

Committee(s): Police Economic Crime Board	Date(s): 13 th June 2012
Subject: National Fraud Intelligence Bureau (NFIB)	Public
Report of: Commissioner of Police POL 38/12	For Information

Summary

In 2006 the Government commissioned the National Fraud Review. The main outcome of this Review was for a new tripartite approach to be taken to combating Fraud with the formation of the National Fraud Authority (NFA); Lead Force for Fraud status for the City of London Police and the creation of a National Fraud Reporting Centre (now Action Fraud) and the National Fraud Intelligence Bureau (NFIB).

The main purpose of the NFIB is to collect, evaluate and analyse intelligence for the UK counter fraud community, thereby enhancing the response particularly to organised crime groups. The NFIB relies upon data from a number of stakeholders who have been engaged in the development of the Bureau and its processes.

The initiative has been funded from various sources including Home Office and National Cyber Security Programme (NCSP) grants, as well as resources being provided by the Force.

Impacts of having the bureau as seen in the last quarter of 2011/12 included: analysing large numbers of e-mails relating to phishing and malware reports, resulting in disruption to criminal activity; closing fraudulent websites and dismantling telephone platforms being used for fraudulent purposes.

Developments and projects in 2012-13 include: ensuring the Force and the NFIB is positioned well in the development of the National Crime Agency; defining the NFIB role as the national thematic unit for Fraud related Organised Crime Groups (OCGs); National roll out of 'Action Fraud'; development of the Identity Assurance Programme which will provide a greater understanding of the threat from false and fraudulent identities and finally, developing a national tasking and coordination function.

Recommendations

That Members receive this report and note its contents.

Main Report

Background

1. In 2006 the Government commissioned a National Fraud Review to assess the impact and scale of fraudulent activity across the UK. The review recognised that attempts to tackle fraud were being undermined by a fragmented approach to reporting, recording and analysing fraud information and intelligence data. This was tied to the lack of a central repository for reports of fraud, leading to a new tripartite approach to combating fraud:
 - The formation of the **National Fraud Authority (NFA)**, an umbrella government organisation to co-ordinate and oversee the fight against fraud across counter fraud agencies;
 - The **City of London Police** was named the National Lead Force for fraud investigation across the UK; and
 - The creation of the National Fraud Reporting Centre (now branded as **Action Fraud**¹) and **the National Fraud Intelligence Bureau (NFIB)**.
2. The NFIB commenced as project phase in 2008 and became operational in June 2010.

Current Functions

3. Millions of fraud reports are now being transferred to the NFIB ‘hub’ daily. Frauds identified as having viable leads are passed to police forces or other law enforcement agencies for action.
4. The NFIB also uses the mass data to create a richer picture of the nature of fraud offending across the UK, analysing offender, victim and location trends. This enables closer partnership working and more targeted prevention activity for police and industry. Outputs from the NFIB have a local to global range.

¹ Action Fraud is run by the NFA to provide direct online and telephone fraud reporting for members of the public and small businesses to report cases of fraud, and to receive support and fraud prevention advice without having to report to a Police station. Victims can speak to a trained advisor or use an online web-reporting tool to record their crime. Those who report a fraud requiring an immediate response will be referred directly to the police force or other most appropriate organisation.

The purpose of the NFIB is to:

- Make effective use of intelligence from fraud victims across the UK (be they individuals, businesses or the public purse) – exploiting such information to help; alert, educate and protect; find new and effective ways to engineer out the threat from fraud; and positively influence the UK’s limited enforcement resources to tackle fraud crime;
 - Harvest, process and analyse fraud data to provide actionable intelligence to the UK counter fraud community, promoting a better understanding of fraud, including themes and trends in order to inform more focussed, collaborative prevention and disruption;
 - Develop and allocate crime packages to facilitate local, regional and national police functions and other law enforcement agencies’ investigations into the most harmful instances of fraud-linked criminal activity; and
 - Achieve an improved and effective response to organised fraudsters by adding value to the knowledge and understanding of organised crime groups directly and indirectly related to fraud crime through its connectivity with the Organised Crime Co-ordination Centre (OCCC).
5. To achieve its purpose, the NFIB has drawn together ‘Action Fraud’ data² as well as partner agencies confirmed fraud data (including organisations across the banking sector, insurance sector and telecommunications) in order to share information by placing it within the NFIB data warehouse, where it can be effectively analysed to distribute meaningful prevention, intelligence, awareness and enforcement outputs.
6. Major data providers to the NFIB currently include the Office of Fair Trading, CIFAS³, UK Payments, Vodafone, Royal Mail, NHS Protect, Land Registry, Companies House and Hill Dickinson. There are also many other providers of data to lesser volumes but equally as rich in value. The Data providers make up the key stakeholders in the NFIB and are subject to Information Sharing Agreements (ISA’s).
7. Some key stakeholders have invested further in the NFIB by seconding staff to assist in the wider strategic objectives such as the Serious Organised Crime Agency (SOCA), UK Payments, CIFAS, Land Registry, Charity Commission, Telecoms industry (TUFF) and the British Records Music Industry.

