

Special Cabinet – 12 October 2011

Options paper for the inclusion of Local Authority Benefit Fraud Investigation Teams in the Single Fraud Investigation Service

Portfolio: Councillor Towe – Finance and Personnel

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1.0 Summary of the report

- 1.1 To inform Cabinet of the Government's proposals relating to the creation of a national single fraud investigation unit and the impact it could have for Walsall.

2.0 Recommendations

Cabinet are requested to:

- 2.1 Note the proposed changes in relation to the creation of a single fraud investigation unit.
- 2.2 Note and approve the consultation response as set out in **Appendix 1** and delegate responsibility to the Chief Finance Officer and portfolio holder for Finance and Personnel to finalise the responses which are required to be returned by 14 October 2011.

3.0 Report detail

3.1 Current system

The investigation of council tax benefit fraud and housing benefit fraud is conducted in Walsall by the benefits fraud investigation team. In addition to the investigation of the benefits that are administered by Walsall Council on behalf of the Department of Works and Pensions (DWP) the investigation team jointly works with the DWP investigation team to combat fraud and error in cases that are in receipt of both organisations benefits.

3.2 Why the Change?

The Governments strategy for tackling fraud and error in welfare benefits contained a commitment to establish a "Single Fraud Investigation Service" (SFIS) from 2013 to investigate fraud in benefits and tax credits. The creation of a universal credit to replace benefits and tax credits for people of working age provides the opportunity to take a fresh look at welfare fraud investigation and address the inefficiencies in the current arrangements.

The implementation of the new universal credit the government considers should be supported by a single fraud investigation force. In 2013, the plan is to introduce a new single fraud investigation service for all welfare fraud. This will improve efficiency and consistency of both criminal investigations and customer treatment.

3.3 The proposals for change

The consultation seeks views on options that have been developed with stakeholders over recent months taking into account representations and concerns with regard to the creation of SFIS. Four options have been developed that have considered feedback and evidence from local authorities and steering groups.

Further work on the integration of DWP and Her Majesties Revenue and Customs (HMRC) will take place early in the new year to ensure the DWP has a comprehensive analysis of the requirements to support the bringing together of the fraud functions of DWP, HMRC and local authority (LA) benefit fraud into a single service.

The following section summarises the four options in the consultation document:-:

- **Option 1.** LA staff remain employed by LA's, but operate under SFIS powers, policies, processes and priorities. This brings LA investigation staff into SFIS under a procedural change. By leaving employment and location unchanged this option would allow LA's the flexibility to redeploy resource to meet other LA priorities if required.
- **Option 2.** LA staff remain employed by LA's in LA estate but are seconded to the DWP - this option means all LA investigation staff remain LA employees based in LA estate under formal secondment to DWP and operate under SFIS powers, policies, processes and priorities. This brings LA investigation staff into SFIS under both management and procedural changes. This option would allow LA's a degree of flexibility to recall and redeploy resource to meet other LA priorities, under the terms of the secondment agreement if required.
- **Option 3.** LA staff become DWP employees but deliver investigation locally from the LA estate - this option means all LA investigation staff become DWP employees based in LA estate and operate under SFIS powers, policies, processes and priorities. This brings LA investigation staff into SFIS under both management and procedural changes.
- **Option 4.** LA staff become part of the DWP working within DWP estate as employees - this option means all LA investigation staff become DWP employees based in DWP estate and operate under SFIS powers, policies, processes and priorities. This brings LA investigation staff into SFIS under both management and procedural changes.

The DWP state that their initial analysis of the options suggests that option 1 is the most practical and attainable from a DWP perspective and allows the most flexibility of delivery at least until 2015.

4.0 Council priorities

- 4.1 Managing fraud and error contributes to delivering efficient, effective services that support the council's vision and ensures resources are effectively distributed.

5.0 Risk management

5.1 Risks have been identified for each of the options proposed. Option 1 has identified fewer risks.

6.0 Financial implications

6.1 The DWP have to fully evaluate the financial impact to the four options after responses to the consultation have been received. Initial DWP estimates are that costs are much lower with option 1.

7.0 Legal

7.1 There are no direct implications.

8. Property implications

8.1 There are no direct implications.

9.0 Staffing implications

9.1 There are implications if option 1 is adopted. The other options will impact on staff, with varying degree dependent on the option taken.

10.0 Equality implications

10.1 There are no direct implications.

11.0 Consultation

11.1 A response to the consultation is required by 14 October 2011.

Background papers:

DWP – Options Paper for the inclusion of Local Authority Benefit Fraud Teams in the Single Fraud Investigation Service.
Letter to CEO 16th September 2011.

Authors:

Lynn Hall – Head of Benefits, ☎ 3416 ✉ halllynn@walsall.gov.uk

Signed:



James T. Walsh
Assistant Director - Finance
(Chief Finance Officer)
5 October 2011

Signed:



Councillor M Bird
Leader of the Council
Signed in the absence of the portfolio holder
5 October 2011

Consultation Document

Options consultation on LA staff becoming part of Single Fraud Investigation Service (SFIS)

Many thanks for agreeing to share your views on our consultation on the options for LA staff to become part of Single Fraud Investigation Service. The survey includes a variety of questions – please disregard any you do not feel are not relevant.

We would like a single coordinated response from each Local Authority. Please ensure that your response first goes to the relevant officer. A restricted mailbox has been chosen to return the forms to and identity information will not be retained, with emails deleted once information has been captured.

Information will be managed and retained in accordance with Data Protection principles. If you wish to provide additional information related to your response, a free text box is included at the end of the questionnaire. Alternatively, a separate email can be sent to SFIS.GOVERNANCE@DWP.GSI.GOV.UK

Please note that we cannot reply to individual responses, and that responses received after 14/10/11 will not be accepted or fed into the consultation.

1 Which Local Authority does this co-ordinated response come from? or if an individual response please specify.

Walsall Council

2 Do you agree with our selection criteria? If not, please say why and if there are other criteria you think we should have considered please specify.

Yes

No

--

3 Do you feel the initial DWP options analysis is fair? If not please let us know what we have missed or not given emphasis to.

Yes

No

4 Do you have a preferred option? If so which is it?

Option 1

Option 2

Option 3

Option 4

5 Why is this your preferred option / what is particularly good about it

Option 1 enables :-

- the LA to deliver the benefit fraud investigation service during the transitional period of universal credit.
- the DWP time to evaluate fully the financial and resource impact of the full integration of DWP/HMRC and LA benefit anti -fraud activities.
- the LA to retain highly trained staff to investigate potential fraud and error in the new local support for council tax and consider their role in investigating other locally administered awards.

6 Please provide any other feedback on the options if you wish

Your Name: Lynn Hall

Your Position: Head of Benefits

Please return your completed forms to SFIS.GOVERNANCE@DWP.GSI.GOV.UK no later than 14/10/11.

Thank you for taking the time to share your views.