



**National Fraud
Authority**

Business Plan 2012/13



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Introduction

Fraud is a crime that affects all parts of our society and our economy. The fight against fraud needs to harness the expertise and enthusiasm of all sectors. *Fighting Fraud Together*, the strategic plan to reduce fraud published in October 2011 is the vehicle for us all to coordinate our efforts more effectively. The National Fraud Authority (NFA):

- Protects the public by leading the implementation of *Fighting Fraud Together*, the cross sector strategic plan to reduce fraud, including producing measures of the effectiveness of the strategy
- Leads and co-ordinates activities to reduce fraud under the awareness and prevention strategic objectives of *Fighting Fraud Together*
- Refreshes *Fighting Fraud Together* in consultation and collaboration with stakeholders and ensures its continued alignment with related strategies such as *Local to Global: Reducing the Risk from Organised Crime* and *The UK Cyber Security Strategy: Protecting and Promoting the UK in a Digital World*
- Measures the scale and breakdown of the cost of fraud to the country
- Delivers the Action Fraud service, the national reporting centre for fraud and internet crime

This Business Plan describes the activities and work programme to be undertaken by the NFA during the 2012/13 financial year. In developing it, we have listened to our stakeholders who - while being very positive about our role and what we have delivered – tell us they want to see that our work has demonstrable impact and greater focus.

Although this Business Plan is focused on the work of the NFA itself, our work still relies on the active engagement and support of our wide range of stakeholders. I would like to thank all of them for their continued support. I look forward to a vigorous and rewarding 12 months of “Fighting Fraud Together”.

Stephen Harrison
Chief Executive, National Fraud Authority

About the NFA

The NFA, an executive agency of the Home Office, leads and co-ordinates the fight to reduce fraud affecting individuals and the voluntary, private and public sectors. It works in close partnership with all these sectors and law enforcement and regulators. In addition to its leadership and coordination roles, it delivers Action Fraud, the national reporting centre for victims and potential victims of fraud and financially motivated internet crime.

The NFA's work and this Business Plan fit into the broader strategic crime context set out in the following strategies:

- ***Fighting Fraud Together***, the strategic plan to reduce fraud
- ***Local to Global***: Reducing the Risk from Organised Crime
- ***The UK Cyber Security Strategy***: Protecting and Promoting the UK in a Digital World

(See page 5)

Priorities for 2012/13

In the 2012/13 financial year, the NFA will:

- Raise the profile and awareness of fraud among individuals, businesses, the public sector and voluntary sectors and to empower them to protect themselves by delivering targeted initiatives which measurably change behaviour
- Improve intelligence and information sharing across the counter fraud community, primarily through oversight of the delivery of the Intelligence Sharing Roadmap
- Map high risk fraud methodologies comprehensively to identify common enabling factors and to produce, execute and evaluate proactive prevention plans to reduce fraudsters' abuse of enablers
- Improve our measurement of the scale and breakdown of the fraud problem and to develop more sophisticated and rigorous measures of performance across all areas of fraud awareness, prevention and enforcement
- Deliver the Action Fraud service, making it the single point of fraud reporting and to improve the quality of victims' experience in reporting fraud.

We will also support the implementation of sustainable arrangements by the Local Authority sector to deliver the *Fighting Fraud Locally* strategy in the early part of 2012/13.

Fighting Fraud Together, the strategic plan to reduce fraud is a cross-sector strategy endorsed by 37 organisations which has the vision that:

“By 2015 our country will be demonstrably more resilient to and less damaged by fraud through:

- Individuals, businesses, public and voluntary bodies detecting and preventing more fraud
- Law enforcement and other partners increasing risk of disruption and punishment to organised and opportunistic fraudsters, thus deterring potential criminal offenders”

The work under ***Fighting Fraud Together*** is structured under three strategic objectives:

1. **Awareness:** Preventing fraud by achieving a step change in awareness of fraud among the general public and organisations in the private, public and voluntary sectors and in their ability to protect and safeguard themselves.
2. **Prevention:** Preventing more fraud through stronger systems and controls in our businesses and public and voluntary services.
3. **Enforcement:** Strengthening our response to be tougher on fraudsters by disrupting and punishing them more efficiently and effectively.

