**Supplementary written evidence from the City of London Police and
The National Economic Crime Centre (COR0186)**

Introduction

1.   In its evidence session with Commander Karen Baxter and Graeme Biggar on 3 June 2020, the Committee asked for further information on current and planned reforms to increase the percentage of judicial outcomes achieved against crime reports, and how disseminations from the National Fraud Intelligence Bureau (NFIB) to forces are being monitored.

2.   This memorandum responds primarily to those requests but also provides a summary of other activity currently underway in this area.

Judicial Outcomes

3.   The Committee noted there has been a decrease in the percentage of crime reports resulting in judicial outcomes[1] from 3% in 2017/18 to 2% in 2019/20.

	2016/17	2017/18	2018/19	2019/20
Crime reports to Action Fraud	280,706	294,984	314,403	326,554
Judicial outcomes	8,105	9,476	7,417	7,207
% of judicial outcomes against just AF reports	2.8%	3.2%	2.4%	2.2%

4.   The reduction in the percentage of judicial outcomes is influenced both by an increase in the number of crime reports, and a reduction in the number of outcomes. It is disappointing this rate, which was already low, has further decreased over the last 2 years. Resourcing for fraud continues to compete with other crime priorities, including a rise in violent crime. It is estimated by the Home Office that fraud accounts for just 1% of policing budgets.

5.   It is important to note, however, that a judicial outcome is not the only way in which a case may be resolved. There may be other positive outcomes that result from crime reports. Not all Action Fraud reports result in a dissemination to policing for investigation, other action is taken to support victims and disrupt offending. In 2019/20:
     - Over 2,000 vulnerable victims were identified and referred to forces for immediate protect support
     - Over 9,000 reports were used to request suspension of websites, email and telephone accounts being used to commit fraud so further victimisation could be prevented
     - Nearly 2,000 reports provided opportunity to stop victim monies from being moved out of criminal accounts (over £2.7m was confirmed by banks as repatriated to victims as a result)
     - Over 17,000 reports were developed for intelligence, and shared with a wide range of law enforcement and other agencies

6.   While preventing victimisation by reducing the number of frauds remains the best way to protect the public, pursue continues to be an essential part of the policing response. The following steps have been taken to improve this.

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[1] Home Office Counting Rules Recorded Outcomes 1-4, 6 and 8

<u>A national strategic tasking for fraud to mobilise a whole system response to priority high harm threats</u>

7. In December 2019, a "voluntary tasking" as defined in Section 5(1) of the Crime and Courts Act 2013 (CCA), was submitted to National Strategic Tasking Group. It was only the fourth tasking issued by the National Crime Agency. The tasking was a joint submission from the Director General of the National Economic Crime Centre (hosted by the National Crime Agency) and City of London Police. It secured commitment from policing and other law enforcement partners to resource and support four intensification campaigns against fraud threats affecting vulnerable people during 2020. It also secured commitment to action up to 5 intelligence packages a month, referred by the National Economic Crime Centre.

<u>Tactical coordination of cross-force policing operations</u>

8. The first threat selected for intensification was courier fraud (Operation Radium), led by City of London Police. Courier fraud is one of the frauds that has the greatest impact against individuals with the potential to cause physical, financial and psychological harm. Victims are vulnerable and elderly, the majority female and over 80. Coordination included:
    *   centrally managed intelligence and coordination function
    *   coordinated operational activity across multiple forces to target offenders including an intensification period between 13 - 31 Jan 2020
    *   raised public awareness through a media campaign and dissemination of a courier fraud guidance document
    *   developed a good practice protocol adopted by first responders in forces to ensure vulnerable victims are identified and supported
    *   coordinated a historic review of courier fraud cold cases

9. Since the implementation of the campaign in late January, there has been an uplift in operational activity against this fraud type including:
    *   69 offenders arrested and 17 charged to date
    *   over £1m in victim losses restrained
    *   the seizure of a large number of bank cards, 4 fraudulently obtained passports, cash, jewellery and other information, including scripts to follow when contacting victims
    *   the return to custody of an offender who absconded from prison in April 2019 where he was serving time for a courier fraud offence
    *   135 suspect links have been established and fed back into nationwide investigations
    *   642 entities linked to courier fraud investigations have been added to a national offender database and suspected links to drug trafficking and county lines identified
    *   69 new CCTV images of offenders have been circulated resulting in 14 positive identifications of suspects

10. This model of coordination was applied to operational activity linked to Covid-19 fraud, under the National Economic Crime Centre's Operation Etherin. Two further campaigns will be delivered this calendar year against high harm frauds (investment fraud and romance fraud). City of London Police is investing in the establishment of an operations room capability that will facilitate coordination across policing as part of these national campaigns, and monitor and support the policing response to high priority disseminations. This will continue to drive operational activity against priority threats.

