



East
Northamptonshire
Council

Personnel Sub Committee 30 July 2014

Single Fraud Investigation Service (SFIS)

Purpose of report

This report is to update members on the transfer of all Housing Benefit Fraud investigation and prosecution to the Department of Work & Pensions (DWP) from 1 December 2014 and to seek approval to develop and recruit to a post that will undertake the residual fraud work that remains with the local authority.

Attachment(s)

None

1.0 Background

- 1.1 Since 2010 the government has been committed to the creation of a single, integrated fraud investigation service which will investigate welfare benefit fraud across the DWP, HMRC and local authorities.
- 1.2 In early 2013 pilot projects were set up to test a variety of partnership proposals and by the end of that year it was confirmed that the introduction of the Single Fraud Investigation Service (SFIS) would be a single organisation within the Department of Work & Pensions (DWP).
- 1.3 The transfer of the service is being undertaken on a phased basis from 1 July 2014 until March 2016. On the 1st May 2014 we were informed that the implementation date for the transfer of the service from ENC to SFIS would be **1 December 2014**.

2.0 The transfer Implications for ENC

- 2.1 The DWP have concluded that “after careful consideration, the transfer of administrative functions between public administrative authorities is not a relevant transfer” and as such TUPE will not apply. However, they have confirmed that they are committed to taking employees currently assigned to welfare benefit fraud investigation work and, although TUPE does not apply in strict legal terms, the principles of TUPE will be followed so far as possible and in accordance with business need, in order to maintain an effective fraud investigation service
- 2.2 This means that within East Northamptonshire Council it is likely that three members of staff that currently form the fraud team will be “in scope” to transfer to the DWP on the 1 December. These are
 - Senior Benefit Officer (Fraud and Overpayments)
 - 2 Senior Investigation Officers
- 2.3 However, at the time of writing this report we are still awaiting confirmation from the DWP regarding this assumption. They have requested copies of the employees’ job descriptions, terms and conditions and contracts (before the 18 July) so that they can determine which staff are “in scope”.
- 2.4 A meeting has been arranged for the 17 July with the DWP to talk about the operational aspects of the transfers, the work that will remain with this authority and to develop a Service Level Agreement that will outline each organisation’s roles and responsibilities for both the transfer and the work post implementation.

3.0 Residual Work for ENC

- 3.1 The DWP have stated that as SFIS is implemented the following work will remain with the local authority:
- The investigation of Local Council Tax Support Scheme fraud
 - The amendment of Housing Benefit claims (subject to fraud)
 - The calculation and recovery of any Housing Benefit overpayments
 - The compilation of information and evidence, requested by DWP from LAs to support an investigation
 - Fraud hotlines/call handling to take reports of fraud /suspected fraud
- 3.2 The residual work outlined above highlights the need to retain some resource, with specific fraud expertise, to undertake these duties.
- 3.3 There is also still an outstanding question regarding the detection of Housing Benefit fraud under £2,000. Originally the DWP had set a de minimis level whereby they would not undertake any investigation or prosecution where the case was likely to uncover fraud under that amount. It is not clear if this is still the case and what, if any, powers ENC may have to deal with these cases in the future. The answers to this question and the full outline of work that we will still need to undertake will be sought at the meeting with the DWP on the 17 July.
- 3.4 Once that meeting has taken place a job description and person specification, that reflects the residual fraud work, can be drawn up and evaluated by a job evaluation panel.
- 3.5 This will allow ENC staff to consider this as an alternative opportunity to the transfer into the DWP and decide whether to submit a job application. The post would become effective from 1 December 2014.

3.6 Staff Communication

- 3.6.1 Unsurprisingly, staff have been concerned regarding job security and the significant changes this transfer represents. At the time of writing this report it is not clear where the staff will be working within the DWP and the exact outline of their roles and duties.
- 3.6.2 Since the announcement of the intention to transfer fraud to DWP, regular update meetings have been held with all the fraud staff to keep them apprised of the current position, share all of the DWP communications, enable them to respond to any consultation and attend any information events that have been held.
- 3.6.3 In addition we have remained in close contact with Corby BC as they were a pilot authority and have transferred all fraud to the DWP from 1 July 2014. Our officers have a close working relationship with Corby officers and have been reassured that the transfer was undertaken quite smoothly.

4.0 Equality and Diversity Implications

- 4.1 The transfer of all fraud work to the DWP is a government decision and the DWP has been responsible for carrying out all of the necessary consultation and equality impact assessments.
- 4.2 The recruitment of any new fraud post within ENC will of course be undertaken in a fair, transparent and equitable way ensuring that it meets the Council's standards.

5.0 Legal Implications

- 5.1 As stated earlier in the report, TUPE does not apply to this transfer. The Cabinet Office Statement of Practice for Staff Transfers in the Public Sector (COSoP) says that in circumstances where TUPE does not apply in strict legal terms to a transfer between

different parts of the public sector, the principle of TUPE should be followed as far as possible and in accordance with business need. In order to maintain an effective fraud investigation service the DWP has decided to adopt this principle.

5.2 In line with the COSoP guidelines, the legal platform to enable transfer is by way of a Legislative Transfer Scheme as provided for by Section 38 of the Employment Relations Act 1999.

6.0 Risk Management

6.1 Key risks identified for this project are:

Risk	Mitigation
The DWP do not meet all of the necessary actions and milestones in order to undertake the transfer on 1 December 2014.	Pilots have already been run and the remaining transfers will be undertaken in tranches.
ENC does not have the necessary skills and resources to undertake the residual fraud work	JD to be drawn up post meeting with DWP on 17 July 2014
Benefit Fraud and error in EN increases	Work closely with DWP to ensure that fraud continues to be reported and referred to DWP.

7.0 Resource and Financial Implications

7.1 The transfer of three posts to the DWP will result in salary savings from 1 December 2014. However this saving will need to be reduced by the cost of the post required to undertake any residual fraud work, as outlined in paragraph 3 above.

7.2 The DWP have yet to confirm the impact of the transfer of this work on our benefit administration grant. However they have confirmed that any grant reduction will not be effective until April 2015. Funding implications and reductions will be dealt with as part of the 2015/16 Budget setting.

8.0 Constitutional Implications

8.1 No changes to the constitution will be required. However, there will be a requirement to amend our Anti Fraud & Corruption Strategy, as referred to in the Council's Constitution, to reflect these changes.

9.0 Corporate Outcomes

9.1 The Corporate Outcomes affected by this proposal are:

- Good Value for Money – We must continue to promote anti fraud and ensure that we still undertake the duties as referred to in paragraph 3.1 above.
- Partnership Working – retain a good working relationship with the DWP
- Effective Management – provide a safe, secure and effective transfer of data and service to the DWP
- Employees and Members with the Right Knowledge, Skills and Behaviours – retain the appropriate resource and skills to undertake the residual fraud work within ENC.

10.0 Recommendation

10.1 The Committee is recommended to

- (1) Note the transfer of the Housing Benefit Fraud service to the DWP from 1 December 2014
- (2) Delegate responsibility to the Head of Customer & Community Services and the Chairman of the Personnel Sub-Committee to approve the job description and the recruitment of a post to undertake any residual fraud work for ENC.

(Reason – to provide an appropriate resource for carrying out our residual fraud work)

Legal	Power: SFIS Stautory Instrument				
	Other considerations:				
Background Papers:					
Person Originating Report:		Lisa Hyde, Head of Customer & Community Services ☎ 01832 742162 ✉ ljhyde@east-northamptonshire.gov.uk			
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