Local to Global: Reducing the Risk from Organised Crime aims to reduce the risk to the UK and its interests from organised crime by reducing the threat from organised criminals and reducing vulnerabilities and criminal opportunities. The key element of the response is based on the three themes:

STEM the opportunities for organised crime to take root.

STRENGTHEN enforcement against organised criminals.

SAFEGUARD communities, businesses and the state.

The NFA’s work contributes primarily to the **SAFEGUARD** theme.

The UK Cyber Security Strategy: Protecting and Promoting the UK in a Digital World has the vision for the UK in 2015 to derive huge economic and social value from a vibrant, resilient and secure cyberspace where our actions, guided by our core values of liberty, fairness, transparency and the rule of law, enhance prosperity, national security and a strong society.

The strategy sets out 4 objectives:

1. The UK to tackle cyber crime and be one of the most secure places in the world to do business in cyberspace.
2. The UK to be more resilient to cyber attacks and better able to protect our interests in cyberspace.
3. The UK to have helped shape an open, stable and vibrant cyberspace which the UK public can use safely and that supports open societies.
4. The UK to have the cross-cutting knowledge, skills and capability it needs to underpin all our cyber security objectives.

The NFA’s work primarily contributes to objectives 1 and 2.

Resources

The NFA's resources to deliver these objectives come from:

- Ring-fenced funding set originally during the 2010 spending review
- Part of the cyber crime allocations under the National Cyber Security Programme
- Contributions from other partners agreed on a project-by-project basis.

As of 1 April 2012, the NFA employed 50.6 FTE (full-time equivalent) staff and also made use of a small number unpaid secondees funded by partners. Our budget for 2012/13 is £9.1 million, 60% of which is funding earmarked for the contracted out components of Action Fraud and grants to the City of London Police for some of its functions as the National Lead Force for Fraud.

93% of the NFA's staff resources will be devoted to the direct delivery of our 2012/13 objectives and broader oversight of *Fighting Fraud Together* and related strategies on organised crime and cyber security. We will also continue to support the development of the new National Crime Agency (NCA) and its Economic Crime Command by seconding resources to project teams and by our membership of the NCA Design and Operating Model Board. The remaining staff resources are allocated to corporate support functions.

Reporting arrangements

Most of our work falls within the arrangements for oversight of *Fighting Fraud Together* through the Economic Crime Coordination Board and its three working groups on prevention, intelligence and operations and by the Home Office-chaired Threat Reduction Assurance Forum for organised crime. In addition, some of our work is delivered as part of the National Cyber Security Programme and the Cabinet Office Fraud Error and Debt Taskforce.

The NFA Management Board oversees the functions of the NFA. It is chaired by the Chief Executive and has an Audit Committee chaired by one of its Non-executive Directors to provide appropriate advice and assurance to the Chief Executive in his role as Accounting Officer of the NFA. The Home Office, as the sponsor of the NFA, also has a representative on the Management Board.

We will continue to publish both Fraud Focus, a regular briefing which updates our stakeholder community on progress and developments across the counter fraud community as well as regular updates on the Fighting Fraud Together Programme of Activity.

We will also conduct a follow up to our 2011 stakeholder survey and publish the results in the third quarter 2012/13.

The remaining sections of this plan set out in more detail what we will achieve under our five objectives for 2012/13.

Objective 1 – To raise the profile and awareness of fraud among individuals, businesses, the public sector and voluntary sectors and to empower them to protect themselves by delivering targeted initiatives which measurably change behaviour.

The behaviours and attitudes of organisations and individuals and the extent to which they take account of fraud risks can determine their likelihood of being targeted by criminals. They may inadvertently make fraud easier by not taking the right measures to stop themselves becoming victims or by being complicit in offending. Understanding these behaviours and attitudes and, where necessary, helping to change them is vital for an effectively targeted strategic approach to reducing fraud.

