

£21bn*

(That sum could be used to build 800 secondary schools or pay 615,000 nurses' salaries)

Currently, it's lost every year to public sector fraud

* £21.2bn is the amount of public sector fraud identified in the National Fraud Authority's Annual Fraud Indicator.

Welcome to our first newsletter of 2012

Peter Hurst, Chief Executive, CIFAS – The UK's Fraud Prevention Service



Much of the Government's work on Fraud, Error and Debt is coming to fruition this year. It's important work – perhaps not the most exciting item on the Government's agenda but nonetheless crucial to making the public sector's work more efficient, changing the way they deal with financial transactions, and helping to cut down

the over £21bn lost to fraud each year.

As our cover suggests, this money could be used for a number of worthy purposes. But this is about more than money. It's about stopping fraudsters – criminals – from attacking Government and its agencies, and making sure that support reaches the people who deserve it.

On top of the £21bn of public sector fraud, £12bn is estimated to be lost in the private sector, £4bn to individuals, and £1.3bn to charities. These losses mean higher costs for everyone and money diverted away from worthy causes.

Too often, when employers discover a fraudster in their midst, they cease employment and get them out of the building as quickly as possible. Unless successfully prosecuted, these fraudsters are free to move – undetected – to a new employer and begin the same activities again.

Similarly, fraudsters identified as attempting to claim benefits, tax credits, NHS medical treatment or any service to which they have no entitlement have freedom to try again with another as the crucial information identifying them as fraudsters is not routinely shared across both the public and private sectors.

In practice this can mean one public sector employer hiring staff who have been fired for defrauding another elsewhere in the country, or Government paying a benefit to someone identified by another public body as having tried to access services with false papers - the list can, and does, go on and on.

So we are therefore very glad that the Fraud, Error and Debt taskforce has accepted that data sharing is key to stopping fraudsters in their tracks. When a fraudster is identified by one public body that information should be available to others to prevent them from attacking again. Fraudsters aren't picky as to who or what they attack – be it the public or private sectors, or even the individual. A proportionate and workable response needs to reflect that we are all in this together.

This is the approach that was pioneered by CIFAS over 20 years ago and which has delivered significant savings for our Members. Data sharing must be at the heart of any fraud prevention strategy and we are pleased that the Government is planning to adopt best practice in this regard.

There is much to be cautious about however. Limited data sharing about frauds will only get Government so far – to fight fraud and fraudsters, fraud data MUST be shared between the public, private and third sectors.

Fraudsters attack every sector. To fight back effectively, every sector must stand together.

About CIFAS

CIFAS is a not-for-profit membership association representing both the private and public sectors. We are dedicated to the prevention of fraud, including staff fraud, and the identification of financial and related crime. For over 20 years CIFAS has brought together a range of private sector organisations to limit fraud losses and protect consumers.

Five public sector organisations have become Members since 2010, namely the Big Lottery Fund, Financial Services Authority, Legal Services Commission, Student Loans Company and the UK Border Agency. The National Audit Office is an Affiliate Member.

More information can be found at www.cifas.org.uk.

Local authorities work to beat fraud



CIFAS is now working with a number of Local Authorities to help limit their losses to fraud.

With over £2.1bn lost to fraud each year in Local Government, CIFAS is offering staff fraud pilots and free data matching trials to local authorities who are interested in sharing fraud data in order to prevent losses.

We're all in this together

Over 260 public and private sector organisations share information on verified fraud and fraudsters. This means that identified fraudsters are 'boxed out' of the system and cannot attack or gain employment with another Member.

We're seeing some great results (currently Members report that for every £1 spent on membership they see £204 saved to fraud losses each year) but we want to expand our membership further so that more of the public sector can benefit.

Our own research has shown that during 2011 there has been a 41% spike in the number of dishonest actions by staff to gain a benefit by theft or deception. This is a worrying trend, and the idea that a fellow member of staff is dishonest is disturbing – unfortunately, in these tightened times the public sector must be even more vigilant as to how taxpayers' money is disbursed.

We're keen to talk to any Local Authority that wants to tackle the abuse of Single Person Discounts, Blue Badge schemes, grants, or indeed fraud within their own workforce.

If you think your local authority might be interested in tackling fraud and limiting their exposure to losses, please let us know.

Fraud Error Debt

On 6 February 2012 the Cabinet Office published a progress report from the Fraud, Error and Debt (FED) Taskforce, detailing the efforts taken so far to tackle the £21.2bn lost to public sector fraud.

Bringing together the Cabinet Office, Department for Work and Pensions, HMRC and Home Office, the FED Taskforce is focussing on five key areas: Increased intelligence sharing; prevention; targeting high risk areas; building stronger enforcement and sanctions; and improving their measurement of fraud and error.

CIFAS is looking forward to working with the FED Taskforce over the next year, sharing best practice with the team as they look to drive efficiencies and fight fraud across the public sector.

If you'd like to know more about our work, please get in touch.

Stopping the fraudsters at the gate.



Stopping fraud requires businesses and service providers to be certain that customers are who they claim to be. In addition, the sharing of verified fraud data ensures that known fraudsters can be effectively 'boxed-out' of the system once identified.

However, it is far more difficult for any organisation – public or private sector – to spot at the outset a fraudster who has gained access to a 'clean' and genuine identity document such as a passport or driving licence. Even if fraudulently obtained, such a document can be used to access financial services, grants and benefits through an apparently 'clean' identity.

The DVLA and IPS are rightly, and actively, attempting to prevent fraudsters from obtaining such identity documents. For example, the Minister of State admitted in 2010 that over 17,000 fraudulent passport applications had been identified in a three year period alone.

However, given that CIFAS holds the largest database of confirmed identity frauds in the UK, the public perception of the UK passport as the gold standard in identity documents would be enhanced if the Passport Service routinely checked the database when processing passport applications and renewals. The IPS and DVLA do not currently check against external databases of

proven fraud or fraudsters when assessing applications, although research undertaken by the Home Office Identity Fraud Steering Committee in 2005 demonstrated that it would definitely add value.

Compounding this issue, the DVLA and IPS also do not yet widely share the details of the frauds that they do identify. This leads to duplicated effort and cost elsewhere in the public and private sectors as they must start from scratch when identifying these fraudsters.

UK Plc's fraud losses have been estimated to stand at £38.4bn by the National Fraud Authority. Despite the Government's very real efforts to lower this figure, with a firm focus on benefit and tax credit fraud, without limiting access to fraudulent identity documents it is hard to see how professional and serial fraudsters' access to financial, commercial and government services will be halted.

If fraudsters gain access to clean identities they are free to attack any sector or service at will, switching identities and walking away before they are caught. Government must tackle this issue and cut off fraudsters at the root.

Contact CIFAS

If you're interested in learning more about CIFAS, or fraud more generally, please contact.

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