

## Editorial

You may have already seen the brief article in November's edition of Housing Benefit Direct about the new Fraud and Error Strategy which was published on Monday 18th October. The strategy can be found on the DWP's website at <http://www.dwp.gov.uk/docs/tackling-fraud-and-error.pdf>

I want to say how pleased I am that the strategy addresses not just the benefits DWP and local authorities administer, but also the Tax Credits administered by HMRC. This means that, for the first time ever, we have a strategy that focuses on reducing fraud and error across all of these welfare programmes and will help remove some of the operational barriers that, I know, have been a cause of frustration for investigators.

As you may have seen, the strategy includes plans for a new single fraud investigation service, a new integrated risk and intelligence unit and a new regional mobile task force. Together these will provide the basis for a new radical, innovative approach to preventing fraud and error from getting into our systems as well as targeting faster, intelligence led interventions more effectively at the highest risk cases.

That said, I want to acknowledge the many concerns that have been expressed about no prior consultation with your Associations or opportunity for local authorities to contribute to development of the strategy before publication. Also I know many of you are anxious about what the single Fraud Investigation Service will mean for LA investigators. But, at the same time, I want to reassure you that there remains a lot still to do to develop the initiatives in the strategy to a lower level of detail and to prepare to implement them. I, along with my DWP and HMRC colleagues, are very keen to work closely with you and your Local Authority Association representatives as we take all this forward. In the meantime, I have now met separately with local authority representatives from both the DWP/Local Authority Association Steering Group, and SOG, to explain the content of the strategy in more detail, and we will be following up shortly with discussions about involving LAs in the implementation.

Thank you to all of you who have been in touch. Understandably, there has been lots of interest in the new strategy from local authorities colleagues across the country – particularly about the single fraud investigation service. I hope you will find this version of 'HB Direct Special' helpful, as it focuses solely on the strategy and seeks to answer the questions many of you have raised. If you have any queries please contact [frauderror.strategy@dwp.gsi.gov.uk](mailto:frauderror.strategy@dwp.gsi.gov.uk)

I look forward to working with you as we take forward these initiatives.

David Barr – Head of Fraud and Error Strategy Division

 Email: [frauderror.strategy@dwp.gsi.gov.uk](mailto:frauderror.strategy@dwp.gsi.gov.uk)



# The new Fraud and Error Strategy

How did it all start? As some of you may know, earlier in the year, the DWP began work on developing a new fraud and error strategy.

However, in the summer, the Prime Minister asked the DWP, along with HM Revenue and Customs (HMRC), to develop a new joint Fraud and Error Strategy. This enabled us to broaden the scope of work that we had already begun.

The new strategy, which represents a step change in our fight against fraud and error, will

- help to equip staff with a range of tools and powers to tackle fraud and error
- introduce a range of tougher sanctions to punish those who commit fraud more harshly
- increase the use of third party data and introduce innovative analytical techniques to reduce fraud and error
- use real time data at the point of claim before fraud and error can enter the system

The strategy sets out a range of new measures for DWP, LAs and HMRC. It is based around five elements: Prevent, Detect, Correct, Punish and Deter and the initiatives which sit directly beneath them are expected to reduce the level of fraud and error by over 25% (£1.4bn) by 2015.

The key measures are

- Forming a single fraud investigation service
- Employing over 200 new anti-fraud officers to detect fraud

- Creating a new mobile regional task force to investigate each and every claim in high fraud areas
- Abolishing cautions as a penalty for fraud
- Increasing asset seizure
- Bringing in a new tougher one-strike, two strike and three-strike rules, including three year loss of benefit for people who are convicted of serious fraud
- Imposing a minimum fraud penalty - £350
- Introducing Civil Penalties - £50 for customer negligence
- Working closely with Crimestoppers
- Naming and shaming fraudsters in local areas

We expect most of the new measures to start from 2012/13 which takes into account the need for procurement and changes to the legislation. There is much work to be done to flesh out the detail and we want to work with your Local Authority Associations and LA representatives in taking the initiatives forward.



# Questions and answers

## What will the single fraud investigation service do?

The single fraud investigation service will investigate welfare fraud across all benefits and Tax Credits administered by DWP, HMRC and LAs. This will increase efficiency and consistency of criminal investigations.

The intention is to create one fraud investigation service covering all benefits and credits including Housing Benefit. This would include LA Housing Benefit fraud functions. Universal Credit will replace working age benefits starting in 2013 and will help to drive significant fraud and error savings through radical simplification of the welfare system. The Government has announced plans for Council Tax Benefit to be replaced from April 2013 by local schemes, designed and administered by LAs, the details of which are yet to be decided.

The strategy intends that the new single fraud investigation service will be in place from 2013, ready for the introduction of Universal Credit. Much work needs to be done to look at the detail and we will work with Local Authority Associations and LA reps in taking that forward.

