

Appendix B



Department
for Work &
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Single Fraud Investigation Service (SFIS) Project Update

Further to my letter of 9 December 2013, I am writing to you with an update on the progress of the Single Fraud Investigation Service (SFIS) project. This is a pivotal year for the project, with our national implementation expected to start with a small number of sites going live in the summer and national phased implementation commencing in October 2014 and running until March 2016.

The purpose of this letter is to provide updates on the following activities that are currently taking place within the SFIS Project to support implementation:

- **Regional Road shows**
- **Implementation planning**
- **Human Resources (HR) Transfer Approach**

Regional Road shows

The road shows will give your Local Authority (LA) the latest information about how the Department for Work and Pensions (DWP) Fraud and Error Service will deliver single fraud investigations covering all welfare benefits. They will outline the implementation approach and provide an opportunity to ask questions. Each LA has been allocated two places at their local road show.

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|---------------|---------------|--------------|---------------|
| • Bristol | 24 March 2014 | • Salisbury | 10 April 2014 |
| • Edinburgh | 25 March 2014 | • Birmingham | 15 April 2014 |
| • Kennington | 26 March 2014 | • Leeds | 28 April 2014 |
| • Hammersmith | 31 March 2014 | • Newcastle | 30 April 2014 |
| • Dundee | 01 April 2014 | • Blackpool | 07 May 2014 |
| • Cardiff | 08 April 2014 | • Norwich | 08 May 2014 |

The road shows will be attended by SFIS Project staff, DWP Fraud & Error Services, HM Revenue & Customs (HMRC) and DWP HR representatives and will take place from March 2014 to May 2014.

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We are only able to offer two places per LA, so we recommend that your delegates cascade the details and outcomes from the event to their colleagues. You may wish to consider allocating one place to a Manager or Team Leader and one place to an investigator or operational level member of staff to ensure a cross section of views are represented.

Please send the names, external email addresses and phone numbers of your two representatives to the following email inbox by **10 March 2014**. We will issue invitations direct to the representatives detailing the date and location of their event.

Email inbox address – SFIS.Roadshows@dwp.gsi.gov.uk

Implementation Planning

Since the Autumn Statement announcement of the delivery approach, we have been working closely with our partners and key stakeholders in Local Government, DWP and HMRC, developing plans to enable national implementation. The implementation timeline is as follows:

- **Phase 1 - Implementation to commence with a small number of sites in summer 2014**
- **A break to evaluate and learn lessons from the transfer process prior to full national implementation.**
- **Phase 2 - Implementation to re-commence in October 2014 and run for a further 18 months to March 2016. Detailed conversations with these sites are due to commence in May 2014.**

To support the main phase of implementation from October 2014 to March 2016, each LA will be allocated to a month in the national implementation schedule. We will issue a copy of the schedule shortly. To support implementation, we need to collect the information detailed in **Annex 1**. This is to ensure we have considered any influencing factors. You will also be given the opportunity to liaise with the project should your allocated date be unsuitable.

A member of the project team will be appointed to work with your LA throughout the planning and implementation phases. We will draw up bespoke plans, supported by regular checkpoint meetings to ensure a smooth transition to the new ways of working. We will provide you with more details regarding this in the near future.

Annex 1 is a list of questions about your LA. Your answers will provide the project with essential information to support implementation.

Can you please ensure that Annex 1 is completed in full by **14 March 2014** and returned to SINGLEFRAUDINVESTIGATIONSERVICE-QUERIES@DWP.GSI.GOV.UK

Human Resources Transfer Approach

The Government's Autumn Statement confirmed the implementation of the SFIS project and stated that, in order to maintain an effective fraud investigation service, DWP was keen for employees assigned to this work to transfer with it. We said at the time that there was not enough information to say conclusively whether the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE) would or would not apply. We have further considered the TUPE position and how to accomplish the transfer of these employees.

The purpose of this section is to provide an update on these considerations and start the consultation and information process. If you have any comments on this approach please let me know by **14 April 2014**.

TUPE and Cabinet Office Statement of Practice (COSoP)

TUPE regulations state "...the transfer of administrative functions between public administrative authorities is not a relevant transfer" (for the purpose of TUPE). After careful consideration, DWP has concluded that benefit fraud investigations falls within this category, and as such, TUPE will not apply.

However, DWP is committed to taking employees currently assigned to welfare benefit fraud investigation work. The Cabinet Office Statement of Practice for Staff Transfers in the Public Sector says that in circumstances where TUPE does not apply in strict legal terms to a transfer between different parts of the public sector, the principles of TUPE should be followed so far as possible and in accordance with business need. In order to maintain an effective fraud investigation service DWP has decided to adopt this principle.

