



NHS Scotland Counter Fraud Strategy 2026 - 2029

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Foreword

I am pleased to introduce the updated NHS Scotland Counter Fraud Strategy 2026-2029, which sets out the priorities and approach for strengthening the prevention and detection of fraud across NHS Scotland.

The people of Scotland rightly expect public funds to be protected, services to be delivered with integrity, and every available resource to be directed towards improving outcomes for patients and communities. As this Government sets out an ambitious vision for Scotland's future, safeguarding NHS resources has never been more important and we are committed to maintaining the highest standards of stewardship, accountability and value.

NHS Scotland continues to operate in a challenging environment, driven by an increasing demand for services, changing population health needs, financial challenges and workforce pressures. Against this backdrop, fraud, bribery and corruption present a serious and evolving threat. Fraud has a direct impact on the resources available to support patient care, staff wellbeing and service improvement, making effective counter fraud activity essential.

This strategy sets out a clear framework for how Counter Fraud Services, Health Boards and partners across the public sector will work together to strengthen Scotland's response to that challenge. It recognises that protecting public funds is not only about responding to fraud when it occurs, but also about building systems, cultures and services that are resilient to fraud from the outset.

Through enhanced intelligence and analytical capability, stronger partnership working across the whole system, and the embedding of good practice and lessons learned, we will improve our understanding of the risks and impacts of fraud, strengthen prevention, respond effectively to wrongdoing, and provide assurance that NHS Scotland's response to fraud and corruption is robust and effective.

An outcomes focused approach is also reflected in the creation of Public Services Delivery Scotland, an important step in Scotland's programme of public sector reform. As services continue to evolve, Counter Fraud Services is well placed within the new organisation to support wider public service reform and the transformation of health and care, ensuring that fraud prevention and assurance are embedded in the design and delivery of sustainable, high-quality public services.

Countering fraud is a collective responsibility. Through this Counter Fraud Strategy, we will continue to work with Health Boards and partners across the NHS and public sector whose work helps protect the integrity of our health service every day. Together, we will ensure a prevention first approach that protects public resources and ensures that investment is focused on frontline delivery and improved outcomes for the people of Scotland.

Angela Constance

Cabinet Secretary for Health and Care

Public Services Delivery Scotland

On 17 June 2025, the Scottish Government announced the publication of the Population Health Framework and the Health and Social Care Service Renewal Framework. As part of this framework NHS National Services Scotland (NSS) and NHS Education for Scotland (NES) would join to form a new organisation, and it was later agreed this organisation would be known as Public Services Delivery (PSD) Scotland.

As part of the creation of PSD Scotland, the National Health Service (Functions of the Common Services Agency) (Miscellaneous Amendments) (Scotland) Order 2026 was laid before Parliament on 23 January 2026 to enact the transfer of functions carried out by NES to the Common Services Agency on 1 April 2026. The Common Services Agency acts as the legal vehicle for PSD Scotland with the name NHS National Services Scotland (NSS) changing to Public Services Delivery (PSD) Scotland on 1 April 2026.

The Scottish Government's programme of reform will bring significant changes to the structure and delivery of public services, creating both new fraud risks and opportunities to strengthen prevention. As part of Public Services Delivery Scotland, CFS will use its specialist expertise, partnerships and developing analytical capability to influence the design of new services, promote consistent counter-fraud controls and support a coordinated response to emerging threats across NHS Scotland and, where agreed, the wider public sector.

Introduction

Fraud, bribery and corruption pose a persistent and evolving threat to the integrity, sustainability and reputation of NHS Scotland (NHSS). Every pound lost to fraud is a pound diverted away from patient care, staff wellbeing and service improvement. At a time when the NHS faces unprecedented financial, operational and workforce pressures, protecting public funds has never been more critical.

This strategy has been prepared by Public Services Delivery Scotland (PSD Scotland) Counter Fraud Services (CFS). PSD Scotland works at the heart of the health service supporting customers to deliver their services more efficiently and effectively. CFS works in partnership with teams across NHS Scotland and the Scottish public sector to provide a comprehensive service to reduce the risk of fraud.