## How will the single fraud investigation service be formed?

By combining the benefit, and tax credit, fraud investigation resources of DWP, LAs and HMRC. Also, the Government is funding an additional 200 fraud investigator posts. The intention is that LA benefit fraud investigators will become part of the single fraud investigation service when it is formed in 2013. Options for integrating LA investigators will be discussed with the LA Associations. The White Paper 'Universal Credit: welfare that works' published on 11th November 2010 announced that delivery of Universal Credit will be the responsibility of DWP. We will look at where best, under DWP, the single fraud investigation service should sit as options for delivery of Universal Credit are developed.

## Does creating a single fraud investigation service mean that LAs' Fraud Investigation Service can start investigating tax credit fraud?

No. Discussions will need to take place between DWP, HMRC and LAs to help establish the new single investigation service by 2013. Meanwhile, as well as continuing with existing arrangements for investigation we are also looking to enhance joint working across DWP/LAs/HMRC.



# Questions and answers

## Will the single fraud investigation service cover other (i.e. non benefit) frauds against LAs?

The remit of the new single fraud investigation service will cover benefits, tax credits and Universal Credit. However, we recognise that some LA fraud investigators deal with more than benefit fraud. We will take that into account in discussions with the LA Associations.

## Will anti fraud activity be protected from cuts?

The strategy will increase investment in tackling fraud and error at a time when many other areas of expenditure are being reduced. However the strategy aims to deliver significant reduction in losses to fraud and error by 2015 thereby contributing to overall expenditure savings.

## What is the Integrated Risk and Intelligence Service (IRIS)?

It is a central hub which gathers and processes data and intelligence on fraud, error and debt. It will look to make the most of analysis and maximise performance in anti-fraud and error activities. It will use the latest risk profiling and data analytics techniques to prioritise our highest risk cases.

IRIS will focus on: getting rid of existing fraud and error in the system; highlighting risks at the start of the claims process; and assist with ongoing case management via system alerts. It will play a lead role in coordinating the acquisition and use of Credit Reference Agency and any other third party service or data in anti-fraud and error activities for both the current benefits and tax credits system and for Universal Credits. This will drive counter fraud and error activities to optimise the value for money of our effort.

## What about Data Protection Issues?

Proposals will be discussed with the Information Commissioner's Office to ensure they satisfy data protection legislation and safeguards.



# Questions and answers

## What is the Mobile Regional Task Force and what does it aim to achieve?

The Mobile Regional Task Force is a task force to check and correct claims in specific geographic locations. Our aims are to raise the profile of counter fraud activity and deter future fraud. This activity will be supported by local media campaigns to send out an important message to fraudsters. The Task Force will eventually be driven by the Integrated Risk and Intelligence Service.

## What are our plans for local media campaigns?

We are planning to deliver local publicity reminding customers of their responsibilities and the consequences of getting caught for benefit fraud. As part of our communications strategy, we are also planning to introduce 'naming and shaming' in local areas. We will be working with local authorities to develop this strategy.

## What changes are being made to make the sanctions regimes tougher?

We are planning to implement a range of tougher sanctions for those that fail to report changes in circumstance or commit fraud. These include:

- Introducing a minimum penalty for all fraudsters
- Introducing £50 civil penalty for not reporting changes
- Reviewing guidelines used by magistrates
- Extending the length of loss of benefit punishments for one and two strikes
- Introducing a third strike for serious fraud cases

## What are the improvements to the Fraud Hotline and why are we doing it?

We want to encourage more valuable calls to the Hotline by rewarding the public for useful referrals and are considering placing an obligation on those who have information about a fraud to report it. This will build on the current success of the hotline.



# Questions and answers

## Why are we establishing a relationship with Crimestoppers and what does it aim to achieve?

Crimestoppers is an independent charity which takes anonymous calls from customers providing information about crime. Its 0800 555 111 line is open 24 hours a day, 7 days a week. Crimestoppers can make financial awards of between £50 and £1,000 for information received in certain circumstances.

Crimestoppers is planning a major national campaign against public sector fraud in early 2011 and DWP and HMRC will work closely with them to maximise the impact of the campaign on benefit fraud. DWP and HMRC will seek to build on and develop this relationship further.

## What are the timescales for change?

There are no immediate changes to the way that we will investigate or sanction benefit fraud, so at this stage we will continue to follow existing processes and procedures – including still administering cautions.

As work begins on developing the projects in more detail timescales will become clearer. However we do know that most initiatives will not start until 2012. For example:

- subject to legislation, from 2012 we will look to start implementing powers to impose tougher sanctions.
- in 2013 we will begin the work of a single investigation service empowered to investigate both benefit and tax credit cases.

We will work with local authorities and HMRC to develop these plans.

## How will you involve LAs in taking this strategy forward?

We will be consulting the LA Associations on the detail of the initiatives in the strategy and on plans to implement them. We are still at a very early stage but will be keen to have LA input to the various projects we will be setting up to implement the strategy.

If you have any questions please e-mail

 [Email: frauderror.strategy@dwp.gsi.gov.uk](mailto:frauderror.strategy@dwp.gsi.gov.uk)

