



Fraud, Error, and Loss Strategy 2024-2027

We deliver business service excellence to the NHS to help people live longer, healthier lives.

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Foreword

Fraud happens, to tackle it you first need to find it!

The NHS Business Services Authority (NHSBSA) is committed to tackling fraud against the NHS on services and policies we administer. We will collaborate with others to mitigate fraud within the wider NHS and public sector to support the shared Public Sector Fraud Authority (PSFA) goal of mitigating risks through controls, prevention, and deterrence activity.

Over the last three years the NHSBSA has created the foundations for a good counter fraud function. Our Loss and Fraud Prevention (LFP) function fully meets 10 of the 12 GovS: 013 Government Functional Counter Fraud Standards and will work pro-actively to achieve full compliance over the course of this strategy period.

All LFP team members are Accredited Counter Fraud Specialists (ACFSs). Our Counter Fraud Manager (CFM) and several Fraud Specialists are members of the Government Counter Fraud Profession (GCFP) via the Fraud Risk Assessment (FRA) discipline. We will continue to invest in developing our people, service design and use of data to prevent, detect and investigate fraud.

This three-year strategy sets out how we will increase our prevention and detection activities and continue to recover money lost to fraud. This will be audited, and the benefits realised in fraud and error will be published in our quarterly Consolidated Data Request (CDR) and captured in NHSBSA corporate reporting aligned with our benefits management framework.

NHSBSA is committed to continually developing service design to prevent fraud from occurring. We have a collaborative approach to innovation and improvement which is embedded in the routine business processes across our organisation.

We have a proven track record of protecting the public purse and delivering value for the taxpayer by, investing in our people to be the best they can be and utilising technology and data analytics to get the most from our data. We will continue to explore data analysis and tools to identify fraud, error and loss whilst setting ourselves targets to guarantee our investment in fraud prevention is ensuring value for the taxpayer and driving fraud out of the system.

Flexibility in this strategy is essential as we face an ever-changing fraud landscape, operating environment, and new emerging fraud risks. We will continue to collaborate with key partners, share best practice and learnings to protect the public purse.

Andy McKinlay
Executive Director of Finance, Commercial and Estates
(April 2024)

Introduction

The NHSBSA is committed to collaborating across the NHS and wider government to reduce the risk of fraud, bribery, corruption, error, and loss to an absolute minimum. This commitment is highlighted in the NHSBSA's organisational strategy under value and efficiency, which includes continually improving and mitigating the risk of fraud in the payments NHSBSA make on behalf of the health and care system. Whilst we know we cannot eliminate all attempts to commit fraud, bribery and corruption or eradicate all error and loss from the system, we can reduce the risk of it occurring to an absolute minimum therefore lowering the impact.

Our vision

To protect our NHS by influencing change to remove the opportunity for fraud, error, and loss by working collaboratively with Counter Fraud colleagues across government. We will create improvements across the health and care system delivering taxpayer value and ensuring ownership across the NHSBSA for fraud, bribery, corruption, error, and loss.

The NHSBSA's focus is on ensuring that money is spent where it should be, paid to the right source and in a timely manner. Collaboration with others is key to achieving this.

The NHSBSA corporate strategy includes a goal for value and efficiency which focuses on continuing improvements for mitigating the risk of fraud in the payments NHSBSA make on behalf of the health and care system. NHSBSA will be developing a new wider system efficiency programme with a measure to deliver £1 billion of savings for the wider NHS. This will include developing management tools, measures, governance, and expectations to create the conditions for us to enhance delivery of efficiency. A key indicator of success in delivering wider efficiencies will be a reduction in fraud, error, and loss, meaning better taxpayer value.

The NHSBSA define fraud as someone behaving in an intentionally dishonest way to try to make a gain or cause a loss, they do not need to be successful in their attempt. Error is defined as human error and system error. By loss the NHSBSA mean financial loss because of waste from poor processes, recovery of underutilised clinical treatment and unrecovered debt.

The [Government Fraud Strategy](#) describes:

- ➔ that fraud accounts for over 40% of all offences in England and Wales.
- ➔ the Government commitment is to reduce fraud by 10% by December 2024 from 2019 baseline.
- ➔ how fraud intelligence should be shared quickly across government and with law enforcement
- ➔ that the tech sector must put in place extra protections for their customers and introduce tough penalties for those that do not.

To support the delivery of the Government Fraud Strategy, NHSBSA will:

- ➡ produce more FRAs to share with PSFA and NHS Counter Fraud Authority (CFA) to help build intelligence on risks facing the NHSBSA and identify common risk themes.
- ➡ hold to account individuals who are intentionally dishonest and obtain appropriate sanctions, including criminal convictions.

The PSFA was launched on 3 August 2022 with a mandate, led by Cabinet Office and HM Treasury, setting out its role and responsibilities and the responsibilities of ministerial departments and public bodies. In March 2023, the PSFA published the [2022 Fraud Landscape Report](#) for the financial year 2020/21 which estimated that every year at least £33.2 billion of taxpayers’ money is subject to fraud and error.

We will produce and share our FRA’s with PSFA to contribute to the Global FRA they will create and maintain for the fraud risks across government. Where the NHSBSA detects and prevents fraud and error we will produce methodologies which will be presented to the PSFA Prevention Panel. This will ensure we comply with government definitions to ensure and contribute to accurate reporting on fraud and error.

This three-year NHSBSA Fraud, Error and Loss Strategy 2024-2027 applies to the services we administer as well as organisations we provide assurance to. It details the counter fraud activity the NHSBSA will undertake and how it will contribute to the work PSFA are leading on and the NHS Counter Fraud Action Plan created and delivered by the NHSCFA. This strategy will be shared with DHSC Counter Fraud Board (CFB) comprising of representatives from Department of Health and Social Care (DHSC), various NHS organisations and PSFA. Annex B provides details of all organisations represented on this group.

Financial vulnerabilities in the NHS

The NHSCFA produce the annual Strategic Intelligence Assessment (SIA) which assessed the NHS is vulnerable to fraud, bribery, and corruption to the sum of an estimated [£1.264 billion](#) for 2022/2023. This represents a £66 million increase on the previous year and equates to 0.8% of NHS expenditure (£157.9 billion). Table 1 details NHSCFA’s estimated vulnerability figure for the various strategic priority areas they identified in the NHS.

There are eight Strategic Priority areas NHSCFA assess for vulnerability. The NHSBSA makes payments and/or provides assurance to NHS England (NHSE) in five of these areas:

1. Community Pharmaceutical Contractors
2. GP Contractors
3. Dental Contractors;
4. Optical Contractors
5. Mitigating patient fraud through the issuing of Penalty Charge Notices (PCNs) and delivering Real Time Exemption Checking (RTEC).