CFS exists to help ensure that the resources entrusted to the health service are used for their intended purpose, providing a national, specialist counter fraud function that works in partnership with Health Boards, national bodies and wider public sector partners to prevent, detect and respond to fraud and corruption wherever it may occur. Our role is not only to investigate wrongdoing, but to anticipate fraud risk, help strengthen systems and support a culture in which fraud is actively deterred and promptly addressed.

This Counter Fraud Strategy for 2026–2029 sets out how CFS will support the Health Boards to meet that challenge over the coming strategic period. It reflects a clear understanding that fraud risk is increasing in both scale and sophistication, driven by digital transformation, complex supply chains, evolving criminal tactics and growing cyber enabled threats. The size and complexity of NHSS make it an attractive target for fraudsters, and this risk will continue to grow if it is not managed proactively.

The strategy recognises that effective counter fraud activity cannot rely solely on investigation and enforcement after losses have occurred. While robust investigation remains essential, prevention, intelligence, data analytics and strong system design offer the greatest opportunity to reduce harm and deliver efficiencies. This strategy therefore places a renewed emphasis on understanding fraud risk, embedding controls at the design stage of systems and programmes, and supporting Health Boards to build resilient, fraud aware organisations.

CFS will focus its resources on areas of highest risk and harm, informed by intelligence, data and evidence. Staff fraud, procurement, dental and pharmacy services are identified as strategic priority areas; however, this does not diminish our commitment to addressing fraud and corruption wherever it threatens NHSS. Flexibility, agility and strong partnerships will be critical as new risks emerge over the lifetime of the strategy.

Central to this approach are the four strategic pillars of **Understand, Prevent, Respond and Assure**. Together, they provide a coherent framework for delivering a mature, intelligence led and outcome focused counter fraud service. These pillars are underpinned by core principles: that fraud is an inevitable and ever-changing risk which must be actively managed; that finding fraud is a positive outcome; that no single intervention is sufficient; and that prevention offers the most effective and sustainable defence.

This strategy also recognises that counter fraud is not the responsibility of CFS alone. Success depends on strong leadership, clear accountability and active engagement across NHSS. Managers and senior leaders must consider fraud risk as an integral part of financial stewardship, governance and service planning, rather than as a separate or reactive concern. The Economic Crime and Corporate Transparency Act 2023 introduced a new corporate offence of ‘failing to prevent fraud’ which took effect in 2025. A health body can now be prosecuted for fraud committed by its employees or ‘associated persons’ against an external person or business. Understanding their organisation’s fraud risks and maintaining systems of governance and control are important elements of a defence, should a NHS health body be prosecuted.

Building trust with staff, encouraging reporting, and reinforcing ethical behaviour are essential components of this collective effort.

Over the period 2026–2029, CFS will continue to modernise its capabilities, investing in analytical tools, digital skills and data access to better identify threats and intervene earlier. We will strengthen collaboration with Health Boards, government, regulators and law enforcement partners to ensure intelligence is shared effectively and responses are coordinated. We will also place greater emphasis on measuring impact, demonstrating value and providing clear assurance to stakeholders and the public.

This strategy sets out a clear direction of travel: towards a more resilient NHSS, better equipped to protect its resources and uphold public trust. By working together and maintaining a relentless focus on prevention, intelligence and integrity, we can reduce fraud losses, strengthen governance and ensure that NHS resources are used for the benefit of patients and communities across Scotland.

Looking ahead, as Head of Counter Fraud Services, I believe the establishment of PSD Scotland presents a significant opportunity to enhance the impact, reach and value of counter fraud activity across NHS Scotland and the wider public sector. Being part of PSD Scotland positions CFS at the centre of a broader, integrated service delivery model that is uniquely placed to drive efficiencies, strengthen governance and enable a more coordinated approach to risk management.

