastmoving area. It is important that leading practices are codified and shared across the public sector to help those that are working to understand and reduce the impact of fraud can call upon the best advice to enable them to have the biggest impact they can.

Three practice notes were published and circulated to Government Counter Fraud Profession members in 2023/24. Practice notes are created in collaboration with experts across the public sector. These were on:

- Bid Rigging
- Artificial Intelligence (AI)
- Initial Fraud Impact Assessment

Practice Note Deep Dive

AI with a focus on counter fraud

Technology does not stand still, whether we consider this from a counter fraud perspective or the view of the fraudsters we face. When technology evolves it can be harnessed by fraud practitioners to great benefit, but equally criminals and fraudsters will work at pace to embed these advances into their toolkits to attack systems and processes.

Fraudsters are able to use increasingly sophisticated methods, relying on the systematic analysis of large amounts of data in an effort to identify and exploit vulnerabilities that might exist in organisations.

Letting fraudsters lead the way in the use of AI technology is not an option - it is our collective role and responsibility to keep pace with developments and understand the impact and potential fraud threats they may bring and understand the opportunities that may arise.

**Fraudsters
are using
increasingly
sophisticated
methods**

**Letting fraudsters
lead the way in the
use of AI technology is
not an option**

Celebrate the impact of those who fight fraud, including hosting the Annual Public Sector Counter Fraud Awards

The Counter Fraud Conference took place on 22 February 2024, followed by the Public Sector Counter Fraud Awards. The conference brought together 1,200 experts, practitioners and leaders from across government - alongside attendees from other sectors - to share best practices, showcase innovative approaches and strengthen our collective capability in the national fight against fraud. This was the largest conference to date.

The Awards provide a platform to recognise and celebrate outstanding counter-fraud initiatives throughout the public sector. They acknowledge individuals and teams who have demonstrated exceptional commitment, embracing innovation, dedication and collaborative working to deliver improved outcomes for citizens in our nationwide effort against fraud. The programme featured eleven award categories, including:

- **Public-Private Partnership Excellence Award** - recognising teams who have collaborated the most effectively across the public and private sectors, utilising best practice, learning and approaches to benefit the value for money for the taxpayer.
- **Outstanding Leadership Award** - recognising individuals of any grade who have demonstrated they are an effective leader, managing projects and/or teams to deliver improved outcomes; being seen as inspirational by their peers and colleagues.
- **Local Excellence Award** - recognising those working in Local Authorities, whose innovation and singular determination to combat fraud has prevented public funds being stolen by fraudsters.

The achievements of those undertaking the Counter Fraud Investigators Apprenticeship (CFIA), a trailblazing programme developed by the Government Counter Fraud Profession in collaboration with HMRC, were celebrated during National Apprenticeship Week 2024.

The
conference
brought
together
1,200 experts,
practitioners
and leaders

PSFA Leadership Team

On 15 May 2023, Mark Cheeseman was permanently appointed as Chief Executive Officer (CEO) of the Public Sector Fraud Authority, following open competition.

The PSFA's Executive Committee (ExCo) comprises the CEO (SCS2), six Deputy Directors (SCS1s) and a Grade 6, with each responsible for one of our Functions and Services. Subsequent to the reporting period, the role of the Chief Operating Officer (COO; SCS2) was created and was in recruitment in 2023/24.

The PSFA's total budget for 2023/24 was £12.24m

The PSFA will continue to evolve and work with public bodies to enhance capability and increase impact on loss

Finances

In the Spring Statement 2022, HM Treasury announced £24.7m funding over three years to support the creation of the Public Sector Fraud Authority, which was added to the annual budget that the Cabinet Office provided for the Centre of the Counter Fraud Function.

The PSFA, which aims to protect taxpayers money at the forefront of everything we do, delivered well against our objectives and within budget for the second year in a row.

The Functions of the PSFA

PSFA Functions

Performance, Assurance and Evidence

Working to understand the extent of fraud and error loss and oversee the performance of public bodies. Reviewing public bodies' compliance against the Standard. Continuing to build and maintain the evidence base for fraud and error in central government by collating data on fraud loss and undertaking research.

Practice, Standards and Capability

Bringing together expertise from across the government to define good practice, set professional standards and develop capability through the existing Counter Fraud Profession. This provides the structure to recognise the knowledge, skills and experience of counter fraud professionals across the public sector.

Policy

Providing expert advice and information to Ministers, government departments and public bodies. Developing cross government policy to modernise the counter fraud response and bringing together international partners to share leading practices through the International Public Sector Fraud Forum.



**Understand
Fraud**



**Bring Experts
Together**



**Provide Expert
Advice**

**The PSFA
deliver expert
functions to drive the
public sector fraud
agenda and provide
access to expert-led
support services for
departments and
public bodies**

**We aim to
be a beacon
of fraud
expertise**

PSFA Services

Risk, Threat and Prevention

Supporting government departments and public bodies in understanding the fraud risks and threats they face. Supporting the design of fraud controls and countermeasures, and testing their effectiveness. This is an integral part of a modern fraud prevention approach.

Data and Analytics

The National Counter Fraud Data Analytics Service (NCFDAS) provides best-in-class tools and techniques to support public bodies to find and prevent fraud. This builds on the long standing National Fraud Initiative (NFI) and the Centre of the Counter Fraud Function's data sharing pilots programme. We facilitate public bodies' access to data and other advanced and innovative counter-fraud technologies, making best use of both the Local Audit and Accountability Act 2014 and the Digital Economy Act 2017.