² National central fraud reporting function

³ The UK’s Fraud Prevention Service

8. To deliver continuous improvement, the NFIB has a data provider programme focusing on improving the quality and volume of data to maximise the delivery of its outputs. New relationships are being developed with the Airline Industry, Finance and Leasing Association and the National Anti-Fraud Network to ingest their data into NFIB for this purpose.

Funding arrangements

9. The NFIB is funded from:
 - A Home Office grant - £2.4m per year (FY 2012/13).
 - A National Cyber Security Programme grant- £440,000 per year (FY 2012/13).
 - The City of London Police (CoLP) - £665,000 per year (FY 2012/13) to fund police officers/staff.
10. In addition, the national roll-out of ‘Action Fraud’ reporting across all ACPO Forces requires a substantial NFIB resource increase in 2012-13 onwards to ensure the NFIB can effectively respond to increased demand. In light of this, a business case was made to the National Cyber Security Programme (NCSP) that has resulted in an increase in budget from £440,000, detailed above, to £2.02m for the FY2012/13.

Current activity

11. The NFIB is a key pillar of the wider Economic Crime Directorate Lead Force Strategy programme led by Commander Dyson.
12. Examples of the NFIB’s impact and reach in the last quarter of 2011-12 include:
 - Reaching 95% of all ACPO Forces with crime packages for investigation, totalling 1,066 viable lead packages;
 - Analysing 19,653 emails from national financially motivated phishing and malware reports signposting 3,224 for disruption;
 - Closing 92 fraudulent websites and 10 rogue Foreign Exchange accounts;
 - Dismantling 601 telephone platforms used for fraudulent purposes; and

- Disseminating 72 assessed intelligence products with prevention recommendations (includes Intelligence alerts as well as Tactical and Strategic products).
13. The first month of the new financial year has already witnessed improvement, for example, the dissemination of prevention alerts has increased significantly with 95 distributed in April across the counter fraud community. This is largely down to a newly implemented change programme across the NFIB structure.

Developments through 2012-13

14. **National Crime Agency (NCA) build** – The NFIB is a key contributor to the Economic Crime Intelligence Group (ECIG) and Economic Crime Operations Group (ECOG) which have been set up under the Economic Crime Coordination Board (ECCB) chaired by the new NCA Director General Keith Bristow as pre-cursors to aid in the delivery of the Economic Crime Command (ECC) as part of the NCA. As well as assisting to coordinate multi agency intelligence assessments as part of the groups, the NFIB are leading in the production of an all agency ‘Economic Crime Strategic assessment’, to inform the Control Strategy priority setting of the ECC.
15. In addition, the NFIB have placed two members of staff within the Home Office NCA intelligence hub build team, with a focus on assisting to develop and influence the Economic Crime Command structure and its component parts.
16. **National Organised Crime Group Mapping (OCGM)** - The NFIB is currently working with the Organised Crime Coordination Centre (OCCC)⁴, defining its role as the National thematic unit for knowledge build of all mapped fraud related OCG’s⁵; aiding the development of partner counter fraud agencies to identify and map fraud OCG’s; and proactively identify new OCG’s from emerging intelligence. There are currently 1216 mapped OCG’s involved in fraud crime across the UK.

⁴ The proposed multi-agency Organised Crime Co-ordination Centre (OCCC) will interrogate and develop the picture of organised crime, not only from the perspective of who is active in a particular force area and police region but also those who are impacting on that area from elsewhere in the UK and from overseas. The OCCC will co-ordinate the multi-agency approach in responding to serious and organised crime.

⁵ Organised Crime Groups (OCG’s) are those individuals that work with others, in continuing serious criminal activities for substantial profit, whether based in the UK or elsewhere.