Table 1 – NHSCFA SIA Vulnerability Estimates

Strategic priority area	2022 - 2024 financial vulnerability estimate	2021 - 2022 financial vulnerability estimate	Difference (£m)	2022 - 2023 direct referrals to NHSCFA
Procurement and commissioning fraud	£391.5m	£336.4m	+£55.1m	652
Patient exemption fraud	£271.8m	£214m	+£57.8m	891
Data manipulation fraud	£155.9m	£249.1m	-£93.2m	15
Community pharmaceutical contractor fraud	£123m	£122m	+£1m	101
GP contractor fraud	£101m	£101m	+£0m	190
Optical contractor fraud	£79.7m	£38.7m	+£41m	23
Dental contractor fraud	£57m	£61m	-£4m	78
NHS staff fraud	£31.5m	£22.6m	+£8.9m	2660
Intelligence collection				
Fraudulent access to secondary care from overseas visitors	£43.5m	£39.3m	+£4.2m	299
Reciprocal healthcare fraud	£0.467m	£1.9m	-£1.5m	4
Strategic oversight				
Additional area (NHS Bursaries and NHS Pension fraud)	£9.5m	£12.7m	-£3.2m	96
Total	£1.264bn	£1.198bn	+£66.1m	5009

DHSC commission NHSBSA to administer the following services:

- ➡ NHS Pension Scheme
- ➡ Payments to students
- ➡ Services that allow European Economic Area (EEA) and United Kingdom (UK) residents to access healthcare abroad under the Reciprocal Healthcare Agreements in place when travelling or moving to another country or require pre-planned treatment within the European Union (EU) or Switzerland or the UK.

These areas are indicated as being vulnerable to fraud, bribery, and corruption in the NHSCFA SIA under the title Strategic Oversight.

The NHSBSA is commissioned to deliver other health and social care services that are not assessed by the NHSCFA SIA, such as:

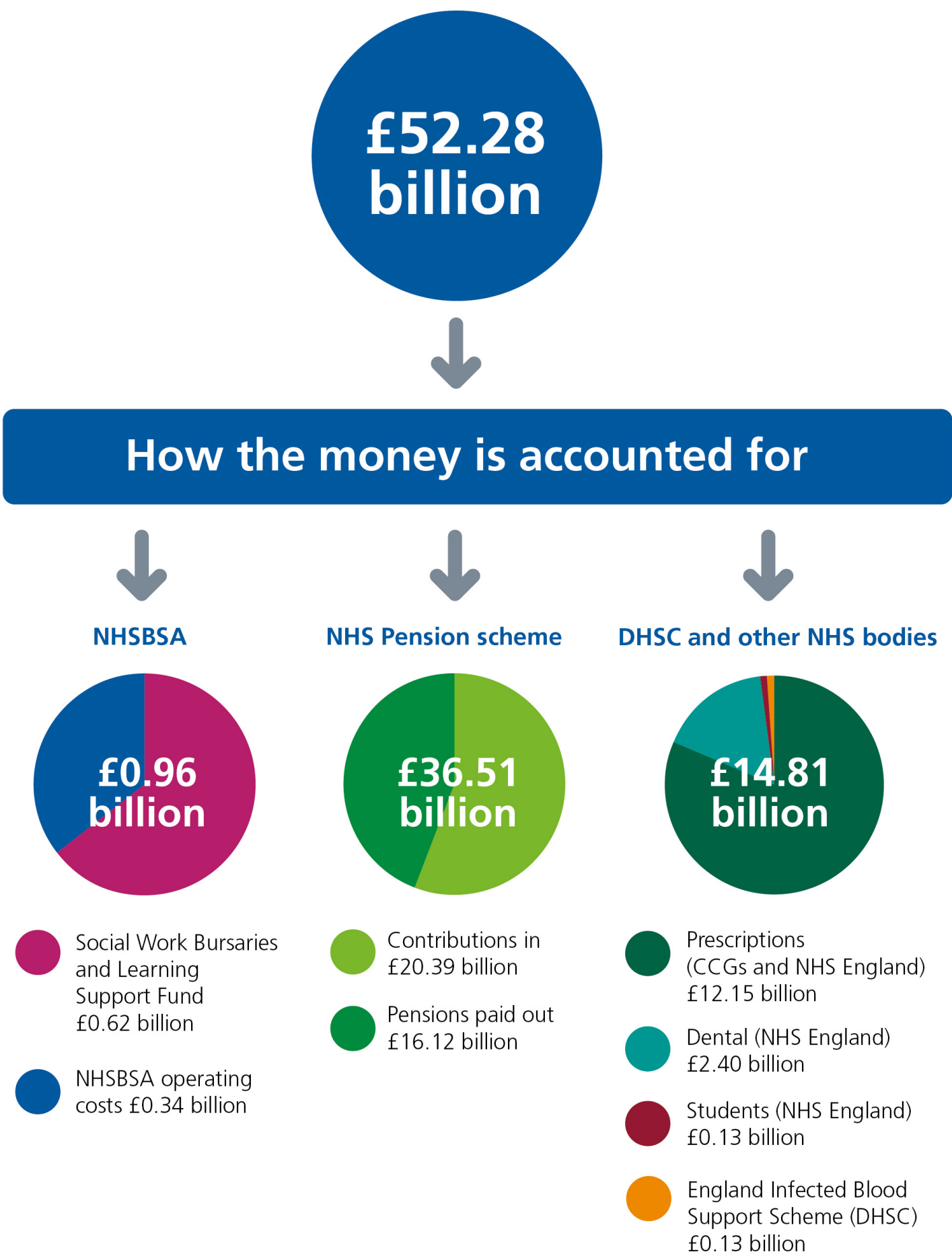
- ➡ NHS Healthy Start Scheme
- ➡ NHS Learning Support Fund (LSF)
- ➡ Social Work Bursaries (SWB).

We are at risk of significant financial loss to fraud, bribery, and corruption as well as reputational damage if we do not identify risks and mitigate them. It is imperative we ensure fraud, error and loss deterrent, and prevention controls are embedded into the design stage and delivery of our services. Where this is not possible, we must increase our detective and corrective controls which must lead to deterrent and prevention measures to be implemented within agreed timescales.

NHS Business Services Authority

The Kings Fund explains spending for DHSC in England for the financial year 2022/23 was £181.7 billion. NHSE were allocated £151.1 billion of the day to day spend for the health services and the remainder allocated to the central budgets of DHSC and other Arm’s Length Bodies (ALBs) such as UK Health Security Agency (UKHSA). NHSBSA are trusted to deliver on behalf of the DHSC, NHSE and other commissioning organisations.

The NHSBSA came into operation in April 2006 and helps to ensure the NHS is run efficiently by delivering services that support the NHS workforce, Primary Care, and millions of UK citizens. As a Special Health Authority, we receive funding from DHSC to deliver a range of essential services outlined in our Direction Order. We are experts at managing healthcare information at scale and have a reputation for driving efficiencies and delivering taxpayer value. NHSBSA are responsible for managing around £52 billion of NHS spend annually while helping to deliver significant savings back into the health and care system.



We support the NHS workforce throughout their career journey by providing employment, HR, and payroll platforms, as well as providing financial support to NHS students and managing the NHS Pension scheme. We provide a wide range of services direct to the public to help citizens gain access to healthcare and support costs they are entitled to. Data analysis, insight, digitisation, and collaboration are at the heart of our business so we can improve patient outcomes and support the NHS workforce.