This alignment creates clear benefits: improved access to shared data, analytical capability and digital infrastructure; stronger collaboration across organisational boundaries; and the ability to embed counter fraud principles at the design stage of national services and programmes. It also enhances our ability to provide consistent, high quality assurance to stakeholders, supporting Health Boards and public bodies to meet increasing regulatory and legislative expectations, including those arising from the Economic Crime and Corporate Transparency Act.

Through PSD Scotland, CFS is better equipped to operate as a strategic partner anticipating emerging threats, influencing system wide controls and delivering a more preventative, intelligence-led approach ultimately ensuring that public funds are safeguarded and directed to frontline services for the benefit of patients and communities across Scotland.

Gordon Young

Head of Counter Fraud Services

Current context, risks and challenges

Current fraud landscape

The fraud threat across the UK public sector continues to grow in scale, complexity and impact. The **Cross-Government Fraud Landscape Report** (February 2026) identifies a sustained upward trend in detected fraud. Between 2022 and 2024, detected fraud and error—excluding figures reported separately by DWP and HMRC—rose to **£1.7 billion**, representing a 3 per cent year-on-year increase specifically in detected fraud. The distinction between fraud and error in this reporting is based on the demonstrable intent of the individual or organisation involved.

The **Public Sector Fraud Authority** estimates that fraud costs the UK public sector between **0.5 and 5 per cent** of annual expenditure¹. Procurement, personnel and grants remain the most targeted areas, with rapidly evolving fraud methodologies exploiting emerging system vulnerabilities and operational pressures.

Fraud threat in the health sector

Within health, the **NHS Counter Fraud Authority** assesses that the NHS in England is vulnerable to **£1.346 billion** of fraud annually². The **Department of Health and Social Care** further reports **£184.7 million** in detected fraud during 2023/24. These figures reflect the increasing intensity and persistence of fraud threats facing health systems across the UK, including Scotland.

Financial pressures and organisational impact

Despite sustained and record levels of investment, **Audit Scotland** has concluded that **NHS Scotland remains financially unsustainable**, with several boards continuing to require brokerage loans to achieve year-end balance³. Fraud losses aggravate these pressures by diverting resources away from frontline services at a time when the health service is working to meet challenging performance targets and recover from the operational impact of the COVID-19 pandemic.

The scale and organisational complexity of the NHS create inherent vulnerabilities to fraud, underscoring the need for a **proactive, intelligence-led and adaptive counter fraud response** capable of anticipating change and responding decisively across systems and services. During this strategic period, as NHS Scotland reforms its structure, there is great opportunity to incorporate fraud-prevention when creating new systems and designing new delivery solutions for the health service.

¹ Public Sector Fraud Authority Annual Report 2023-2024 (HTML) - GOV.UK

² [Welcome to the NHS Counter Fraud Authority \(NHSCFA\) public website | NHS Fraud? See it. Stop it. Report it.](#)

³ [NHS in Scotland 2025: Finance and performance](#)

Scope of this strategy

This strategy focuses specifically on the NHS component of the wider **£22.5 billion** health and social care budget. The strategic risks identified—procurement, staff fraud, dental services and pharmacy—represent areas of heightened exposure to fraud and corruption. Counter fraud measures within these domains aim to protect public funds while ensuring continuity of safe and effective clinical care.

Consequences of inaction

Unchecked fraud undermines the delivery of efficient, effective and sustainable healthcare. It diverts critical resources from investment in new technologies, essential equipment and patient services, while eroding public confidence and the reputation of NHS organisations and their staff. Addressing fraud risk is therefore fundamental to protecting both the financial integrity of NHS Scotland and the quality of care delivered to the public. In their partnership agreement with CFS, Scotland's health bodies now commit to participate in the NHSS Counter Fraud Standard, which measures the effectiveness of their proactive and reactive capability to counter fraud and corruption.