17. **National roll-out of ‘Action Fraud’**⁶ – is a key delivery priority for the NFIB in 2012-13 working in partnership with the National Fraud authority. Effective delivery of all individual ACPO Police forces being able to report their Fraud crime reports to a central hub for reporting and recording will mean that by April 2013, the NFIB will hold all reports of fraud crime Nationally, to analyse and develop further. A pilot with five police forces including the CoLP has been completed in preparation for the national launch across all forces. A steering group, chaired by Commander Dyson governs the roll out program.
18. **Cyber growth** – A successful business case bid in March 2012, achieved £2million of new investment from the NCSP to support expansion of the NFIB to meet the future increased demand the roll-out of ‘Action Fraud’ will bring, as well as the extended remit of the NFIB to accept (via ‘Action Fraud’) all reports of financially motivated cyber crime. To that end, a recruitment program is under way to employ 31 new Police staff in a mixture of analytical and research support roles.
19. **Identity Assurance Programme** - The NFIB is currently leading on a project aimed at providing a greater understanding of the threat from false and fraudulent identities, whilst creating prevention and enforcement opportunities to tackle those profiting from criminal impersonation by data match proof of concept. This is a partnership approach with the Metropolitan Police and Home Office Identity Assurance team and will also contribute to the Home Office Identity Assurance Programme objectives of facilitating safer online application transactions with wider government agencies such as Department of Work and Pensions (DWP), DVLA and Passport services. The project is in phase one of three and funded by Government Digital Services on successful delivery of each phase.
20. **NFIB National Coordination / Tasking** - Counter fraud and law enforcement agencies have been brought together for the first time by the NFIB creating a national tasking meeting to develop inter regional relationships in respect of coordinating fraud crime tasking through NFIB as the central hub. The ten ACPO Regional Operational Command Units (ROCU), SOCA, Serious Fraud Office (SFO), Financial Service Authority (FSA) and HM Revenue and Customs now meet quarterly to

⁶ Action Fraud has currently been rolled-out to 6 out of 43 police forces across England and Wales but will be nationally completed by March 2013. The national roll-out of Action Fraud will see the NFIB grow by 60% and create a central mechanism for all UK police forces to report fraud and receive analysed and assessed intelligence products to inform their response

share intelligence and identify new forms of fraud disruption and prevention opportunities. A network of regional points of contact, made up of NFIB staff, ensure strong relationships are maintained with the regional community. This mechanism will feed into the wider roll out of the national response to fraud crime – which forms a separate report for your Committee.

21. **New Sector Partners** – developing new partnerships across the public, private and 3rd sector organisations is pivotal in enabling the NFIB to develop a richer data set in order to drive forward an increased range of strategic and tactical intelligence products. Some recent examples include the sharing of intelligence with the British Records Music Industry, Travel Industry and Intellectual Property Office as means of identifying early prevention, disruption and enforcement opportunities.
22. **Advance in Technology** – as part of the NFIB Change programme, a development/upgrade of the NFIB information technology is being progressed with a focus on enabling future system connectivity with the Police National Database (PND) to facilitate faster time intelligence sharing of organised crime, cyber and fraud information to the counter fraud enforcement community with a target delivery, 31st December 2012.
23. **Extending NFIB reach** - by April 2012 the NFIB will extend its reach to the ACPO regions under the National response to fraud programme by placement of Home Office funded Regional Intelligence Officers (RIO's) in each of 10 regions. Their initial strategic objectives being;
 - To provide a holistic and informed profile of the fraud crime demand within the region, inclusive of victim profile and crime typology to assist on the delivery of National priority setting and case acceptance criteria for local, regional and National levels of investigation
 - In accordance with the above, produce a regional threat assessment of the levels of organised crime groups both directly and indirectly involved in fraud crime affecting the region. Mapped By way of profiling their intent and capability against criminality.
 - Produce a regional prevention strategy inclusive of compendium of alternate disruption options (other than traditional enforcement) linked to the strategic priorities of the NFIB for effective use by Regional Fraud Teams.

Conclusion

24. The NFIB continuous improvement and development programme is progressing well in enhancing the Lead Force reputation and in support of the Bureau meeting the national challenges ahead.
25. In support of the Lead Force programme strategy the NFIB is making significant progress to be ready for the increased national responsibility ahead. Enhanced capability to receive and process high volumes of fraud information/intelligence from many diverse partners will support the counter fraud community locally, regionally, nationally and in the future internationally. The future national landscape for economic crime is under development and to an extent uncertain, however the NFIB is actively participating in and influencing the programme driving this change.
26. Members may wish to note that the core NFIB grant funding has reduced by 5%, although new investment from the NCSP for the FY2012/13 represents an overall budget increase of 54%. No decision has a yet been reached on what the funding envelope will be for the future from FY2013/14 due to HM Governments CSR period constraints.
27. The NFIB is increasing in capability, governed by the internal change program delivery and 'Lean thinking' in respect of eliminating wasteful practice and continuous improvement culture amongst staff. The ability to deliver faster time disruption and supporting national prevention strategy will also further establish the central role of the NFIB to further reduce harm caused by fraud in local communities across the UK.

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