

Single Fraud Investigation Service

High Level Business Design

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Document Control

Key personnel

Title	High Level Business Design Requirements
Author	SFIS Design Team
Approver	Melanie Frankham
Owner	Lyn McDonald

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Executive Summary

1. Introduction

1.1 This paper sets out the high level design for delivery of the Single Fraud Investigation Service (SFIS) in 2013. The design has been developed following the decision that Local Authority (LA) Benefit Fraud Investigators will remain employed by their LA and work within their Estate (Option 1 of the LA consultation exercise completed in November 2011). The design also takes account of the input provided from LA, Department of Work and Pension (DWP) and Her Majesty Revenue and Customs (HMRC) fraud operational staff following completion of a series of workshops in January and February this year.

1.2 The information provided reflects current understanding of SFIS requirements at a high level. Further work to drive out the detailed design will start in May including developing proposals to pilot different aspects of the design involving DWP, LA and HMRC over the coming months. The Models 1 and 2 as described in this document provide a starting point for SFIS and are consistent with the view that LA option 1 is an interim solution from 2013.

Key elements of the design are as follows:

2. Aims and Objectives of SFIS

2.1 SFIS will bring together the combined expertise of the Welfare Benefit Fraud investigation work undertaken by DWP Fraud Investigation Service (FIS), LA Benefit Fraud Investigators and HMRC in relation to Tax Credits into a single service.

2.2 This approach supports the fraud and error vision to minimise fraud and error through preventing fraud and error getting into the benefit system, through detecting and correcting fraud and punishing and deterring those who have committed fraud.

3. SFIS Organisation and structure

3.1 The SFIS organisation will brigade together all Welfare Benefit Fraud Investigators in LAs and DWP in post at that time SFIS goes live in 2013. In DWP this includes all FIS Area Fraud Investigators, FIS Organised and FIS Intelligence staff. A small number of HMRC staff will also become part of SFIS.

3.2 In addition, all LA and DWP fraud Managers and support staff predominately involved in the investigation welfare benefits at the time SFIS goes live in 2013 will become part of SFIS.

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3.3 The current DWP FIS organisation is structured around English Regions plus Scotland and Wales with single FIS teams aligned to one or more Local Authorities. For the introduction of SFIS, it is proposed that the current structure remains but with some re-alignment of teams where this is required.

3.4 Following the LA/DWP/HMRC workshops input earlier this year, two team structure models have been developed based around the LA Option 1 decision that LA staff remain employed by their LA and remain in their estate. Model 1 would simply join together the existing teams and Model 2 provides an option for a more integrated team structure whilst retaining LA Line Management of LA staff.

3.5 We propose that both Models are included in the planned pilot activity which will be undertaken in the next phase of the project and then evaluated to assess how each model or a variation work could work for SFIS.

4. Legal Powers for SFIS

4.1 The Welfare Reform Act will allow LA, HMRC and DWP investigators working under SFIS procedures and policies to investigate all types of Welfare Benefit Fraud. These powers will be available from June 2012 and will enable the project to include these in any piloting activity planned for later in the year.

5. Job Roles and Training

5.1 The principles relating to job roles during the interim period from 2013 include:

1. Maximising the flexibility of the range of welfare benefit or tax credit investigations an individual can undertake
2. Case management and investigation should be undertaken end to end by one investigator
3. Specialisms in Organised fraud, Financial Investigators and Intelligence remain

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6. IT – IRIS and Case Management requirements

6.1 Work has started to define and agree the SFIS IT requirements and during the next phase of detailed design we will look at whether these requirements can be met from existing systems, new products or a combination of the two

7. Investigation Process

7.1 The SFIS investigation process is part of the overall Fraud & Error end to end business process model. Following a review of the current DWP FIS process and feedback from the LA/DWP workshops, work is in progress to identify improvements in the timescales taken to conduct current investigations to significantly speed up the process.

8. Service Level Agreements

8.1 A number of Service Level Agreements will be needed to ensure the successful operation of SFIS and a range of current and required SLAs are being considered covering:

1. Funding arrangements with LAs
2. Performance management between all members of SFIS
3. Performance management with Crown Prosecution Service (CPS)

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9. People Impact

9.1 The carefully managed brigading of staff into SFIS will be vital to the success of the new organisation. We are therefore working to fully understand the People impact to cover the nature of the change to the SFIS organisation. This includes an assessment of what will be different for staff in SFIS

9.2 In doing this it is proposed a SFIS Management Board, made up of representatives from LAs, DWP & HMRC, will be established. It is envisaged, the SFIS Management Board will review what action is already underway and what else is required to make the change, to ensure SFIS is a successful and effective investigative organisation. A high level people impact analysis is being undertaken for the Fraud & Error Programme which will include the impact of introducing SFIS.

10. Procedures and Guidance

10.1 Existing Fraud Investigation Manual guidance will need to be reviewed and changed to meet the needs of SFIS including the procedural guidance used by LAs.

10.2 An initial analysis of the current guidance has been undertaken to identify areas that need to be changed and this will be linked into the proposed piloting activity to be undertaken in the next phase of the programme. To do this, the DWP Benefits Procedures and Guidance team will be engaged to work in consultation with SFIS stakeholders to produce the guidance.