The NHSBSA process all NHS prescriptions in England and manage the remuneration and reimbursement for over 11,500 pharmacies and other dispensing contractors. We process 44 million dental claims each year and make payment of over £2.2 billion to NHS primary care dentists in England and Wales. NHSBSA makes remuneration payments to the value of £11.2 billion per annum to over 11,500 pharmacies, and over 25,000 NHS contracted dentists who deliver NHS dental services in England and Wales.

The NHSBSA creates significant savings for other parts of the health and care system (over £350m in 2022/23). This was achieved whilst delivering a further £3.4m efficiency savings against NHSBSA operating budgets within the financial year 2022/23. We are an expert delivery organisation relied upon by Government and the health and care system to provide a range of complex and essential, high volume business services to support the day to day running of the NHS and wider health and care system.

Progress in NHSBSA

Fraud is a hidden crime, to tackle it you must find it. The 2021-2023 NHSBSA Fraud and Loss Strategy focused on identifying and understanding the types of fraud, bribery and loss risks the organisation is exposed to and to ascertain the motivations of the people behind the risks. We now have 22 FRAs in place that are regularly monitored. This allows us to understand the risks to the organisation and the current controls in place to mitigate risks. More importantly, it allows us to identify additional controls to further mitigate some of the risks.

We know individuals who have attempted or been successful in committing fraud against the NHSBSA are not just motivated by money, on some occasions it has assisted them to access services they would not otherwise be entitled to. We are aware that most people who commit fraud against the NHSBSA are external actors (customers) however, we have also experienced internal frauds (staff). We are aware of the risks of cyber fraud and understand we need to do more to protect our systems from this threat.

In collaboration with the Department for Work and Pensions (DWP) the NHSBSA created and implemented a technical solution called Real Time Exemption Checking (RTEC) to prevent fraud and error in NHS prescription charges. RTEC enables local pharmacies to see if a patient needed to pay their NHS prescription charge(s) or if they held a valid exemption. The service reduces fraud and error in the NHS by making sure

prescriptions are claimed correctly, while freeing up time for pharmacy staff. RTEC reduces time spent by pharmacy staff assisting patients complete declarations, checking physical evidence of exemption status and sorting tokens for submission to the NHSBSA.

Our FRAs indicate that we need to build more effective prevention and deterrent controls. If people perceive the risk of being caught as high, the likelihood of people committing fraud, bribery or corruption reduces.

Some of the challenges we face whilst implementing effective controls depend on what NHSBSA are commissioned to deliver and what is in our remit to do when it comes to service design and delivery. Fraud is everyone’s responsibility and tackling it will continue to be high on our priorities throughout the full lifecycle of our services, from conception to business as usual running. We are realistic, preventing fraud is not always possible therefore we want to ensure we interrogate our data to increase the opportunity to detect fraud.

We continue to promote our Freedom to Speak Up (Whistleblowing) process as this is a good source of finding fraud. We will learn from what we find. Where vulnerabilities in our systems are identified, controls will be designed and implemented to reduce the risk of fraud, error and / or loss reoccurring to a minimum, or where possible, eradicating the risk.

NHSBSA response to fraud, error, and loss

Government departments and ALBs face organisation-specific complexities in countering fraud, however there are common challenges such as similar fraud risks, lack of resources to counter fraud and getting access to data.

We know we are a target for fraudsters therefore we must ensure our investment in counter fraud is effective. The NHSBSA will continue to work collaboratively to ensure we contribute to the overall health group's counter fraud financial target of £500 million set by PSFA for fraud prevented, detected, and recovered by 2026. See annex A for the agencies and annex B for the groups we collaborate with.

To be effective we will understand our fraud, error, and loss risks, create, and implement effective controls to deter and prevent so we can reduce the financial loss to public services and provide assurance in our ability to deliver correctly in a timely manner.

The planned activities to contribute to this over the next 3 years are:

- ➔ Year 1: From our FRAs capture the existing controls in place to mitigate risk, produce prevention methodologies to measure effectiveness of controls and identify baselines.
- ➔ Year 2: Undertake Loss Measurement Exercises to establish the benefits of new controls and continue to document emerging risks.
- ➔ Year 3: Re-measure to capture the financial benefits and changes in behaviour.

The NHSBSA are responsible for managing contract performance and service delivery of the NHS Electronic Staff Record (ESR). Operating within NHSBSA Workforce Services, the NHS ESR Central Team works in partnership with the supplier (IBM) to oversee the operational delivery and development of the ESR solution.

ESR provides NHS organisations and employees in England and Wales with the ability to interact with ESR at any time, from any device and at any location in the UK (across both NHS N3 network and internet) - this introduces associated access control risks that are managed as part of service management.

With increasing pressure on NHS budgets, the ESR solution is supporting organisations to reduce costs, improve workforce planning and management and empower NHS employees to take ownership of their personal data. It is important that NHSBSA capture any risks within the use of ESR by NHSBSA staff and any risks that could occur in our role in managing the delivery of ESR Services.

We have an ESR FRA based on the use of ESR by NHSBSA employees (as 'users' of the service). During the three years of this strategy, we will continue to ensure that any errors within the system are identified as soon as possible and mitigated where possible. We will do this by:

- Continuing to collaborate with NHS organisations, users and stakeholders to ensure the service remains fit for purpose, with agreed requirements and intended outcomes.
- Working with our supplier to maintain robust service management practices, including agreed testing of change prior to release.

- Continuing to commission an annual ISAE3000 Type II Controls Report – providing an externally verified review on the design and operating effectiveness of the Information Technology (IT) general controls in place, which facilitate the integrity, stability, and reliability of the service. This report includes change management, logical security, problem management and performance/capacity planning, physical security and environmental controls, computer operations and payslip distribution (service to end Summer 2024). In addition, key industry standards are assessed as relevant to the delivery of the service – including ISO 9001 (implementing an effective quality management system) and ISO 27001 (implementing an effective Information Security Management System).

The ISAE report is signed off by the NHSBSA Board and shared with all NHS organisations.

- Continuing to collaborate with our Security and Information Governance Team and Digital, Data and Technology (DDaT) Directorate to ensure fraud, error and loss best practice is included within service design – supported by the supplier operating Information Technology Information Library (ITIL) practices as part of the ESR contracted service.

Principles

Our values and principles are underpinned by the International Public Sector Fraud Forum established [five principles of public sector fraud](#):



1. There is always going to be fraud

It is a fact that some individuals will look to make gains where there is opportunity, and organisations need robust processes in place to prevent, detect and respond to fraud and corruption.

2. Finding fraud is a good thing

If you don't find fraud you can't fight it. This requires a change in perspective, so the identification of fraud is viewed as a positive and proactive achievement.

3. There is no one solution

Addressing fraud needs a holistic response incorporating detection, prevention, enforcement, and redress, underpinned by a strong understanding of risk. It also requires cooperation between organisations under a spirit of collaboration.

4. Fraud and corruption are ever changing

Fraud, and counter fraud practices, evolve very quickly and organisations must be agile and change their approach to deal with these evolutions.