Through our work in leading and supporting the delivery of *Fighting Fraud Together* we will promote greater awareness of fraud risks to targeted segments of the population and economic sectors. We will highlight the behaviours and actions that organisations and individuals can change so that they can protect themselves better. We will:

- Use segmentation analysis to baseline awareness and self-protection from fraud across groups of individuals within the UK population
- Build fraud awareness and self-protection campaigns targeted at specific population segments in partnership with other organisations
- Measure the effectiveness of the campaigns in terms of immediate and longer lasting changes in behaviour which reduce the risk of people and organisations falling victim to fraud.

We will publish a cross-sector campaigns programme agreed with our partners in the first quarter of 2012/13 to encourage wide participation. In this financial year we will complete and evaluate campaigns focused on at least four of the eight population segments, subject to partnership funding resources. At least one of these will focus on victims who are classified as particularly vulnerable.

We will publish the results of our segmentation analysis of the small and medium sized business community in the first quarter of 2012/13 which has been conducted in partnership with the Department for Business, Innovation and Skills and the Federation of Small Businesses.

We will develop proposals for targeted, evaluated awareness and prevention campaigns for the small and medium sized business community by the second quarter of 2012/13. Subject to partnership funding we will deliver targeted, evaluated campaigns for at least two segments of this community.

We will broaden our range of partnership working with the private sector to include sectors where we have previously had little engagement. By the end of the financial year, we intend

to have at least five new major industry sectors participating in Fighting Fraud Together initiatives.

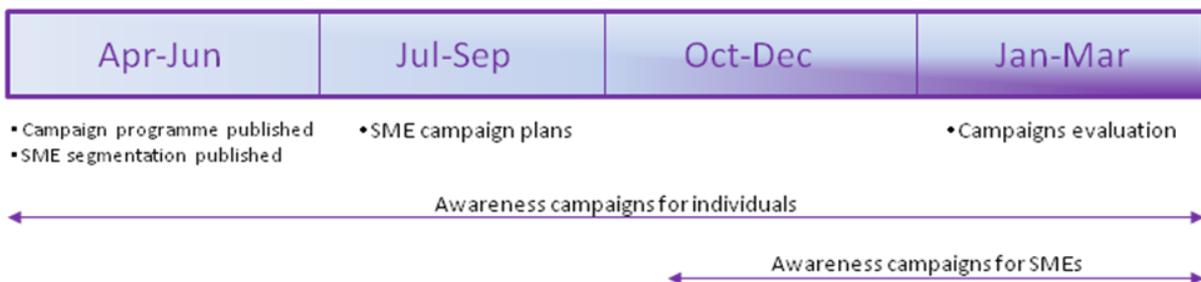
Raising Awareness and Changing Behaviour

The Devil's In Your Details Campaign



This campaign was jointly funded by Government and the payments and telecommunications industries. It is an example of a targeted campaign, focusing on influencing the behaviour of two of the UK population segments – young people aged 18-25 and women aged 35-55. It makes innovative use of Facebook to target the young people segment and includes a 'before and after' assessment of awareness and behaviour. If successful, this will be the model for a series of targeted awareness campaigns designed to achieve a measurable change in behaviour which can be linked to increased fraud resilience.

Delivery Milestones



Objective 2 – To improve intelligence and information sharing across the counter fraud community, primarily through oversight of the delivery of the Intelligence Sharing Roadmap.

Intelligence and information sharing lie at the heart of *Fighting Fraud Together* as a means of both protecting organisations from fraud and bringing more fraudsters to justice. We have developed the concept of an Intelligence Sharing Roadmap which provides a way for all sectors to develop intelligence and information sharing initiatives within a consistent framework and build on good practice. The roadmap will promote:

- Increased sharing of known fraud data within industry sectors or parts of the public sector to prevent and detect fraud, building on existing good practice such as the Insurance Fraud Bureau, HM Revenue and Customs' CONNECT and the Audit Commission's National Fraud Initiative
- Increased sharing of known fraud data across sectors, also with a prevention focus – through an innovative new counter fraud checking service
- Improved intelligence to identify networks of organised crime for law enforcement-led outcomes, building on the good work of the National Fraud Intelligence Bureau and the work to develop the intelligence capabilities of the new National Crime Agency.