Transfer Scheme

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

Section 38 provides the Secretary of State (SoS) with legislative power (through regulations laid in Parliament) to transfer of employees in scope via a Statutory Staff Transfer Scheme. The Regulations are made by way of Statutory Instrument (SI) which will be laid before Parliament under the negative procedure and will become effective before the anticipated transfer date.

The scheme will apply to employees working for LAs or employees working for contracted suppliers. Individuals working on a self-employed basis are not included.

Action will be taken locally to identify and formally notify individuals that they are to be included in the SI. Employees not formally notified as being included in the SI will not transfer.

Employees in Scope for Transfer

LA investigation of Housing Benefit Fraud and residual council tax benefit fraud is the work which will transfer to DWP. Employees assigned solely or primarily to this activity should

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be identified for a potential transfer to DWP. Individuals assigned solely or primarily to activities which are not moving into SFIS should not be deemed in scope. Also excluded are those employees assigned to work within the LA which ceases and / or those individuals whose work will not be carried out by DWP.

Local authorities (or their contracted supplier with oversight by the local authority) will be responsible for identifying employees potentially in scope for the transfer to DWP. DWP will review propositions for transfer before reaching a final agreement with the local authority, or contracted supplier, on staff to transfer.

Annex 2 contains a list of activities which are transferring from LA benefit fraud to SFIS and some examples of activities that are not transferring. .

Terms and conditions of Employment

The transfer of staff by way of a Section 38 legislative transfer scheme will be “TUPE-like” in that it will provide protection of existing terms and conditions of employment in line with the requirements of COSoP.

Impact on Pensions

Transferring staff will join the Principal Civil Service Pension Scheme (PCSPS) on their first day with DWP. They will be given the option of transferring their previous pension service into the PCSPS, or leaving it with their current scheme until they are entitled to receive pension payments.

HR Next Steps

A dedicated DWP HR Team is supporting the project in bringing the work and people into DWP. The HR Team will engage with LAs and external suppliers in Phase 1 locations to review and agree the proposition for staff transfers and to start the comparison of terms and conditions of employment.

There are 380 LAs for the HR Team to engage with. They will initially engage with those LAs moving into DWP first and will align transfer of employees according to the implementation schedule. All LAs and key groups will be kept updated with plans and activities regardless of their position on the implementation schedule.

To enable the HR Team to start engagement with each individual LA and/or outsourced supplier, we will need a named HR Single Point of Contact (SPOC) to work with throughout the transfer period. When we write out to you about the roll out schedule, we will ask you for the contact details of the SPOC.

DWP will work jointly with each SPOC to identify and execute all of the necessary actions to achieve a smooth transition for those employees who will be moving into DWP.

The transfer of benefit fraud investigation work into DWP Fraud and Error Service and the transfer of eligible staff will include outsourced fraud services. Consequently this will impact on commercial arrangements LAs have with their suppliers. LAs need to consider this impact as part of the planning process and ensure that any contracted suppliers are fully sighted on the contents of this letter.

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You may also wish to engage with any Trade Unions that represent LA staff. Please ensure that they are informed of the content of this letter.

In addition a decision has been made that all prosecutions arising from SFIS investigations, including the prosecution of housing benefit and/or council tax benefit fraud, will be conducted solely by the Crown Prosecution Service (CPS) in England and Wales. The CPS will be leading separately on this matter whilst of course liaising with DWP.

HR Summary

The introduction of SFIS is a key part of the agenda for reducing loss through the benefits system and represents a significant change for our organisations and people.

DWP is developing the section 38 Legislative Transfer Scheme to facilitate the transfer of employees when the work moves to DWP.

We will keep you updated with regular progress reports and communications. **Annex 3** contains a list of questions and answers which you may find useful in supporting your own internal communications with employees who may be impacted by this change.

This is a sensible and considered way of achieving the safe transfer of employees whilst protecting their terms and conditions of employment. If you have any comments on this approach, please send them to the email address at the bottom of this letter by **14 April 2014**.

Next steps

Please ensure that the returns requested within this update are sent back to the following contacts no later than the dates stated below:

Update item	Action	Contact	By when
Regional Road shows	Forward full details of 2 nominated representatives	SFIS.Roadshows@dwp.gsi.gov.uk	10 March 2014
Implementation and Staff Transfer Questions	Complete Annex 1	SINGLEFRAUDINVESTIGATIONSERVICE-QUERIES@DWP.GSI.GOV.UK	14 March 2014

I look forward to continuing working together and I am sure that our joint commitment will ensure that we implement an effective and improved fraud investigation service able to meet both present and future needs.

If you want to know more about The Single Fraud Investigations, you should request to join the SFIS Communications Hub on Knowledge Hub. To access the Knowledge Hub you will need to register at the following site: <https://knowledgehub.local.gov.uk/home> then search

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under “Groups” for SFIS Communications Hub and request to join. Regular updates will be posted on the Knowledge Hub.