Improvements to Outcome Reporting and Monitoring

11. Historically, City of London Police has not been able directly to match dissemination and outcome data. Over the last year, City of London Police and forces have been implementing new processes to improve outcome reporting compliance and to allow for direct matching

between disseminations and outcomes. This direct matching between disseminations and outcomes provides the level of detail required to support performance management and accountability by senior police leaders, and police and crime commissioners.

12. A suite of reports has been developed to improve access to this data. The reports allow for local, most similar group and national performance comparisons to be made. They also give the user the ability to interrogate single reports of crime.

13. These provide an overview of how many reports have been disseminated, what outcomes have been achieved against those disseminations, how many are still outstanding and the length of time since disseminations.

14. For example, the national picture for 2019/20 shows that of 28,055 reports disseminated to police forces[2] for pursue:
    - 605[3] were closed following a judicial outcome eg charge / summons / caution / community resolution etc
    - 8,519 were closed due to evidential difficulties / filed subject to further information or recorded as no further action under Home Office Counting Rules because they were charged with a non-fraud offence eg money laundering
    - 18,931 are still open / undergoing investigation

15. These reports will enable Chief Constables and Police and Crime Commissioners to take a more proactive role in monitoring take up and outcome of disseminations. City of London Police will also take a more proactive role in monitoring investigative take up of high priority disseminations in the future.

5 Point Plan for a Step Change in the Fraud Response

16. The National Economic Crime Centre set out in the evidence session the overarching five-point plan to enable a step change in our response to fraud:

    (i) Clearer **governance and leadership** at the political and policy level from the Home Office, and operational level from the National Economic Crime Centre, to pull together what has been a disparate counter-fraud community

    (ii) A stronger, top down, data driven **intelligence capability** to augment victim reports from Action Fraud, drawing on Suspicious Activity Reports, on bank data, on covert collection, supported by the NCA's new National Data Exploitation Capability, creating a single picture of the threat and enabling targeting of the criminal groups behind it and informing the protect and pursue strategies

    (iii) A **protect strategy** that recognises we need to design not pursue our way out of fraud, developing plans with the financial, retail, insurance, telco and social media sectors, and that a substantial and sustained communications campaign that helps the public avoid becoming victims. This should reduce the number of frauds.

    (iv) A **pursue** approach, targeted using the stronger intelligence picture on the groups or individuals driving the most and most harmful fraud, with new fraud / digital crime units, nationally coordinated, regionally based and sitting alongside the cyber crime teams (recognising the very significant overlap in crime and skills). This builds on the

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[2] Police forces of England & Wales, PSNI, Police Scotland, Regional Organised Crime Units, British Transport Police and police forces in Guernsey, Isle of Man and Jersey

[3] This is the number of outcomes linked to reports disseminated in 2019/20. The total outcomes reported in 2019/20 was 7,207. The balance (6,602) relates to outcomes for reports disseminated in previous years resulting from fraud investigations starting and concluding across different years.

proposals for a national fraud network set out in the October 2019 National Fraud Policing Strategy. This should increase the proportion of frauds successfully investigated.

(v) An improved **Action Fraud and victim support** system that is more effective and better at reducing repeat victimisation.

Improvements to Governance

17. New governance structures have been agreed and are currently being implemented. As the senior responsible officer for the national response to fraud, this is led by a multi-agency strategic board chaired by the Director General of the National Economic Crime Centre This board reports into economic crime governance led by the Home Office and Treasury.

18. Policing governance is led and coordinated jointly by City of London Police and Regional Organised Crime Units and feeds into National Economic Crime Centre board. These structures provide a forum for local, regional and national coordination and oversight of performance.