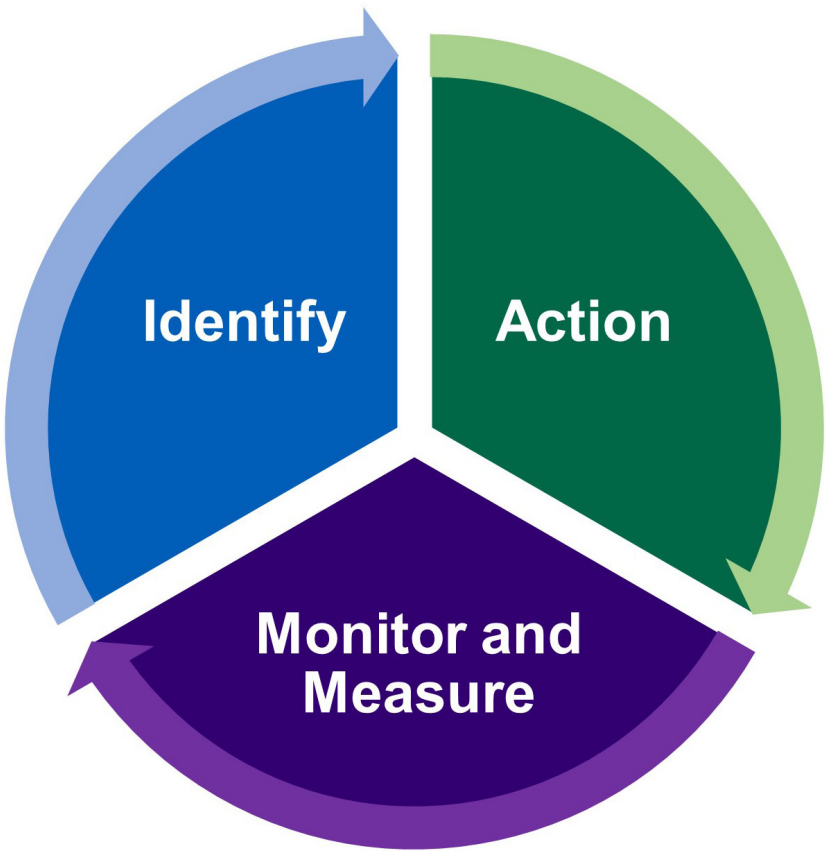
5. Prevention is the most effective way to address fraud and corruption

Preventing fraud through effective counter fraud practices reduces the loss and reputational damage. It also requires less resources than an approach focused on detection and recovery.

The NHSBSA counter fraud strategic goals are underpinned by the following principles:

- ➡ We will work collaboratively, sharing knowledge and support teams to understand fraud.
- ➡ We will advocate for fraud prevention, influencing change where possible.
- ➡ We will develop a culture of learning, using the insight and data that we have available to us.

Throughout the duration of this strategy, we will continue to:



- **Identify**
Controls to mitigate or eradicate fraud, bribery, corruption, and loss risks are created and implemented to prevent and detect fraud.
- **Action**
Ensure fraud prevention is embedded and detection controls are monitored, where the controls are not having the desired effect be brave and change. Use the data effectively through data science (e.g. Machine learning, AI) and expert interpretation from SMEs and fraud specialists.
- **Monitor and Measure**
Measure and report on the benefit of controls and hold to account those who are intentionally dishonest to ensure we recover money.

Strategic Goals

The NHSCFA Strategy 2023-2026 identifies four fraud focused pillars:

- 1. Understand** how fraud, bribery and corruption affects the NHS.
- 2. Prevent** future losses from occurring by ensuring the NHS is equipped to take proactive action.
- 3. Respond** to fraud when we know it has occurred.
- 4. Assure** key partners, stakeholders and the public that the overall response to fraud across the NHS is robust.

To contribute to the PSFA mandate and NHSCFA Strategy 2023-24 the NHSBSA have six strategic outcomes to deliver over the next three years. We will measure our progress with Key Performance Indicators (KPIs). See Annex C for KPI details.

1. Our processes are data driven and enhanced by technical solutions.

We will champion the use of data science to improve the identification of fraud, error, and loss across all our services. We will use this to measure the scale of the risks and benefit realisation of new controls that are implemented.

Success measure: FRAs in place for all our operational services and corporate functions, specifically Financial Operations, Estates and Commercial Services.

2. The NHSBSA LFP Team are trusted and relied upon to assess risk on all new and existing service offerings.

The NHSBSA Counter Fraud KPIs increase the Fraud Governance that takes place across the NHSBSA, the LFP Team must be involved in all assessments with a KPI target of 100%. The first year of this strategy will be identify current baselines and creating baselines where needed.

Our performance measures to achieve this are as follows:

- ✔ Increase the % of Government Digital Service (GDS) Alpha and Beta assessments completed with a fraud assessment.
- ✔ Decrease the amount of GDS live assessments completed with their first fraud assessment.
- ✔ Increase the % of Due Diligence reviews completed with a fraud assessment.
- ✔ Increase the % of PMO Projects completed with a fraud assessment.

Success measure: Completion of 100% fraud reviews on GDS assessments, Due Diligence Reviews and Fraud Assessments.

3. Our people understand how fraud can be present within their service and know what they need to do about it.

We aim to increase the quality of referrals, and document FRA risk status changes from 'Treat' to 'Tolerate' or 'Terminate'. Performance measures have been set out in Annex C.

Success measure: Decreased risk ratings; increase in risks being terminated; fewer referrals rejected due to poor quality of information.

4. Colleagues, service users, sponsor and commissioners understand the consequences of fraudulent activity and are held to account.

We will investigate and record allegations and intelligence relating to fraud, bribery, and corruption on the NHSCFA Case Management System CLUE.

We will:

- ✔ Employ a range of sanctions including, criminal, civil, disciplinary, and professional body action.
- ✔ Publicise successful outcomes from our investigations.
- ✔ Educate customers through engagement via correspondence and telephone conversations to signpost to exemption certificates they may be entitled to.
- ✔ Deliver awareness sessions to stakeholders to highlight the risks and collaborate to mitigate them.
- ✔ Educate our staff through the mandatory eLearning Fraud and Bribery module and by delivering awareness sessions.

We will measure the success of the activities through:

- ✓ The volume of repeat offenders (people who have been issued with 10 or more PCNs) removed from the system.
- ✓ Increase in the rate of accepted referrals that lead to sanctions being issued.

Baseline for the measures is to be identified during the first year of this strategy and progress will be monitored.

Success measure: 90% of NHSBSA employees complete mandatory Fraud, Bribery and Corruption eLearning module in year one of this strategy, increasing to a minimum of 96% completion thereafter.

“
We will champion the use of data science to improve the identification of fraud, error, and loss across all our services.”

5. Across the NHS fraud, error and loss is reduced.

Whilst we aim to reduce fraud, error and loss over the next three years, we are aware we may identify more; if we do, we will act on it which will reduce fraud, error and loss in years to come.

We provide assurance to NHSE on primary care services and administer penalty charge notices in relation to NHS patient charges for NHS prescriptions and dental treatment. We aim to:

- ✓ Increase the number of fraud prevention methodologies approved by the PSFA Prevention Panel which are produced because of the counter fraud activities we undertake.
- ✓ Increase in the number of loss prevention methodologies implemented within the NHSBSA.
- ✓ Increase the value of fraud, error and loss prevention through the implementation of controls.

