

## Appendix A

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Dear Colleagues

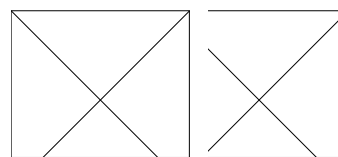
### **FIS 2012/13 OPERATIONAL STRATEGY AND MEASURING WHAT WE DO**

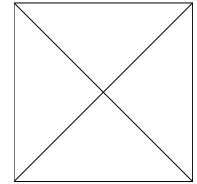
Having received our Minister's and DWP senior managers' agreement in principle, I am pleased to now outline how FIS will be working from April onwards. This will bring about changes because we will no longer have individual targets as currently although there might be certain areas of work where resources are deployed to achieve set targets. Instead we will concentrate on investigating the cases that are most likely to be put before the courts rather than processing larger numbers of less serious cases that aiming for targets can bring about.

The detail of these changes and accountabilities still need to be worked through but I want to give you this early indication of what we are working towards.

Whilst targets have been the relevant point of reference to aim for in the past and they have demonstrated our success with year on year measurable improvements, it is now time to move to different ways of measuring what we do that allows FIS to work to best effect by prosecuting where appropriate and consequently deterring others from offending. At the same time we will do this in a way that makes us efficient in the context of comparing our costs against the overpayments to be recovered. I anticipate that you will agree that these changes are for the better and accords with what most of you have been telling me and my senior managers to do.

The changes build on work done this year in the two flexible units operating in the Southern England and North West England Regions. These Unit investigators had no targets set. Each Unit has taken a slightly different approach but both have ended up concentrating on the more serious frauds. Whilst it is still early to make absolute evaluations, the indications are that average overpayments have increased, total





recoverable overpayments have increased and numbers of prosecutions have increased. At the same time, less serious cases have been taken by Customer Compliance rather than by FIS.

I now want the whole of FIS to move into this way of working. The main aim will be for local operational managers to direct resources on the more serious cases and ensure the totality of the fraud is investigated. This might mean doing fewer investigations but those done are to generally result in larger overpayments on the cases we put before the courts.

The broad outline of the changes are as follows:

**Targets** – There will be fewer targets set. Results of all investigations will still be recorded and used as Management Information. Performance management and performance assessments will still be based on a range of MI.

**Prosecutions** - Numbers of prosecutions should not drop. For planning assumptions, we expect to refer 12,000 suitable cases to CPS. They are expected to generally be the more serious and complex frauds.

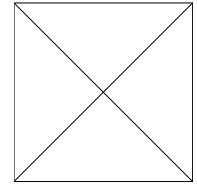
**Administrative Penalties** – These will be recorded as MI and for national reporting purposes inside and outside the Department. The total numbers might drop as we concentrate on fewer but more serious cases that should end up in the courts as prosecutions.

**LT and DR type investigations** – The results from these investigations will still be recorded as MI. It is expected that they will still be investigated where at the outset they are deemed to be suitable for prosecution should the evidence be gathered.

**Return on Investment (RoI)** – This is a new way of measuring our performance. It links our intention to focus on the more serious cases with the intent to investigate in the most efficient ways possible. Much has been done during the last year to minimise our peripheral costs but we must now start looking at how we investigate and to reduce these costs wherever possible.

The RoI measure will reflect how much money could be recovered because of our investigations (including overpayments not linked to prosecution or sanction cases) compared with the cost of doing our work. In simple terms the RoI will be all the recoverable overpayments divided by all costs. It will be expressed as the amount of recoverable overpayment for every pound spent.

We are also considering ways of including the estimated loss due to preventing fraud from continuing.



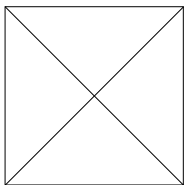
RoI will be reflected at National, Area and Unit levels. Cost Centres only go to UFI level but we will be exploring how RoI can be reflected below this if that is considered to be useful.

***What now needs to be done?***

What I have outlined are the broad parameters of what will change. I hope that you find this useful and that you can now start thinking about how you will operate next year and beyond. Your UFIs are meeting on 29<sup>th</sup> February when this topic will be high on the agenda. Please feed your thoughts through to your UFI and after that meeting we will put out guidance if necessary and appropriate.

Whilst I have inferred that numbers of investigations done by FIS might drop, the intention is that every case will still be investigated but will be by the most appropriate people. There could be more cases referred to Customer Compliance, which is something we will be taking forward with those responsible for CC nationally.

Finally, I recognise that for some of you this might be seen as a big change and to others not so much of a change. But it is one that I understand will be welcomed and will move us along our journey to use our expert resource effectively and efficiently.



Dave White  
Head of Fraud Investigation Service