

AUDIT AND GOVERNANCE COMMITTEE

29 June 2012

SINGLE FRAUD INVESTIGATION SERVICE – HIGH LEVEL PROPOSALS

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 To advise the Committee of the high level proposals by central Government to create a Single Fraud Investigation Service which is being developed to investigate benefit fraud across the country.

2. Description of Decision

- 2.1 The Audit and Governance Committee are asked to note the report.

3. Introduction

- 3.1 The creation of the Single Fraud Investigation Service (SFIS) with effect from 1st April 2013, will bring together into a single service the combined expertise of the Welfare Benefit Fraud investigation work currently undertaken by Department for Work and Pensions (DWP) Fraud Investigation Service (FIS), Local Authority (LA) Benefit Fraud Investigators and HMRC in relation to Tax Credits.
- 3.2 The SFIS project aims to rationalise existing investigations and prosecution policies in order to create a more coherent investigation service.
- 3.3 The high level business design for delivery of the service has been developed following the decision that LA Benefit Fraud Investigators will remain employed by their LA as an interim solution from 2013 onwards as this provides the most flexibility.
- 3.4 At the point of going live all LA and DWP fraud staff, including managers and support staff, will become part of the SFIS.

4. Timescales

- 4.1 The creation, structure and development of the Single Fraud Investigation Service will be delivered over a period of years, in 3 phases.
- 4.2 Phase 1 is up to 31st March 2013 and covers the preparation of the Single Fraud Investigation Service. Following LA/DWP/HMRC

workshops planned pilot activity will be undertaken to assess and evaluate two organisational models being considered and new legal powers created in the Welfare Reform Act.

- 4.3 The transition and transformation of the Single Fraud Investigation Service, Phase 2, commences on 1st April 2013. All DWP and LA fraud investigators and a small number of HRMC staff will become SFIS. It is proposed that current structures remain but with some re-alignment of teams where this is required. SFIS investigators will have the ability to investigate and prosecute both Welfare Benefits and Tax Credits fraud. Certain frauds will remain out of the scope in 2013 such as Child Maintenance and Enforcement Commission investigations, Council Tax benefit replacement scheme fraud and LA Corporate Fraud.
- 4.4 From 2015, consideration will be given to whether all of the staff employed by LA's and HMRC should transfer to the DWP. This will be informed by the work of the pilots from 2013.
- 4.5 Phase 3 runs from 2017 where the Government will consider widening the scope of SFIS and for it to become a cross Government service.

5. Models

- 5.1 Following the decision in November 2011 that LA staff joining SFIS will remain employed by their LA and remain in their estate, two interim team structures are being considered.
- 5.2 Model 1 is the least disruptive organisational model and would simply involve the harmonisation of working practices across the 3 separate organisations. This would also leave existing line management arrangements for LA staff unchanged. A SFIS Management Board will be established made up of representatives from the three organisations.
- 5.3 Recent national/regional workshops provided considerable support for a more integrated team structure which would deliver a single management chain and would promote closer working across the new organisation. Model 2 would provide this. Staff would remain with their current employer but allocation of work could be by a manager from another organisation.
- 5.4 Both models will be included in the pilot activity and are a starting point for SFIS. Firm decisions about the long term organisational model for SFIS have not been made at this stage.

6. Implications for staff

- 6.1 The coordination and management of staff within SFIS will be vital to the success of the new service. At this stage it is not known whether

the local DWP office will seek to maintain 2 separate teams or seek to integrate staff from the Council.

- 6.2 The principles relating to staff job roles in the interim period from 2013 include maximising the flexibility on the range of all Welfare Benefits and Tax Credits an investigator can undertake, and that case management and investigation should be undertaken end to end by one investigator.
- 6.3 Appropriate training will be undertaken to ensure that the business objectives of the new SFIS organisation are met. It is expected that this will be provided by the DWP Fraud and Security Learning and Development Team.
- 6.4 Staff and trade unions shall continue to be updated as to developments.

7. Implications for Legal Activity

- 7.1 Currently, the DWP use the Crown Prosecution Service (CPS) but the majority of Local Authorities use their own solicitors, including Sunderland. The SFIS High Level Business Design recognises that LA's have different prosecuting practices and this will be looked at in the detailed design. There is the risk that the work currently undertaken by our own legal staff may move to the CPS.

8. Recommendations

- 8.1 Members are asked to note the report.