Annex C details the activities that have been designed to measure performance.

Success measure: Equal or increased financial fraud prevented year on year. Year one of this strategy will set the baseline and success will be an increase in fraud prevention methodologies being approved by the PSFA Prevention Panel, and an increase in fraud, error and loss prevention for the activities undertaken in the NHSBSA.

6. NHSBSA is compliant with the Government Functional Standards for Counter Fraud.

We will comply with all 12 areas of the Government Functional Standard Counter Fraud (GovS: 013).

Success measure: achieve ‘best’ rating in our assessment in 2027.



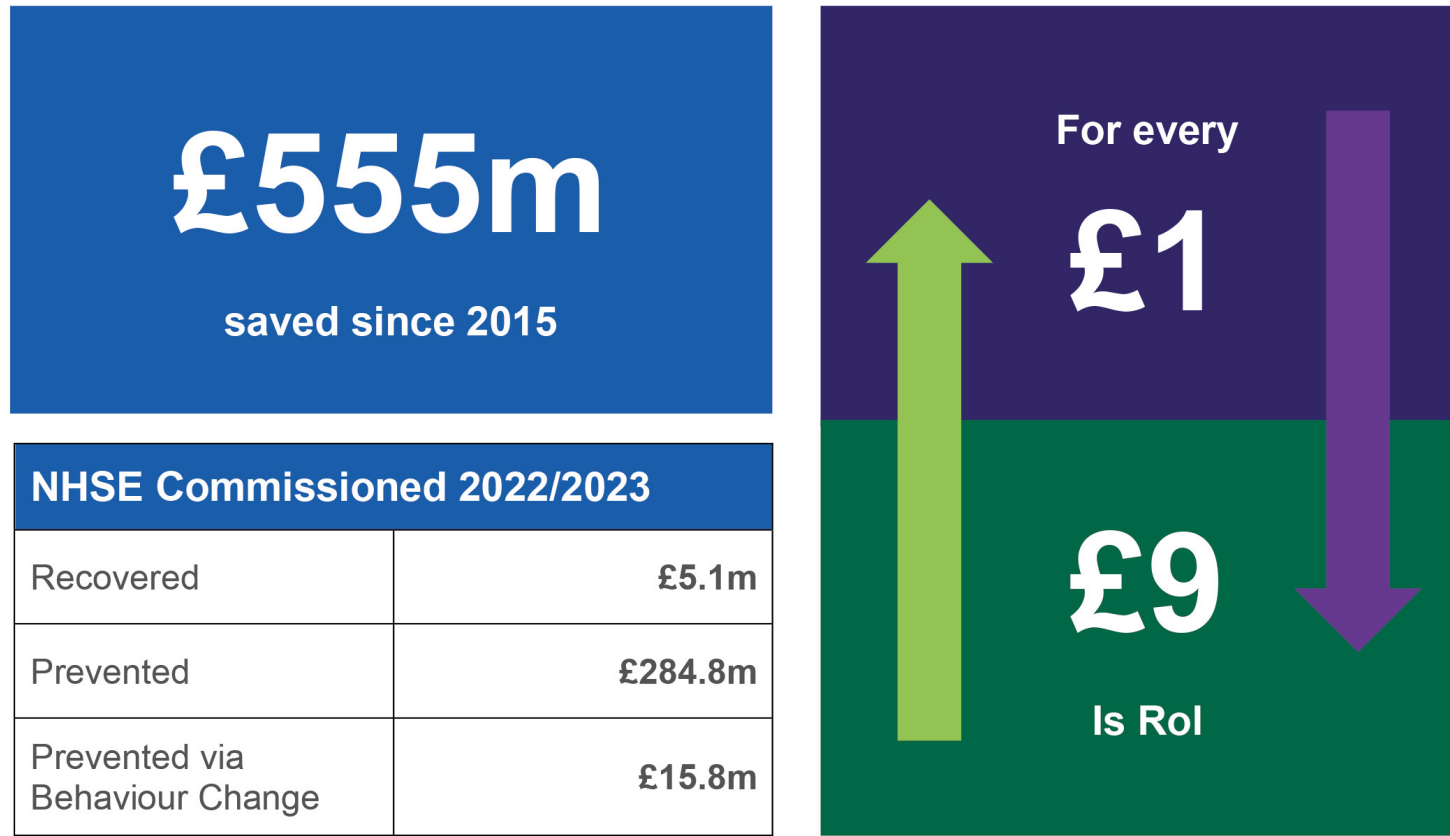
Risks and challenges facing NHSBSA

Our response to fraud, error and loss has been influenced by the risks and challenges we, and the wider public sector face. A key challenge for the NHSBSA is that fraud is a hidden crime, so in our previous Fraud and Loss Strategy we prioritised looking for fraud and loss, we know fraud is growing and affects everyone. Fraud increases the cost of doing business and reduces the value to the taxpayer, therefore we are committed to pro-actively look for it. By doing so we will achieve our commitment outlined in our organisational strategy to ensure money is spent efficiently, effectively, and correctly.

The environment we operate in varies and this is challenging as it means fraud trends change, this could be a result of the political, economic (cost of living crisis) or the technological environment we are in. In the NHSBSA, very few of our services are paper based. Most of our customers access our services via online digital applications therefore applying from mobile phones, tablets, and laptops. This technological environment makes it harder for NHSBSA to review evidence and know who we are dealing with and from where in the country or world they are. We must balance getting support to customers who need it quickly against implementing fraud mitigation controls to protect taxpayers’ money.

NHSBSA are responsible for managing reciprocal healthcare on behalf of DHSC within our Overseas Healthcare Service (OHS). This service is for people who are going to a country within the European Economic Area (EEA) or Switzerland to visit, live or receive planned treatment. Within OHS we process on average over 5 million registrations, 600,000 member state claims, 16,000 customer claims and 30,000 UK claims each year. Challenges in OHS include identifying and implementing suitable controls to validate claims given some of the applicants reside outside the UK.

Assurance Benefits to the NHS



On behalf of NHSE, we provide assurance about the quality and probity of treatment provided by NHS primary care providers including dental, pharmacy and ophthalmic contractors, and GP Practices. Challenges to identifying and mitigating fraud and bribery in primary care involve the numerous processes and sharing of responsibilities for administering payments in primary care.

In 2022/23 our provider assurance contracts generated savings of £305.7 million comprising:

- Fraud and error recovered (£5.1 million)
- Fraud and error prevented (£284.8 million)
- Efficiencies from prevention through behaviour change (£15.8 million).

Provider assurance efficiencies are derived from both pre- and post-payment validation activities and behaviour change for both pharmacists and dentists. The service has recently expanded to include limited payment validation for both GP and Optometrist payments.

ESR offers the provision of an integrated hire to retire workforce management solution for the NHS in England and Wales. Alongside a number of HR services, ESR enables the processing of over £50 billion of NHS pay annually.

NHS organisations that use the ESR service are responsible for their management of the system (including local access control, business processes and the accuracy of data input) and associated management of risk for fraud, error, and loss. NHSBSA – as users of the service - actively manage this aspect of using the service for business operations.