If you have any further questions on the project please forward them to:

SINGLEFRAUDINVESTIGATIONSERVICE-.QUERIES@DWP.GSI.GOV.UK

Yours sincerely
Joanne Bradshaw

Annex 1

LOCAL AUTHORITY QUESTIONS

No.	Question	Yes/No where appropriate	Additional requested information - Response
1	Do you have a standalone Benefit Fraud team or is it combined with Corporate Fraud work?	N/A	
2	How many Benefit Fraud Managers do you employ? Please provide your response as both a Full Time Equivalent (FTE) and number of people.	N/A	
3	Do those Benefit Fraud Managers listed above also undertake other duties (eg Blue Badge, Tenancy etc)?		
4	How many of the Benefit Fraud Managers listed above are also Fraud Investigators? (It is important that staff are only counted once) .	N/A	
5	How many Benefit Fraud Investigators do you employ? (Do NOT include any Managers/Team Leaders counted above) . Please provide your response as both a Full Time Equivalent (FTE) and number of people?	N/A	
6	How many of those Benefit Fraud Investigators listed above also undertake other Fraud activity (eg Blue Badge, Tenancy etc.)	N/A	

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7	Do you have any staff who support Benefit Fraud Investigators in an Admin capacity, and if so, how many? Please provide your response as both a FTE and number of people.	N/A	
8	Do any of your benefit fraud staff work from home and if yes, is this within the terms of their contract or an "unofficial arrangement"?		
9	What is your average HB/CTB fraud referral rate received per week? Where do referrals come from? (ie source)	N/A	
10	Approximately what percentage of cases are HB/CTB only and approximately what percentage also involve other (non HB) DWP benefits?	N/A	
11	On average, what percentage of HB/CTB fraud referrals are accepted for investigation?	N/A	
12	What is your current HB/CTB fraud file caseload? - ie Live cases being investigated	N/A	
13	Have you contracted out/set up a shared service for your fraud services? With whom?		
14	Does your contracted out/shared service fraud service cover more than just HB/CTB Fraud activity? (eg Does the contract cover all HB admin activity including Fraud).		
15	Will this contract require re-negotiation following the introduction of SFIS and cases being passed to SFIS? Have you started to take steps towards doing this?		

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<p>16</p>	<p>Do you believe the introduction of SFIS will affect any contractual agreements? If so, with whom and to what extent.(Please only include anything relating to HB fraud and not corporate fraud) Examples - Credit Reference Agencies/Membership of Professional organisations/Mobile phone contracts/Vehicle costs/Typing transcription costs/Agency workers</p>		
<p>17</p>	<p>If yes to above, what steps are you taking to mitigate any impact?</p>	<p>N/A</p>	
<p>18</p>	<p>Which case management IT system/Fraud database do you use for fraud work? Is this supported by a contract?</p>		
<p>19</p>	<p>Is your Case Management system or Fraud database used solely for HB fraud or will this continue to be used for other areas (eg HB admin or corporate fraud)</p>		
<p>20</p>	<p>Do you have your own Financial Investigation Unit? If so how many staff does this involve and how much of their work is HB/CTB only?</p>		
<p>21</p>	<p>Do you use NAFN for HB/CTB fraud cases?</p>		
<p>22</p>	<p>Do you use NAFN for other services in the council (eg corporate fraud or trading standards)</p>		
<p>23</p>	<p>Do you undertake your own Authorised Officer function within the fraud team? If not, who do you use?</p>		
<p>24</p>	<p>Do you currently conduct joint investigations with DWP?</p>		

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25	Do you work with one or more DWP FIS teams and if so which one(s)		
26	Do you undertake any work for other LA sites. If so, to what extent and which ones?		
27	Does your LA run their own hotline or advertise a Fraud hotline number?		
28	How many Employee Pension schemes does your LA have?	N/A	
29	Please provide any other information about your HB fraud service which you feel would be helpful	N/A	
30	Please provide Single Point of Contact details for future implementation engagement. (Name, address, tel number, e-mail address)	N/A	
31	Please provide name & contact details of the person completing this form	N/A	