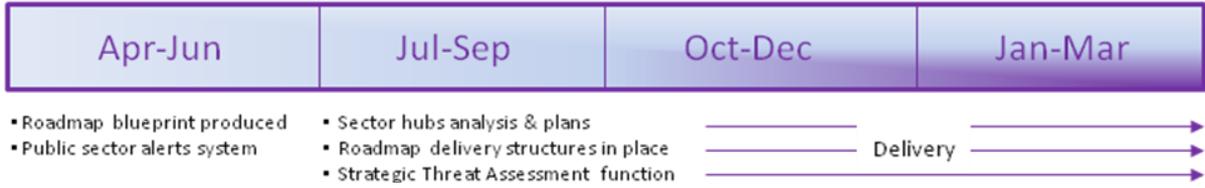
Most of the components of this roadmap will be delivered by our partners. The NFA will produce a blueprint for the delivery of the roadmap in the first quarter 2012/13. This will include options for enhancing the ability of public and private sector organisations to check applications for services and benefits against known fraud data, such as false identities. Our work will include supporting partners to define an effective legal framework for these arrangements.

We will work with partners to foster the development of more sector-specific intelligence hubs which will deliver benefits to those sectors and also offer the potential for wider sharing with other components of the roadmap. By the second quarter of 2012/13, we will have identified which major sectors are able to proceed with plans and to what timescales. At this major review point, we will publish an update on delivery.

We will develop a more effective public sector alerts system to share current fraud threat intelligence across the public sector by the first quarter of 2012/13.

By the second quarter 2012/13, we will also develop proposals on the establishment of a joint strategic threat assessment function for fraud, learning from the experience of the Joint Terrorism Analysis Centre. The work will identify further work and key milestones.

Delivery Milestones



Objective 3 – To map high risk fraud methodologies comprehensively to identify common enabling factors and to produce, execute and evaluate proactive prevention plans to reduce fraudsters’ abuse of enablers.

Tackling an enabler is often a more effective way of disrupting a wider range of frauds, rather than chasing individual occurrences. Through our work in leading and supporting the delivery of *Fighting Fraud Together* we aim to embed stronger counter fraud controls and systems within organisations of all sizes including, in future, ways of delivering services so that fraud risks are ‘designed out’. We will provide a more sophisticated and holistic approach to tackling fraud enablers by promoting a single universal mapping process which will identify the key, common enablers to the most harmful fraud types. We will use the analysis of these maps to identify and prioritise interventions against fraud enablers in the form of proactive prevention plans. This activity will:

- Reduce the use of enabling instruments and organisations to fraudsters
- Reduce the capability of fraudsters to communicate with their victims
- Make it harder for fraudsters to receive money from their victims.

We will collate the experience of the counter fraud community to:

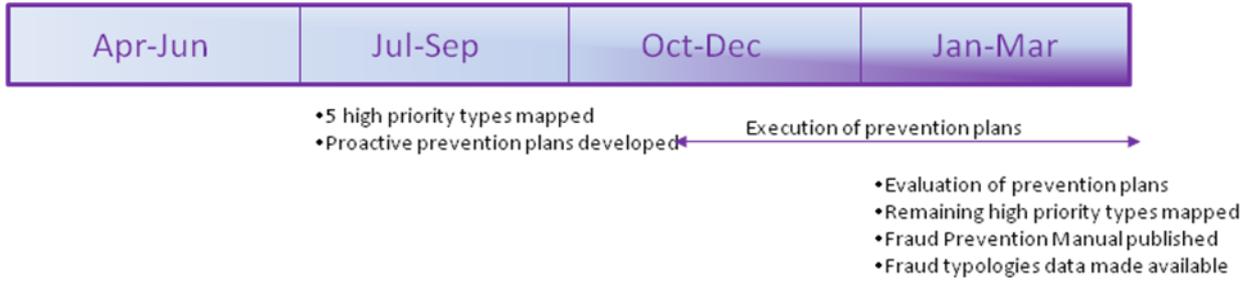
- Produce a fraud prevention manual which will build our knowledge of the variety of legal powers, approaches and proven methods used to tackle enablers to fraud and provide common solutions and approaches to reducing fraud
- Provide a central repository of fraud typologies detailing how frauds are committed, what fraudsters exploit and what preventative action is required.