However, NHSBSA also has a responsibility to ensure risks are mitigated in the management and delivery of the service that we provide to NHS users (including service management, service design and controls assurance). We do this through a series of management and service delivery practices, including:

- IT service management is designed and annually audited (ISAE 3000) with a focus on fraud, error, and loss risk mitigation (refer to section 3, page 10).
- Supplier adherence to key industry standards, including ISO 9001, ISO 27001 and ITIL.
- Supplier and service performance is actively managed by NHSBSA (real-time tooling – 24x7x365) including the provision of system alerts. A contract service level agreement is maintained with a number of KPIs and SPIs – including payment accuracy as reported via system tooling and service desk/user calls raised. A Balanced Business Score Card for ESR performance is reported monthly to NHSBSA Leadership Team.
- NHS organisations have access to a service management desk – where service calls can be raised for any issues (including suspected risks relating to fraud, error or loss). NHS organisations can also raise any concerns directly to a dedicated NHSBSA regional account manager or member of the ESR team.
- Organisations have access to NHSBSA regional account managers and functional experts - providing targeted support to progressively implement all aspects of the solution, using best practice processes

Changing Fraud Landscape

The impact of the COVID-19 pandemic has demonstrated that the future fraud landscape is challenging and difficult to describe and react to. As a direct result of the pandemic, the NHSBSA were involved in over 50 new schemes, often standing these up at pace as we were tasked with being able to deliver services to customers quickly.

Estimated losses to fraud are increasing year on year and this was exacerbated by COVID-19. NHSCFA's SIA Report 2022/23 estimates financial vulnerability to fraud, bribery and corruption increased to [£1.264 billion](#) for 2022 – an increase of £66m on 2021.

External risks

The NHSBSA Enterprise FRA identifies the highest fraud risks we face from commissioning organisations include:

- ➔ Being mandated to onboard new services, often at pace with limited time to consider fraud prevention controls in the initial design and build stage.
- ➔ Lack of data sharing agreements / ability to implement Application Programming Interface (API) to validate information which can result in ineffective or no preventive and deterrent controls.
- ➔ Commissioners not including funding to embed counter-fraud activities when services are commissioned.
- ➔ Lack of clarity at the onboarding stage (often due to time constraints) on who is responsible for counter fraud activity.

Emerging risks and benefits from Generative Artificial Intelligence (AI) will be monitored during this three year strategy. Whilst there are positive opportunities for Generative AI such as preventing, detecting, and mitigating fraud there are opportunities for it to be used to facilitate fraud. NHSBSA have created an Artificial Intelligence Advisory Group to provide advice on the safe and responsible use of AI and to address issues and challenges from AI such as security incidents and misinformation.

NHSBSA Fraud Risk Assessment and high-risk areas

The outcomes of our 22 FRAs will inform our strategic focus for the coming three years. We will not be complacent and will continue to review the known risks and challenges the NHSBSA faces as well as emerging ones.

The NHSBSA Enterprise FRA indicates the main risks facing the NHSBSA are in the services we deliver. Our service design is sometimes developed because of the commissioner's requirement, this can create opportunities for fraud, error, and loss to happen. Some common themes from the operational and corporate FRAs include:

- ➔ Lack of validation in some processes.
- ➔ Reliance on third parties to verify information.
- ➔ Systems are vulnerable to cyber threats.

The NHSBSA Enterprise FRA also acknowledges our vulnerability to customer fraud, staff fraud, mandate fraud and procurement fraud. We will explore implementing controls such as Multi-Factor Authentication (MFA) and validation tools to mitigate risks.

PSFA introduced a mandatory Initial Fraud Impact Assessment (IFIA) across the public sector for significant areas of spend as best practice. We have adapted the IFIA and created a due diligence (DD) process, which helps us to identify not only fraud and bribery risks but all vulnerabilities (governance risks) when onboarding new services.

Fraud prevention begins with due diligence therefore when new services are assessed for potential fraud risks it allows us to factor in prevention controls into the service design. The DD process has been a positive fraud prevention tool for the NHSBSA. It ensures more open engagement and that the counter fraud process is linked with other areas such as data, HR, Estates, and IT for an initial assessment before a full FRA is possible.

NHSBSA FRAs identify risks outside our remit; they occur because we are commissioned to deliver services in a specific way, these risks are transferred out on our FRAs and in accordance with our Risk Management Framework. Some of the high risks identified are:

- ➔ Ineligible recipients
- ➔ Lack of ID / Verification checks
- ➔ Payment diversion (mandate fraud)
- ➔ False applications

Risk Area Response

We want to do more to mitigate risk and make a positive impact within NHSBSA services, therefore we will continue to review and assess the risks on our FRAs as well as identifying emerging risks.

Based on what we know to date, the risk areas NHSBSA will be focusing on for the three years of this strategy are:

1.Prevention

The best method of minimising fraud is to prevent it happening. We know the current risks and controls; we will build additional controls to mitigate those risks while monitoring for emerging risks. We will explore implementing validation tools, and review policies and processes to identify where we can take responsibility for verification in services.

2.Outcomes

It is difficult to explain the benefits of preventing something from happening, you cannot always identify the effect of a control however we need to ensure there is a return on investment of counter fraud activities. We aim to ensure our outcomes (financial or a change of behaviour) are captured to ensure our investment in counter fraud is effective and producing benefits. We will produce prevention methodologies and measure the benefits of the controls which will be submitted on our quarterly CDR.