Four strategic risks

A Strategic Assessment undertaken in 2025 reviewed all identified fraud and corruption risks across NHS Scotland. This assessment evaluated the severity, likelihood and potential organisational impact of each risk. Four areas emerged with consistently higher risk scores and will therefore form the strategic focus for the forthcoming three-year period:

- **Staff fraud**
- **Procurement**
- **Dental services**
- **Pharmacy services**

These areas require robust counter-fraud controls to ensure that risks are effectively managed and mitigated. While they represent the most significant current threats, NHS Scotland will continue to monitor fraud and corruption risks across all areas of the health service and resource interventions proportionately where risks are identified.

Four strategic pillars

Understand



Strategic objective

Understand how fraud, bribery and corruption impact the NHS.

Why it is important

You can't fight fraud and corruption unless you find and understand it. This requires a mindset that sees detecting fraud not as failure but as a success. Identifying fraud and corruption brings clarity and the opportunity to control, exposing fraud rather than let it remain hidden and unchecked.

End state 2029

- An enhanced intelligence and analytical service is central to prioritisation and resourcing decisions.
- There is effective communication across the health service, gathering intelligence, sharing threats and mitigation measures.
- Fraud risk is effectively assessed, measured and controlled in the four strategic priority areas.
- A data strategy for countering fraud has achieved enhanced access to NHS data systems.
- Analytical processes are operational, detection intervention is early, and fraud risks and vulnerabilities are fully understood.

Strategic actions

- Advanced data analytics and AI tools will be implemented to identify patterns and emerging threats.
- The fraud threat assessment will be regularly updated and Health Boards advised on prevention recommendations.
- Conduct detailed and thematic fraud risk assessments and loss measurement in the four strategic priority areas.
- Develop networks of risk owners with responsibility for the management of fraud in the four strategic risk areas.
- Create and implement a 'data strategy for countering fraud' in NHSS.

Prevent



Strategic objective

Ensure the NHS has the capacity and capability to proactively prevent fraud and corruption.

Why it is important

Preventing fraud and corruption is critical to manage this organisational risk. Identifying and controlling the enablers of fraud and corruption is more effective and cost-efficient than all other counter-fraud responses. Increasing fraud awareness with NHS employees both deters fraud and can increase its detection and reporting by colleagues.

End state 2029

- New and significant spend programmes are assessed for fraud risk in the design phase.
- Lessons learned from fraud incidents are routinely completed and shared with Health Boards.
- Deterrence campaigns are routine and measured for financial and other impacts.
- Risk, intelligence and investigation work generates actionable counter fraud recommendations that are implemented, to reduce opportunities for fraud.
- Employees can access up-to date guidance on a range of fraud risks. Fraud awareness training is available to all employees, increasing deterrence, vigilance and willingness to report fraud.
- Health Boards demonstrate their capability in countering fraud through the fraud 'Standard'.
- Fraud prevention is integrated into NHS culture and processes.

Strategic actions

- Promote Initial Fraud Impact Assessments (IFIAs) for significant spend programmes to embed fraud controls at the design stage of major programmes and systems.
- Standardise fraud prevention advice and recommendations.
- Health Boards support campaigns to deter fraud and measure changed behaviours for financial and other impacts.
- CFS to increase the quantity and quality of counter-fraud recommendations.
- Promote engagement in fraud awareness training and deliver focussed advice and guidance in our strategic priority areas.
- Monitor and review Health Boards' performance against the Standard to identify development opportunities.
- CFS counter-fraud guidance will recommend control measures that emphasise deterrence, prevention and detection.

Respond



Strategic objective

When fraud and corruption occur, the NHS has the capacity and capability to respond effectively.

Why it is important

Response measures need to be shaped by an understanding of the threat. Timely intelligence sharing enables appropriate defensive action. Trained enforcement resources are required to maximise the impact of disruption and investigations.

End state 2029

- Enhanced analytical capacity and capability to detect fraud.