By second quarter 2012/13 we will have agreed with partners a prioritisation, monitoring and review process for fraud mapping. We will also have mapped five high priority fraud types, identified common enablers and produced proactive prevention plans to reduce the harm caused by the enablers.

By the fourth quarter of 2012/13 we will have mapped the rest of the high priority fraud types and some of medium priority, produced further proactive prevention plans and evaluated the harm reduction arising from implementing the first prevention plans. We will also have produced the first version of the fraud prevention manual and made the fraud typologies data available in an appropriately secure way.

We will continue to work with partners on the Home Office-chaired Identity Crime Strategic Implementation Board as the use of forged and fraudulently obtained identities is a significant enabler of fraud against all sectors.

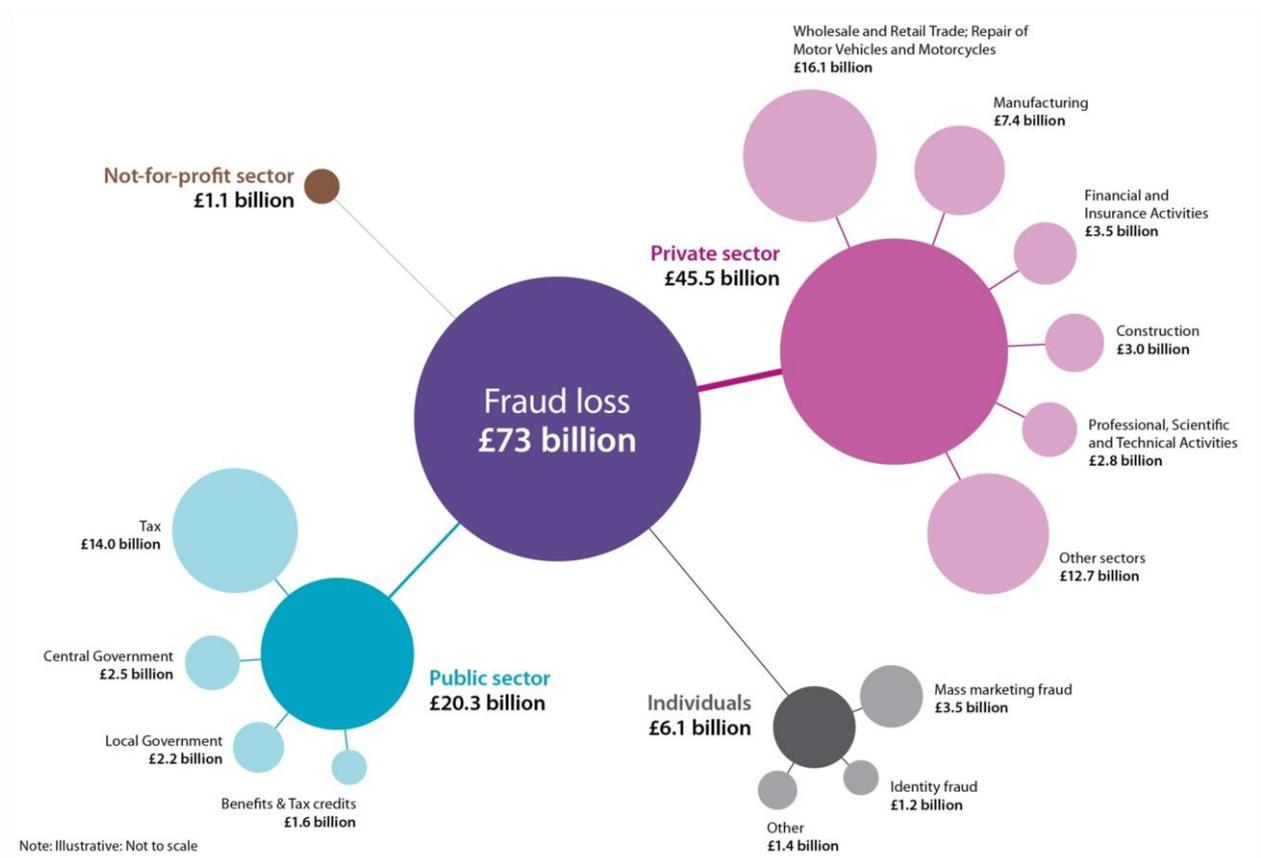
Delivery Milestones



Objective 4 – To improve our measurement of the scale and breakdown of the fraud problem and to develop more sophisticated and rigorous measures of performance across all areas of fraud awareness, prevention and enforcement.