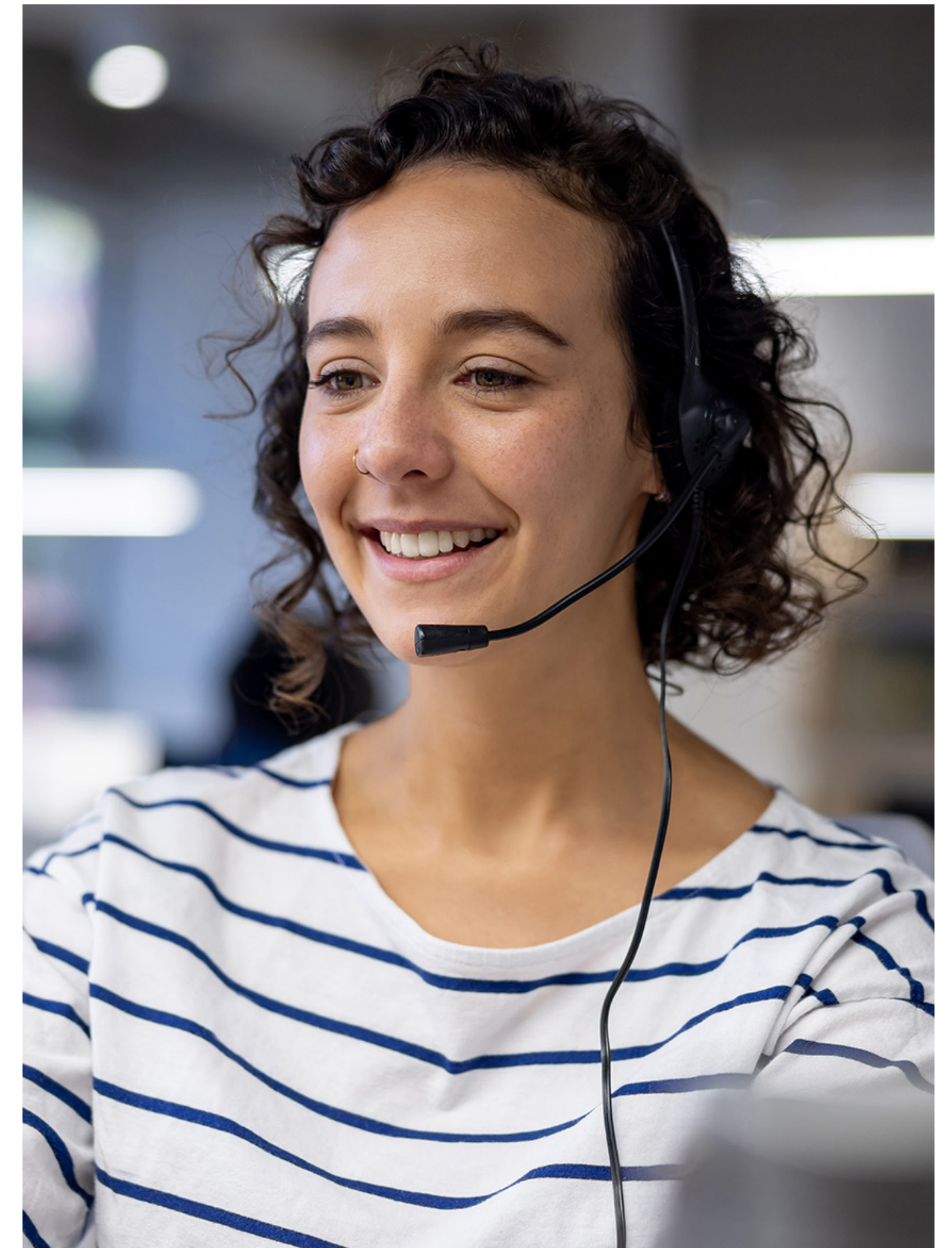
3.Detection

We need detection activity to establish the scale of the problem therefore we will continue to undertake data analysis and machine learning to detect fraud, bribery, and loss. We will continue to participate in the National Fraud Initiative (NFI) to detect fraud in high-risk areas such as payroll, creditors, and NHS Pension payments, as well as other business areas. Our Operations Assurance Team will undertake post-event assurance work to establish the amount of risk and calculate financial losses to fraud whilst seeking to recover money.

4.Procurement fraud

In 2024 NHSCFA launched a procurement Local Proactive Exercise in due diligence and contract management. NHSBSA will be using the material NHSCFA share to drive improvements and mitigate risks and enhance our counter fraud practices.

In addition, we will continue to work with colleagues on the DHSC CFB to understand the risks facing the wider NHS and deliver the NHS Counter Fraud Action Plan that is monitored by NHSCFA.



Governance of fraud, error, and loss in NHSBSA

The Executive Director of Finance, Commercial and Estates (FCE) is the nominated Board member responsible for countering fraud, bribery, and corruption, in the NHSBSA.

The CFM reports directly to and provides strategic support to the Executive Director of FCE. This includes delivery of this Fraud, Error, and Loss Strategy, NHSBSA LFP Workplan and NHSBSA Fraud, Error and Loss Operational Control Framework.

The CFM reports at least twice per year to the NHSBSA Audit and Risk Committee (ARC) on fraud, bribery, corruption, and loss activities.

The CFM reports quarterly to the NHSBSA Leadership Team (LT) escalating fraud, error, loss risks and providing updates on proactive and reactive work being completed across the organisation and in collaboration with external stakeholders.

The Head of Financial Management, Reporting and Control Chairs the quarterly NHSBSA Fraud, Error and Loss Operational Control Group comprising Heads of Service and Leadership Team direct reports. This group provides governance and oversight for all counter fraud, error, and loss activities within the NHSBSA and is responsible for agreeing and monitoring the NHSBSA Loss and Fraud Control Framework.

This group will ensure we:

- Develop measures and mitigate fraud, error, and loss risks.
- Explore and where appropriate deploy emerging technology.
- Develop and monitor the Loss and Fraud Operational Control Framework by identifying services vulnerabilities with members of the Group accountable for delivery of the components that correspond to their business area.

NHSBSA have their own Risk Management Framework which sets out the overarching approach of the NHSBSA to managing its strategic, operational, programme and project risk, this is the most effective route to report risk within the business up to Board level. Each service in the NHSBSA is responsible for maintaining their own Service Area Risk Register (SARR) which is held in the Microsoft Teams app. The Risk Management Group is responsible for collating the risks and issues from across the business and escalating to LT, it is also a forum for sharing information, best practice and enabling subject matter experts the platform to share “deep dive” explanation of corporate risks; what the impact is to the NHSBSA and what mitigation

is in place. The CFM is a member of this group and the Lead Fraud Specialists and Fraud Specialists within the NHSBSA LFP Team deliver annual awareness sessions on fraud, bribery, and corruption to members of this group to help them identify risks for their SARR.

The group represents the interests and views of all business areas in developing and maintaining a corporate approach to risk management. The group supports and advises the Leadership Team (and thereafter the ARC) on the implementation and monitoring of the NHSBSA’s Risk Management Framework.

NHSBSA will be assessed against the PSFA Continuous Improvement Framework (GovS: 013) and continue to be audited by the NHSBSA Internal Auditors, Government Internal Audit Agency (GIAA) on all fraud, bribery, and corruption activities.

NHSBSA have a benefits management framework to embed consistency in the identification, valuation, and appraisal of benefits, including from the detection and prevention of fraud, error and loss. Providing governance for the reporting and integrity of calculated data, captured in a single source of truth.

This strategy will be published on the NHSBSA website. Progress will be monitored by the Executive Director of Finance, Commercial and Estates with the CFM providing six monthly updates to the NHSBSA LT and ARC.

The NHSBSA is a member of the DHSC CFB, NHSCFA Control Strategy and Strategic Task Group, and NHS Enterprise FRA Group. NHSBSA FRAs, prevention methodologies and fraud, error and loss figures will be shared with these groups to ensure we are contributing to the NHSCFA NHS Counter Fraud Action Plan and PSFA mandate.



NHSBSA have their own Risk Management Framework which sets out the overarching approach of the NHSBSA to managing its strategic, operational, programme and project risk, this is the most effective route to report risk within the business up to Board level.”

Annex A – Agencies NHSBSA collaborate with

Public Sector Fraud Authority (PSFA)

The PSFA is the UK government’s Centre of Expertise for the management of fraud (and associated error) against the public sector, they were created to transform the way the government manages fraud. The PSFA purpose is to work with departments and public bodies to better understand and reduce the impact of fraud against the public sector. This includes providing greater focus on performance and outcomes and increase the depth and breadth of support.