- Detection controls are established and effectively managed in the strategic priority areas.
- The disruption of high-value losses is focused on decreasing fraud and error and improving financial efficiency.
- Criminal investigations are delivered effectively and efficiently, able to respond to the most serious fraud, bribery and corruption.
- Intelligence from a range of sources is effectively developed and the appropriate response is deployed.
- NHSS responds quickly and effectively to fraud threats.
- Investigations are intelligence led and deliver impactful outcomes.
- Enforcement actions deter future fraud and reinforce organisational integrity.
- Exploit data matching opportunities and enhance fraud reporting channels.
- Early interventions will be prioritised to stop further losses.
- Whether a type of fraud may impact another Health Board is assessed at the start of each CFS investigation, to share risk and control advice.
- Improve the effectiveness of intelligence sharing with public sector partners.
- Invest in systems that enable intelligence research to be delivered quickly and reliably. CFS will work with Health Boards to improve response times to information requests.
- Strengthen collaboration with law enforcement and regulatory bodies to improve threat assessment and response.
- Improve the communication of impactful fraud outcomes and celebrate each as a victory for NHSS integrity.

Strategic actions

- Develop and implement a digital strategy to increase analytical capability through specialist training and innovative digital tools.

Assure



Strategic objective

Assure key partners, stakeholders, service users and the public that the response to fraud and corruption in NHSS is robust.

Why it is important

The public expects Health Boards to manage fraud and corruption risks effectively. Where the risk of detection and sanction is low, fraud will increase. Our reported outcomes need to demonstrate the application of technical expertise, legislative and investigative powers and data-analytical tools to protect public funds. Measuring the achievements of our counter-fraud function and

activities against a national standard is central in achieving assurance.

End state 2029

- All components of the NHSS Counter Fraud Standard are achieved and subject to scrutiny at Health Board level.
- The return on investment (RoI) on counter fraud activities in NHSS is established and used to drive resource decisions.
- Stakeholders have confidence in NHSS's ability to manage fraud risks.
- Public trust is strengthened through transparency and accountability.
- The financial and other impacts of counter-fraud activities will, wherever possible, be measured and reported.

Strategic actions

- Encourage Health Boards to scrutinise their Fraud Standard Statement at the audit and risk committee and engage in peer reviews of components. CFS will provide additional guidance and undertake sample checks to identify both best practices and areas for improvement.
- Benchmark the return on investment performance across Health Boards to drive efficient and effective resourcing.
- CFS will undertake fraud risk assessments in procurement, employee fraud, primary care dental, and pharmacy, sample checking where possible to measure the extent of fraud.
- Develop more comprehensive measurement and reporting mechanisms for fraud loss, prevention and recovery outcomes.
- Provide a wide range of data and activity reporting to Health Boards and stakeholders evidencing the NHSS counter-fraud response.

Focus conventions

The following conventions will bring more specific focus to how we deliver our strategic aims.

Fraud and corruption control in design

Embedding fraud-controls at the design stage is a strategic priority. Proactive counter-fraud design is more effective and cost-efficient than a fix or remedy. It must be proportionate to the risk of financial loss, and reputational harm. CFS offers the Initial Fraud Impact Assessment for significant spend programmes. It helps to identify fraud risks and encourages controls to be designed into systems/processes.

Standardise

The consistent management of fraud is fundamental. Standardise policies, processes and measurement. Enable comparison and benchmarking between Health Boards and beyond.

Culture

Clear, consistent communication is vital to prevent fraud. A multi-channel, standardised approach strengthens fraud-awareness and ensures easy access to guidance, training and alerts.

Collaboration

Strengthen partnerships between CFS and Health Boards through Directors of Finance, Counter Fraud Champions, and Fraud Liaison Officers. Reviewing

and clarifying roles and responsibilities to support impactful outcomes.

Know your fraud and corruption risks

As required by the Scottish Public Finance Manual, Health Boards must proactively assess, evaluate and respond to their fraud risks. CFS will assess the high-value and high-risk spending streams in primary care, National Procurement, and processes that enable fraud by employees.

Transparency & conflicts of interest

Promote a transparent culture by reminding staff to declare their interests when involved in purchasing and financial decisions for their employer. Promote effective management of interests, making this a visible indicator of personal and organisational integrity.