We will continue to improve our estimate of the cost of fraud to the UK – the Annual Fraud Indicator (AFI). We will also measure the success of our work and that of our partners in the delivery of the three strategic objectives set out in Fighting Fraud Together: awareness, prevention and enforcement. There is no one single measure of success that can reflect the size, complexity and ambition of what we and our partners are trying to achieve.

The Annual Fraud Indicator 2012



In the second quarter of 2012/13, following a period of consultation, we will share recommendations on methods for the measurement of Fighting Fraud Together outcomes with our stakeholders.

In the third quarter of 2012/13, we will publish a review of the first year of Fighting Fraud Together with a set of performance and outcome measures across the three strategic objectives of awareness, prevention and enforcement.

These will include the results of:

- Surveys of fraud awareness of segments of the population and the small and medium sized business sectors
- Targeted awareness and behaviour change campaigns as part of our assessment of whether our country is more resilient to fraud
- Work with law enforcement and private sector partners to establish effective measures of disruption and enforcement activity covering both criminal and civil processes.

We will strengthen the quality of fraud measurement in the next Annual Fraud Indicator which will be published in the fourth quarter of 2012/13 so that we have an even more robust measure of the scale and breakdown of fraud losses. The AFI will be improved in the following ways:

- There will be improved confidence levels in the fraud estimates across different sectors
- Gaps in our estimates of fraud losses will be reduced
- Where we have reliable measures of loss affecting particular sectors, we will begin to track changes in fraud loss levels.

Delivery Milestones



Objective 5 – To deliver and optimise the Action Fraud service making it the single point of fraud reporting and to improve the quality of victims’ experience.

Fraud is an under-reported crime, and victims of fraud often experience problems when trying to report and get advice on how to avoid falling victim again. A national reporting centre, Action Fraud, was established by the NFA to resolve these problems. Its scope has been extended to cover financially motivated crime facilitated by the internet and so-called ‘cyber crime’ offences e.g. under the Computer Misuse Act. In 2012/13, we will deliver significant enhancements to the Action Fraud service.

In partnership with City of London Police, which operates the National Fraud Intelligence Bureau, we will complete the national police roll out by the fourth quarter 2012/13. This will make Action Fraud the single place where non-emergency reports of fraud and financially motivated internet crime are taken in England and Wales. Our target is to build the capacity to handle an annual volume of 280,000 crime reports by the end of the financial year, a 500% increase on current volumes. Action Fraud also plays an important role in awareness and behaviour change programme described under Objective 1 on page 7.

ActionFraud
Report Fraud & Internet Crime
0300 123 2040

Performance in 2011/12

600,000 unique visitors
140,000 calls
50,000 crime reports
12,000 information reports
12,000 phishing & virus reports

ActionFraud
Report Fraud & Internet Crime
actionfraud.police.uk

By the second quarter of 2012/13, we will have implemented a bulk reporting facility which will enable businesses and the police to report crime where there are multiple victims or incidents more efficiently.

By the end of the fourth quarter of 2012/13 we will have optimised the online reporting tool and the support available to customers enabling us to ensure that 50% of crime reports received are submitted online, reducing the unit cost of taking a report.

We aim to continue our high standards of customer service at Action Fraud by maintaining customer satisfaction levels with the service offered by the telephone contact centre at 90% which exceeds the industry best practice of benchmark of 86%. We will make improvements to our online services to ensure that the satisfaction levels of these customers reaches the same score achieved by the telephone contact centre by the end of the financial year.

We will work with partners to ensure that Action Fraud plays an effective role in the prevention, disruption and enforcement of fraud and financially motivated crime facilitated by the internet. We will publish this performance data regularly starting in the first quarter of 2012/13.

We will implement further improvements in the website's design and content to make it quicker and simpler for victims of crime to use and obtain relevant, up-to-date advice.

Delivery Milestones