Information Sharing Between the Public and Private Sectors

19. City of London Police has partnered with UK Finance and its members to reduce authorised push payment (APP) fraud. A proof of concept has been completed. This involved sharing two months of suspect account data collected through Action Fraud reports with TSB and Santander. The banks independently matched those suspect accounts to three months of their customers' payment activity. Having eliminated false positives the proofs of concept identified that sharing this data, could have enabled an intervention in 30,000 transactions with a total value of £59m.

20. Next steps are to build a wider picture of the potential cashable and social benefits through proof of concepts with other banks, and to develop a full business case with UK Finance for aggregating data on APP fraud.

21. In February 2020, work also commenced in the National Economic Crime Centre on a real-time data sharing capability enabling the public and private sectors to work together to:
    - identify and intercept dispersal of illicit funds before they dissipate to stop criminals benefitting from the proceeds of crime and return funds to victims
    - develop and share real-time insight on economic crime to design out vulnerabilities as they emerge and mitigate new risks before they become systemic
    - proactively identify and disrupt economic crime that would have otherwise been undetected.

22. With the onset of the Covid-19 crisis this work was tailored to respond to the new threat. A virtual group – the Otello Covid fusion cell – is now in place, meeting weekly and exchanging information on a range of fraud threats to inform pursue and protect activity.

Proposals for Further Improvement

23. A National Fraud Policing Strategy was approved by NPCC in October 2019. It included an ambition to create a nationally tasked and coordinated network of fraud investigators and protect officers across policing. We are working closely with Home Office colleagues to build an investment case for a comprehensive package of measures to improve the fraud response for the spending review. This would provide a significant increase in investigative capacity and result in increased outcomes.

24. There are a number of additional opportunities to improve recording of judicial outcomes and improve the efficiency of investigations that require wider reform.

Mandate non-police agencies to report outcomes against National Fraud Intelligence Bureau (NFIB) disseminations

25. It is worth noting that nearly 3% of disseminations are sent to agencies that are not obliged to report on outcomes (eg Trading Standards, National Crime Agency). Mandatory reporting by these agencies would improve the recorded outcome rate against crime reports and provide clearer feedback for victims.

Amend Home Office Counting Rules to reflect other disruptions and money laundering charges

26. In circumstances where forces charge offenders with money laundering arising from NFIB disseminations, this is recorded as no further action against the fraud report. Given the intrinsic link between fraud and money laundering, Home Office Counting Rules should be revised to provide a more accurate reflection of judicial outcomes arising from fraud crime reports.

27. Reporting on disruption activity including cease and desist or other warnings commonly used to address fraud would also better demonstrate the breadth of activity being undertaken to address fraud.

Easy access to bank account information

28. Access to a decentralised bank account register and ability to use existing open banking technologies to enable digital production orders would support the timeliness of National Fraud Intelligence Bureau disseminations and collection of evidence.

Disclosure reform

29. The current disclosure system typically adds 6 months to a medium size investigation, and the resources involved cannot be devoted to other cases, reducing overall capacity. The 2015 rules that required the majority of disclosure to be completed pre-charge can mean significant resources are invested in completing disclosure for cases that never reach charge. Rules on disclosure require modernisation to take account of bulk data from digital media and reduce the burden on law enforcement resources.

Remote hearings

30. The large backlog in the criminal justice system has been exacerbated by Covid-19. In particular many confiscation hearings, which are essential to victims getting their monies back, are being postponed. Currently judges personally decide the extent of video viewing used in their courts, some using it significantly less than others. This is a missed opportunity.

31. Remote hearings should become the norm in enforcement, confiscation and other associated proceedings under the Proceeds of Crime Act. This includes restraint proceedings in Part 2 of POCA. This would allow justice to be done more quickly and, with new social distancing measures, is in keeping with current practices.

Use of suspended bank account funds (Suspected Criminal finances)

32. There are currently vast sums of suspected criminal money in suspended accounts across banking that could be used to deliver better outcomes for victims. Such funding cannot be returned directly to victims as they cannot be identified and nor will it become useable as a

dormant account. Changes in culture would enable the use of these criminal funds to be used against criminals (in terms of pursue) and in support of victims through provision of better support and protect services. There is already widespread support from the banking sector for this.

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