

Single Fraud Investigation Service

Purpose

For direction.

Summary

This report provides an update on developments relating to the Single Fraud Investigation Service and invites Members' comments in the light of recent Government announcements on benefit fraud.

Recommendation

Members are invited to give officers a steer in the light of recent Government announcements on benefit fraud.

Action

Officers to take forward in line with Members' steer.

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Single Fraud Investigation Service

Background

1. The Chancellor confirmed in the Autumn Statement that the Government intends to set up a new national fraud organisation - the Single Fraud Investigation Service (SFIS) - to tackle and prevent benefit fraud in the new benefits system. The Government intends SFIS to be mainly staffed by local fraud investigators currently working in councils.
2. This was despite the LGA robustly challenging the evidence upon which the decision to proceed was reached, and highlighting the potentially negative impact of a national organisation on councils' capacity to catch multiple fraud underpinned by local intelligence.
3. The Department for Work and Pensions (DWP) has announced a phased implementation between March 2014 and October 2016. This means that SFIS will be operational before the majority of Universal Credit claimants have migrated in 2016/17. The DWP has not taken a decision on whether TUPE will apply to council benefit fraud investigations. The DWP has also said that there will be a small number of pilots in early 2014 to test SFIS implementation, although we do not have any further details about this yet.
4. A related policy development is that the Communities for Local Government (CLG) has announced a £16.6 million fund over 2 years from 2014/15 for councils to tackle non-welfare fraud. The intention is that this fund will enable District Councils in particular to replace some of the investigation capacity lost by SFIS by enabling a much bigger push on corporate fraud. No decision has been taken yet on how to distribute the fund, and the LGA Chairman has a meeting with Baroness Stowell on 27 January to discuss next steps.
5. On Thursday 9 January the LGA brought together around 20 senior council officers (including at the corporate director and chief executive levels) to help us capture the more technical issues arising from recent announcements, and to feed into Member discussions on next steps.

Key Issues for Councils

6. There are a number of key issues for councils arising from recent announcements on fraud.
 - 6.1. **Managing the transition to SFIS and the impact on councils' ability to tackle fraud effectively at the local level.**
 - 6.1.1. The key issue we need quick clarity on is whether or not TUPE will apply to affected council staff and when. Without this information it is impossible for councils to plan to manage the transition. There are also a clutch of implementation issues that need to be addressed in order to avoid costly duplication in the new system. This includes data sharing, joint prosecutions between SFIS and councils, and protocols. We also think it highly likely that new legislation will be needed to ensure that councils still have sufficient powers to tackle fraud effectively at the local level.

6.1.2. The DWP has set up a Joint Working Group to consider how best to address the implementation issues. The Group's first meeting is 28 January, and the LGA has highlighted the importance of strong local government representation across different types of councils.

6.2. CLG wider push on fraud.

6.2.1. The view of the professional bodies is that whatever mechanism is used to distribute the £16.6 million, it is not enough to replace capacity lost, and should be directed at fostering hubs or clusters for tackling fraud that will be sustainable over the longer term after this two-year fund has finished. The capacity of district councils in particular will be hit by the transfer of benefit fraud staff into SFIS. We are pressing CLG for urgent clarification on the methodology that underpinned arriving at the £16.6 million figure.

6.2.2. Finance Panel Office Holders are currently considering an LGA response to the CLG fund and we will update the Panel on the latest situation at the meeting.

6.3. How do we tie the conversations together?

6.3.1. At the moment there are separate political and officer governance arrangements at risk of emerging for SFIS implementation and the CLG funding. We suggest that we need a joint liaison between SFIS implementation and CLG work on fraud. A way of achieving this might be a tri-lateral arrangement between DWP, CLG and local government (with COSLA and WLGA). Governance arrangements would mirror this arrangement.

Next steps

7. Subject to Members' steer, we suggest that Sir Merrick Cockell (LGA Chairman) writes to Lord Freud and Baroness Stowell to set out the LGA's view on next steps regarding SFIS, and the importance of joining this up with CLG's wider push on fraud.

Financial Implications

8. There are no financial issues arising from this report.