Enforcement Unit & Intelligence

A pilot civil and criminal enforcement unit to take action on cases of fraud in the public sector through the support we offer to government departments and public bodies. The Intelligence Hub works to enhance the use of intelligence across the public sector to find and reduce fraud.

Core Services

The efficient and professional operation and delivery of the PSFA services and functions is supported by a Core Services team which includes Private Office, Human Resources, Commercial, Communications, Governance and Finance.

Annex

PSFA Objectives

The background of the page is a dark blue gradient. Overlaid on this background is a complex, faint pattern of interlocking gears of various sizes. The gears are rendered in a slightly lighter shade of blue, creating a subtle mechanical texture across the entire page.

Annex 1: PSFA Objectives 2023/24

- ✔ Deliver £185m in recognised, audited benefits from its services.
- ✔ Agree financial impact targets and action plans with public bodies and monitor performance against them.
- ✔ Repeat and update the analysis of counter fraud investments and outcomes across central government.
- ✔ Review fifteen public bodies against the Government Counter Fraud Functional Standard.
- ✔ Review the evidence base for fraud and error, including loss in the pandemic support schemes.
- ✔ Finalise the design of the Enforcement Service to support departments and public bodies to take action in cases of fraud.
- ✔ Recruit and procure the expertise for the Enforcement Service.
- ✔ Launch the Enforcement Service and start the first investigations.
- ✔ Pursue opportunities for improving powers to take action on fraud, including securing Proceeds of Crime Act powers.
- ✔ Refresh the Government Counter Fraud Profession's Professional Standards for Investigation and Intelligence.
- ✔ Create and deploy the Single Network Analytics Platform, onboard three public bodies and create five test models.
- ✔ Deliver counter fraud analytics services to public bodies through the National Fraud Initiative (NFI) and C-19 Loans Support Service.
- ✔ Design and launch a new intelligence model to help public bodies access and develop intelligence on fraud.
- ✔ Complete the review of the Digital Economy Act and commence eight new data sharing pilots using its powers.
- ✔ Launch the Risk, Threat and Prevention Service - opening it to provide support to departments and public bodies.
- ✔ Provide support to public bodies completing Initial Fraud Impact Assessments and Fraud Risk Assessments.
- ✔ Double the number of qualified fraud risk assessors in public bodies to 200.
- ✔ Develop and launch a new qualification for measuring the extent of fraud - in line with the Counter Fraud Profession's standard.
- ✔ Redevelop the Civil Service Fraud Awareness training programme.
- ✔ Further develop the Global Fraud Risk Assessment and High Risk Portfolio, improving understanding of risk across government.
- ✔ Deepen collaboration with our Five Eyes partners, including hosting the International Public Sector Fraud Forum 2023 to share leading practice.
- ✔ Publish an updated Counter Fraud Functional Strategy for those working to counter fraud across government.
- ✔ Bring together fraud leads across government to share practices through a reinvigorated Counter Fraud Champions Network.
- ✔ Continue to develop and utilise the expertise of our Advisory Panel.
- ✔ Open the Counter Fraud Leadership Programme for leaders of fraud responses in government to new entrants.
- ✔ Produce 3 new leading practice guides for those fighting fraud and hold 6 technical events for Counter Fraud Profession members.
- ✔ Celebrate the impact of those who fight fraud, including hosting the Annual Public Sector Counter Fraud Awards.

Glossary

Words relating to a specific subject, text, or dialect, with explanations

Glossary

Term	Definition
Advisory Panel	Independent Panel of recognised experts on fraud management from different sectors who have been appointed by a Cabinet Office Minister.
Audited Benefits	Prevented and recovered fraud and irregular payments which have been audited by the Government Internal Audit Agency, providing an assurance that the outcomes and methodology of benefits are sound.
Bounce Back Loan Scheme	Managed by the British Business Bank and was designed to enable businesses to access finance more quickly during the coronavirus pandemic and was available through a range of accredited lenders and partners.
Data Matching Exercises	An exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.
Data Sharing Pilot	Projects where we test the viability and success of comparing data between government bodies to assess possible Fraud. The pilot is then evaluated before a decision is taken on whether to continue this work.
FraudHub	Provides Local Authorities, Government Agencies and Housing Associations the ability to regularly screen their data for a range of benefits, including the prevention of errors in processing payments and reducing fraud. It provides a permanently accessible system with capabilities to enable users to perform fraud investigations and data screening.
Fraud Landscape Report	A report produced by the PSFA which focuses on the public sector fraud landscape in central government, and the levels of fraud and error loss outside of the tax and welfare system.
Government Counter Fraud Profession Strategy	A document which outlines the strategic focus and key objectives for the Government Counter Fraud Profession for 2023-2025.
National Audit Office (Nao)	The UK's independent public spending watchdog that supports Parliament in holding the government to account and aims to improve public services through audits.
National Fraud Initiative	The National Fraud Initiative (NFI) was created in 1996 to help Local Authorities find fraudulent payments. Since then, it has been further developed and moved into the Cabinet Office in 2015. When the PSFA was launched in 2022, the NFI was incorporated into its Data and Intelligence Services.
Workforce Performance Review	Carried out by the PSFA that evaluated departments and public bodies counter fraud risk awareness, resources and the outcomes delivered.
Written Ministerial Statement	Normally used to put the day-to-day business of government on the official record and in the public domain.



Public Sector
Fraud Authority