Example Activities Transferring from LAs to DWP SFIS

- Conducting Housing Benefit / residual Council Tax benefit fraud investigations in line with instructions in user manuals/guidance.
- Conducting Interviews under caution in accordance with The Police and Criminal Evidence Act 1984 (England and Wales) and Common Law (Scotland).
- Conducting interviews with Customers to offer Administrative Penalties, Formal Cautions (England & Wales) and Administrative Cautions (Scotland).
- In respect of welfare benefit fraud, recording the progress of a case on IT/ Case management systems, taking into account the potential for referring appropriate cases to, and liaising with, other teams such as Customer Compliance / visiting officers, DWP Fraud Investigations and Financial Investigation Unit (FIU).
- Maintaining relevant evidence files, annotating appropriate material as sensitive including maintaining an N1 notebook, in respect of fraud.
- Information / Intelligence gathering to ensure suitability of case for fraud investigation
- Information / Intelligence gathering to build case for investigation
- Developing cases into prosecution cases and attending Court as a witness.
- Liaising with other Departments/organisations on fraud matters.
- Making requests for surveillance to the TFI in line with the Regulation of Investigatory Powers Act (RIPA) and the accompanying code of practice.
- Conducting surveillance.
- Making requests to Authorised Officers in line with the Social Security Fraud Act (SSFA) and FPI for information from information providers.
- Requesting information such as employment details from an employer in line with current policy.
- Managing welfare benefit fraud business on behalf of the LA within a specific team.
- Recommending requests for surveillance to the appropriate LA Officer in line with the requirements of the Regulation of Investigatory Powers Act (RIPA) and the accompanying code of practice. This requires the authority of a Magistrate.
- Performing Financial Investigation Recovery activity on welfare benefit fraud cases on behalf of the LA, including conducting this work for other LAs.
- Carrying out instructions set out by the Assets Recovery Agency (ARA) and other user manuals.
- Requesting orders as prescribed within the Proceeds of Crime Act.
- Preparing all submissions relating to Proceeds of Crime action in Court and to attend Court where necessary.

Work NOT Transferring from LAs to DWP SFIS

- Hotlines/ LA call centres that take reports of fraud/suspected fraud
- LA compliance/ visiting staff
- HB/CTB decision makers, benefit processors, overpayment or debt staff
- Solicitors employed / contracted by LAs for the purpose of Fraud Prosecution work

SFIS Project - Questions and Answers

Q: Why doesn't TUPE apply to the transfer of staff into DWP when single investigations are introduced?

A: The transfer of staff in to DWP is considered to be an administrative transfer and is therefore not covered by the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) (1). However, DWP is committed to taking those employees currently assigned to benefit fraud investigation work. In order to effect the transfer of contracts of employment of employees, and provide them with similar employment rights protection to that which they would have under TUPE, the Secretary of State proposes to use powers under the Employment Relations Act 1999 to create a statutory staff transfer scheme (STS) which will be "TUPE-like".

Q: What protections are there for staff transferring to DWP under the Statutory Transfer Scheme?

A: In order to ensure the fair and equitable treatment of employees we are seeking to ensure that the transfer scheme and consultation process mirrors TUPE, as far as practicable. This reflects the approach set out in the Cabinet Office Statement of Practice on Staff Transfers (COSOP).

Q: Can DWP unilaterally change my terms and conditions of employment post transfer?

A: Your terms and conditions of employment will transfer with you. There may be little difference between those on offer in DWP. They could also be more or less favourable. Terms and conditions can only be changed by negotiation and consent.

Q: Will I become a Civil Servant on transfer to DWP?

A: Yes, you will become a Civil Servant on transfer.

Q: Can I object to the transfer?

A: Yes you can. But if you object to transfer you would not transfer over to DWP and your contract of employment will come to an end unless your current employer agrees otherwise.

Q: What happens to my salary?

A: Your salary will be protected. If it is more than the DWP pay scale you will retain your current (higher) salary. If your salary is below the minimum of the DWP pay scales, your salary will be automatically uplifted.

Q: What happens to my pension on transfer?

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A: Transferring staff will join the Principal Civil Service Pension Scheme (PCSPS) on their first day with DWP. They will be given the option of transferring their previous pension service into the PCSPS, or leaving it with their current scheme until they are entitled to receive pension payments.

Q: Am I guaranteed a job in SFIS?

A: We expect the vast majority of staff to be allocated to a role in SFIS. Where we are unable to do this, other options will be considered in consultation with those affected. This could include posting you into another DWP role.

Q: How far am I expected to travel to my new location when I move to DWP?

A: All fraud investigations will be delivered from sites where FES employees currently are located but we may also base people in other DWP sites. If this means a longer commute to work, your daily commute will be in line with your employer's current mobility policy. This will be a matter for individual discussion where necessary. There may be isolated cases where individuals will have mobility restrictions which mean they are unable to travel to any DWP site. In these circumstances we will discuss this with your employer before the transfer to explore what options would be available based on individual circumstances.

Q: When will I know which role I will be given and where I will be based?

A: Prior to the transfer, we will look at the transfer propositions from each employer in the vicinity. We will then consider a number of factors which includes the total number of staff available, where they live, and then compare this against the delivery options in DW