DHSC Anti-Fraud Unit (AFU)

DHSC AFU Team are responsible for investigating fraud, bribery, and corruption in DHSC, some of their ALBs and possibly companies owned by the Secretary of State for Health and Social Care, where the health service is not affected. They undertake a range of proactive work such as embedding fraud prevention controls into DHSC policy and promotes awareness of fraud risks across the health group.

DHSC AFU also has representation at the Government Counter Fraud Function and is on the board of the Government Counter Fraud Profession. They engage with PSFA and other government departments at a strategic level to prevent and

deter fraud. DHSC AFU is the departmental sponsor team for NHSCFA. NHSBSA engage with DHSC AFU on new and existing policies and share FRAs for services we are commissioned to deliver by DHSC.

NHS Counter Fraud Authority (CFA)

NHSCFA are a Special Health Authority tasked to ‘lead the fight against fraud affecting the NHS and wider health services’. They are an intelligence led organisation using data to understand the fraud risks faced by the NHS and responsible for ‘developing creative, innovative and proportionate solutions to tackle fraud’. They have a statutory requirement to produce an SIA every year on behalf of the DHSC.

The SIA assesses the fraud threats, vulnerabilities, and enablers in 11 different areas as defined by the NHSCFA. The aims of the SIA are;

- Assess the fraud threats, vulnerabilities, and enablers (TVE) present in different areas.
- Assist with strategic prioritisation and decision-making.
- Support strategic business planning and the allocation of resources.
- Inform the development of long-term strategy.

NHS England (NHSE) Counter Fraud Team

NHSE has an Economic Crime Strategy in place which articulates its approach in relation to fraud, bribery, and corruption. This is from a proactive and reactive perspective; a key objective of this strategy is collaboration with key partners such as NHSBSA and NHSCFA.

NHSE investigate the majority of primary care cases but not all as NHSCFA may investigate those that:

- Have been reported to NHSCFA via the FCRL.
- NHSE have referred to them e.g. to use NHS Act 2006 powers etc.

Annex B – Groups NHSBSA collaborate with

DHSC Counter Fraud Board

The DHSC CFB brings together key partners across the NHS ensuring pace and co-ordination in delivery of the counter fraud agenda. They ensure a collaborative approach to drive forward the DHSC Counter Fraud Strategy. DHSC CFB is made up of senior representatives from NHSE, NHSBSA, NHSCFA, UKHSA and PSFA, and chaired by the DHSC Finance Capital Director. Each of these representatives has accountability for counter fraud activity and authority to make decisions where appropriate on behalf of their organisations.

DHSC Counter Fraud Liaison Group

Chaired by DHSC AFU, this group meets quarterly bringing together counter fraud leads from each of the DHSC’s ALBs and a representative from the companies owned by the Secretary of State for Health and Social Care and representation from PSFA. The group provides a forum to support each other, share best practice, including approaches to countering fraud activities and fraud risks that may impact other organisations.

Community of Practice

The PSFA have created a network of fraud champions, now called Community of Practice who meet quarterly to discuss and share key updates, key information on standards and guidance, and sharing information as well as best practice examples on countering fraud across departments and public sector organisations.

NHS Counter fraud Managers

The Group exists to promote best professional practice in Counter Fraud management of fraud, bribery, and corruption risk across the NHS by combining the skills, knowledge and experience of its members and by engaging collaboratively with other organisations. The Group is made up of representative membership from NHS and other not-for profit organisations, that have responsibility for the provision of Counter Fraud services and the line management of Local Counter Fraud Specialists (LCFSs), in England and Wales.

Annex C – NHSBSA Counter Fraud Strategic Goals

Vision	To protect our NHS by influencing change to remove the opportunity for fraud, error, and loss by working collaboratively with Counter Fraud colleagues across government. We will create improvements across the health and care system delivering taxpayer value and ensuring ownership across the NHSBSA for fraud, bribery, corruption, error and loss.					
Goal	Our process are data driven and enhanced by technical solutions.	The LFP team is trusted and relied upon to assess risk on all new and existing service offerings.	Our people understand how fraud can be present within their service and know what they need to do about it.	Colleagues, service users, sponsor and commissioners understand the consequences of fraudulent activity and are held to account, understand the consequences of fraudulent activity and held to account.	Across the NHS fraud, error and loss is reduced.	NHSBSA is compliant with the Government Functional Standards for Counter Fraud (GovS: 013).
KPIs	1. Increase in the number of services that have been reviewed to assess feasibility of using data science. 2. Increase in the conversion rate of risks that are treated on the back of an initiative from the data science review.	Increase the % of Fraud Governance that takes place across the NHSBSA LPT to 100% by the end of the three-year strategy (31 March 2027).	1. Increase in the quality % of referrals received by the LPT to 98% by the end of the three-year strategy (31 March 2027). 2. Increase the documented conversion rate of "T-status", from Treat to Tolerate/ Terminate.	1. Volume of repeat offenders (10 or more PCNs) removed from the system (PECS). 2. Increase in the % of accepted referrals that lead to sanctions being issued NHSBSA LFP Team to 98% by the end of the three-year strategy (31 March 2027).	1. Increase in the number of fraud prevention methodologies approved by the Public Sector Fraud Authority. 2. Increase in the number of loss prevention methodologies implemented within the NHSBSA. 3. Increase the value of loss and fraud prevention through the implementation of controls.	Count of standards achieving compliance. Please note - due to the introduction of the Continuous Improvement Framework (CIF) and the process for assessment against GoVS: 013 this measure will be revisited in July 24.
Performance Measures	a) Increase in services with complete fraud risk assessments until all completed then only new services. b) Volume of risks identified as an opportunity by DALL. c) Agreed opportunities to take forward. d) Delivery of improvement initiatives (service).	a) Increase the % of GDS Alpha and Beta assessments completed with a fraud assessment. b) Decrease the amount of GDS live assessments completed with their first fraud assessment. c) Increase the % of Due Dilligence reviews completed with a fraud assessment. d) Increase the % of PMO Projects completed with a fraud assessment.	a) Increase in the quality of internal referrals received from NHSBSA team members. b) Decrease in the rejection rate of internal referrals received from NHSBSA team members. c) Track the volume of referrals and the rejection rate received from members of the public. d) Track the volume of referrals and the rejection rate received from NHSCFA. e) Percentage contribution and count of risks in categories New/Treat/Tolerate/ Terminate (ensure progression and movement overtime).	a) Volume of repeat offenders (10 or more PCNs) removed at Proactive Stage. b) Volume of repeat offenders (10 or more PCNs) removed at Reactive Stage. c) Number of sanctions (by type) obtained - NHS LFP Team.	a) Value of fraud measured within the NHSBSA. b) Value of loss detached across the NHSBSA. c) Increase the documented conversion rate of "T-status", from Treat to Tolerate / Terminate within Service Risk Assessments. d) Increase in the number of detection activities on the control framework.	
Principles	We will work collaboratively, sharing knowledge and supporting teams to understand fraud. We will advocate for fraud prevention, influencing change where possible. We will develop a culture of learning, using the insight and data that we have available to us.					

2024
2027



We deliver business service excellence to the NHS to help people live longer, healthier lives.



Fraud, Error, and Loss Strategy 2024-2027

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