

<b>SUBJECT:</b>	<i>Introduction Of Single Fraud Investigation Service</i>
<b>REPORT OF:</b>	<i>Customer Services - Councillor Duncan Smith</i>
<b>RESPONSIBLE OFFICER</b>	<i>Nicola Ellis Head of Customer Services</i>
<b>REPORT AUTHOR</b>	<i>Alistair Webb, 01494 732227, awebb@chiltern.gov.uk</i>
<b>WARD/S AFFECTED</b>	<i>All</i>

### 1. Purpose of Report

This report is to advise the Audit Committee of the introduction of the Single Fraud Investigation Service with effect from 1 March 2015 and to explain how future interaction will occur.

### RECOMMENDATION

Members are asked to note and comment on the impact of the introduction of a Single Fraud Investigation Service from 1<sup>st</sup> March 2015.

### 2. Reasons for Recommendations

The report is for information only and no action is required.

### 3. Content of Report

3.1 This report details the Department for Work and Pension's (DWP) introduction of the Single Fraud Investigation Service (SFIS) to carry out fraud investigation relating to the majority of welfare benefit frauds. This will include:

- Job Seekers Allowance;
- Employment Support Allowance;
- Income Support;
- Tax Credits;
- Housing Benefit;
- Council Tax Benefit - for retrospective frauds where Council Tax Benefit was in payment at the time;
- Disability Living Allowance;
- Personal Independent Payments; and Universal Credit.

3.2 The Fraud & Error Strategy: *Tackling fraud and error in the benefit and tax credits systems* contained a commitment to establish a Single

- Fraud Investigation Service (SFIS) to investigate Social Security welfare benefit & Tax Credit fraud across Local Authorities (LA), HM Revenue and Customs (HMRC), and DWP. The strategy, including SFIS, was given Home Affairs clearance in October 2010.
- 3.3 Following pilot site activity between 2011 and 2014 a timetable for national implementation of the Single Fraud Investigation Service was published and this confirmed that SFIS would be introduced in the South Bucks and Chiltern DC area from 1<sup>st</sup> March 2015.
- 3.4 Between October 2014 and February 2014 meetings took place between the DWP implementation team and the Council to prepare for implementation and transfer of relevant cases.
- 3.5 The DWP had made assumptions in relation to ongoing cases, assuming that all cases, including cases already in the court process would also transfer to the SFIS. The Welfare Reform Act 2012 removed the legal provision under the Social Security Administration Act Section 116ZA for Local Authorities to commence proceedings but allowed ongoing proceedings to continue with the authority. It was also clear this action was intended to take place after the national implementation of SFIS, not due to complete until March 2017.
- 3.6 On that basis DWP accepted that South Bucks DC would continue with **three** cases that it had already commenced or prepared for prosecution. Taking into account the time and costs already incurred by South Bucks DC it was considered inappropriate to transfer such cases.
- 3.7 At the date of transfer South Bucks DC had **four** open investigations to transfer to SFIS. An agreed secure transfer process was set up to carry out the process.
- 3.8 South Bucks remains responsible for administration of Housing and Council Tax Benefit including the calculation and recovery of overpayments identified by fraud activity.
- 3.9 From 1<sup>st</sup> March 2015 all cases of suspected fraud identified internally by South Bucks DC will be referred to SFIS. This will be by means of secure-e-mail. Prior to referral the Council will continue to consider the facts and identify whether benefit should be adjusted or suspended. The overriding consideration is to ensure the accuracy of the benefit award and prevent overpayments.
- 3.10 Once a case of suspected benefit fraud is referred to SFIS the type, manner and outcome of the investigation is the sole responsibility of SFIS and the Council will be unable to influence or direct the investigation process. Feedback from sites that have already transferred to SFIS indicate that they receive little feedback from SFIS on outcomes. As the Council will still be responsible for recovering any

fraudulent overpayment identified we will continue to monitor cases referred to SFIS to ensure they are progressed.

- 3.11 The DWP will not have direct access to local authority benefit systems and require South Bucks DC to provide support to investigations by supplying claim records and benefit decisions on overpayments. South Bucks DC has agreed a service level agreement with SFIS to identify expected time scales and contact points.
- 3.12 DWP's current sanction policy is to consider prosecution or an administrative penalty as the only potential outcomes. Cases suitable for prosecution are progressed by the Crown Prosecution Service and publicity of cases will be DWP's responsibility. DWP have a policy of concentrating on national press publicity and their working methods of not attending court make it unlikely that local cases will receive any publicity.
- 3.13 Where DWP decide that an administrative penalty should be applied to Housing or Council Tax Benefit the Local Authority is requested to give its delegated authority to agree the penalty. When considering the penalty South Bucks will consider its own sanction strategy on penalties and in particular the ability of the offender to repay. The authority will ultimately have responsibility for recovering the penalty there is little to be gained from applying a penalty that will never be repaid.
- 3.14 The Council remains committed to the prevention and detection of fraud and error and to assist SFIS. South Bucks will continue to be responsible for investigating any other frauds or irregularities committed against it and in particular frauds against its own local Council Tax Support Scheme.
- 3.15 It is likely that Council Tax Support frauds may well overlap with frauds against Housing Benefit. Under current arrangements SFIS will not have any authority to investigate Council Tax Support fraud. It is anticipated that where cases are identified, the Council will investigate and identify any overpayment of both Council Tax Support and Housing Benefit and at that stage invite SFIS to carry out joint interviews. SFIS are looking into the possibility of joint investigations but at this time it is possible that two separate investigations and outcomes could apply to the same fraud.

#### **4. Options**

- 4.1 There are no other options. The Council does not have the option to retain its powers to investigate Housing Benefit fraud as this decision is made by central government.

#### **5. Corporate Implications**

- 5.1 The transfer of investigation of benefit fraud to SFIS does have potential financial implications for the Council as it could lead to delays in conclusion of investigations and so more potential for incorrect payment and ultimately overpayments.
- 5.2 No legal implications as a national service now taking responsibility for the investigation process in its entirety.
- 5.3 The outcomes of investigation may well impact locally on crime and disorder but will be reported nationally as part of DWP's annual returns.

## 6 Links to Council Policy Objectives

This report links to the following objectives of the Council:

- Cost effective customer focused services - ensuring correct benefit entitlement minimises losses to the Council;
- Safer and healthier communities - benefit fraud is a crime and the prevention and detection of fraud reduces crime in the community.

## 7 Next Steps

The Service would welcome Audit Committee's views on the impact of SFIS.

*Background Papers: None*

---