Optimise decisions using data

Maximise data access and use it to detect, measure and prevent fraud. Deploy data analytics expertise and AI to strengthen capability and support deterrence, disruption, investigation and prevention.

Enhance the 'Intelligence Picture'

Increase the volume and effect of intelligence that CFS receives by making reporting channels both easier to use and focused on the quality of information. Through enhancing the volume and quality of intelligence, CFS can provide the service with an informed intelligence picture which supports earlier and more effective fraud detection.

Counter fraud principles

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.

Finding fraud is a good thing

Fraud cannot be tackled unless it is first identified. This fundamental truth calls for a shift in mindset – where detection of fraud is not seen as a failure, but rather as a proactive and positive achievement. Recognising fraud is the first step towards fighting it. When fraud is uncovered, it provides clarity, direction and an opportunity to take corrective action. It is better to expose fraud and understand its nature than to allow it to remain hidden, where it can continue to cause harm.

There is no one solution

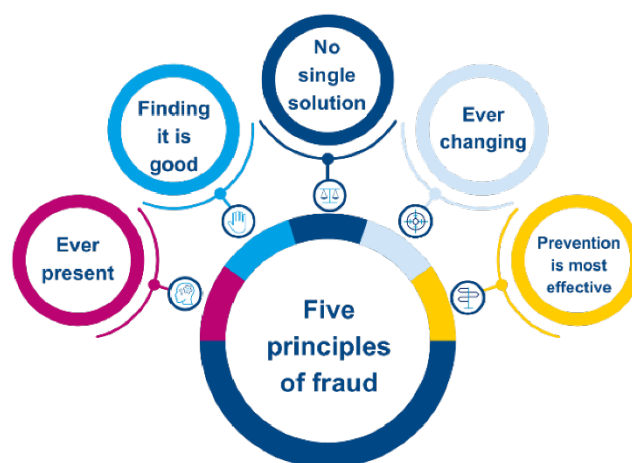
Addressing fraud needs a holistic response incorporating detection, prevention, enforcement, and redress, underpinned by a strong understanding of risk. It also requires cooperation between organisations under a spirit of collaboration.

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.

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.

Operating environment during the strategic period

To effectively manage the risk of fraud and corruption it is essential to monitor the organisational and process changes that may occur during the strategic period, particularly those involving systems, data, and processes e.g. payroll, finance and procurement systems. Wider public sector reform and funding pressures on the NHS may also change the fraud risk landscape and the implementation of this strategy.

Additionally, the introduction of the Economic Crime and Corporate Transparency Act 2023 (ECCTA) may impact on counter fraud activity, as we come to understand the extent to which Health Boards are exposed to the risk of contractors and third-party providers being culpable for fraud while delivering an NHS service. The new offence of “failure to prevent fraud”, makes Health Boards criminally liable when fraud is committed by an employee, or associated person, with the knowledge of a senior manager, and where the Health Board also benefits. This is a compliance risk that requires specific attention to commercial activities, and robust oversight.

Forthcoming changes in the operational environment will be monitored by CFS and the anticipated impacts shared with Health Board partners.

Collaboration and partnerships

CFS’ operating relationship with Scotland’s health bodies is detailed in the ‘NHSS Counter Fraud Services Partnership Agreement with Health Boards’. These agreements are renewed every three years and are published on the Scottish Government website. A renewed Partnership Agreement commenced on 1 April 2026.

A dedicated policy team within the Scottish Government Directorate of Health and Social Care Finance works closely with CFS to promote a framework of policies and activities designed to counter fraud and corruption in the health service.

This complements the wider governance arrangements for CFS as part of PSD Scotland, which is sponsored by the Scottish Government Directorate for Health Workforce.

CFS also collaborates with the NHS fraud organisations in the other three home nations, sharing fraud intelligence and analysis to better protect the whole of the NHS.

Additionally, CFS participates in several operational fora for law enforcement organisations that inform threat assessments and can be requested to mobilise a multi-agency response to significant fraud or corruption incidents in the NHS.