11. Communications

11.1 It is recognised that communication and engagement with FIS, LA and HMRC fraud staff has been limited in the past and a comprehensive review has been undertaken to develop more effective communication plans and engagement activities.

11.2 The Fraud and Error programme is beginning a campaign to improve the profile of Fraud and Error both internally and externally. We have already launched the programme monthly newsletter and a range of other planned communication activities and outputs are detailed in this document.

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Introduction

1. Purpose and Objectives of SFIS

1.1 The Fraud and Error Strategy proposes that the Single Fraud Investigation Service (SFIS) should brigade the current fraud duties of the Fraud Investigation Service (FIS) in Department for Works and Pensions (DWP), Local Authorities (LAs) and Her Majesty's Revenue and Customs (HMRC) to create a single investigation service for Welfare Benefits and Credits.

1.2 The SFIS project aims to rationalise existing investigations and prosecution policies in order to create a more coherent investigation service that is joined up, operates in a more consistent manner and takes into account the totality of offences that are committed. The new service will bring together the combined expertise of all 3 services drawing on the best practices of each.

1.3 This document sets out the high level design for delivery of the Single Fraud Investigation Service (SFIS) planned to be introduced from 2013. It has been developed following the decision that Local Authority (LA) investigators will remain employed by their LA and work within their Estate (Option 1 of the LA consultation exercise completed in November 2011). Further details of Option 1 see **Appendix 1**

1.4 The design has been developed with input from operational staff following completion of 16 Workshops that were undertaken across England, Scotland & Wales involving 550 delegates from LA, Her Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP). Following the Workshops several Business Design meetings took place. In addition a high level review of the timeline of the investigation process was undertaken and findings presented to the Welfare Reform Minister.

1.5 The key objectives were:

1. To bring representatives from the different investigative bodies together
2. To seek views on current working practices
3. To identify areas that required development
4. To identify areas that worked well
5. To provide input to the design of SFIS
6. To address questions and concerns

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1.6 It was evident that there was an overwhelming will and desire to introduce SFIS, from many of the participants. Many outstanding operational practices were highlighted, as well as the identification of potential barriers to delivering a successful outcome.

2. Fraud and Error Vision

2.1 A welfare system delivering support to the right people at the right time, where:

1. Levels of fraud and error are minimised
2. Fraud is prevented from entering the system
3. Those attempting to defraud the system are identified and punished
4. Deterrents are strong and attempts to fraud decline over time
5. Fraud Prevention, Detection, Deterrents and Punishment are delivered by a joined up Single Service
6. Error is detected and corrected as soon as it enters our system

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3. The Business Drivers – The Strategy

3.1 The strategy has five key principles that remain pivotal to our approach:

PREVENT	DETECT	CORRECT	PUNISH	DETER
Stopping fraud and error getting into the system in the first place	Increasing the likelihood of finding incorrect and fraudulent claims	Quickly putting incorrect cases right, getting back what we're owed	Strengthening sanctions for those caught	Publicise harsh punishments and the high likelihood of being caught

3.2 The focus of year one is primarily on **prevent, detect and correct**. **Punish and deter** come with the enactment of the Welfare Reform Bill in June 2012, which for SFIS will allow us to conduct joint investigations.

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4. Specific objectives of SFIS

4.1 Specific objectives of SFIS are to:

1. Provide better value for money;
2. Increase the number of quality investigations;
3. Improve efficiency;
4. Improve consistency and fairness.

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5. Preparing for a New Single Fraud Investigation Service in 2013

5.1 In September 2011, all LAs were invited to comment on the options for Local Authority Benefit Investigation staff to become part of the SFIS. A report was compiled from analysis of the consultation responses and this report formed the basis of the report submitted to the Minister for Welfare Reform. It was agreed that Option 1 would be the interim solution from 2013 onwards as this provides the most flexibility, especially in allowing LA staff to consider other types of fraud, and in developing piloting and testing ways of working. The option will have the lowest impact on the staff and allow gradual transition to new IT, referral or operating systems. It is also the most pragmatic and achievable in the timescales.

6 Scope

6.1 In Scope

6.1.1 SFIS will be created by bringing together the current welfare benefit fraud community in DWP, LA and HMRC. SFIS investigators will have the ability to investigate and prosecute both Welfare Benefits and Tax Credits fraud. Currently DWP prosecute cases through the Crown Prosecution Service (CPS) in England & Wales (E&W) and the Procurator Fiscal (PF) in Scotland. We recognise LAs have varied prosecuting practices and this will be looked at in the detailed design. SFIS investigators will have new legislative powers under the Welfare Reform Act (WRA) already available to HMRC to be able to investigate Tax Credits fraud.

6.1.2 SFIS will include a dedicated resource utilising the current expertise to investigate organised fraud, tax credit only¹ and disability related fraud.

6.2 Out of Scope

6.2.1 The following items are currently out of scope of SFIS in 2013

1. Child Maintenance and Enforcement Commission (CMEC) investigations – these will be included at a later date. The timing of this is still to be agreed.
2. Council Tax benefit replacement fraud
3. Local Authority Corporate Fraud
4. Welfare benefits in Northern Ireland.

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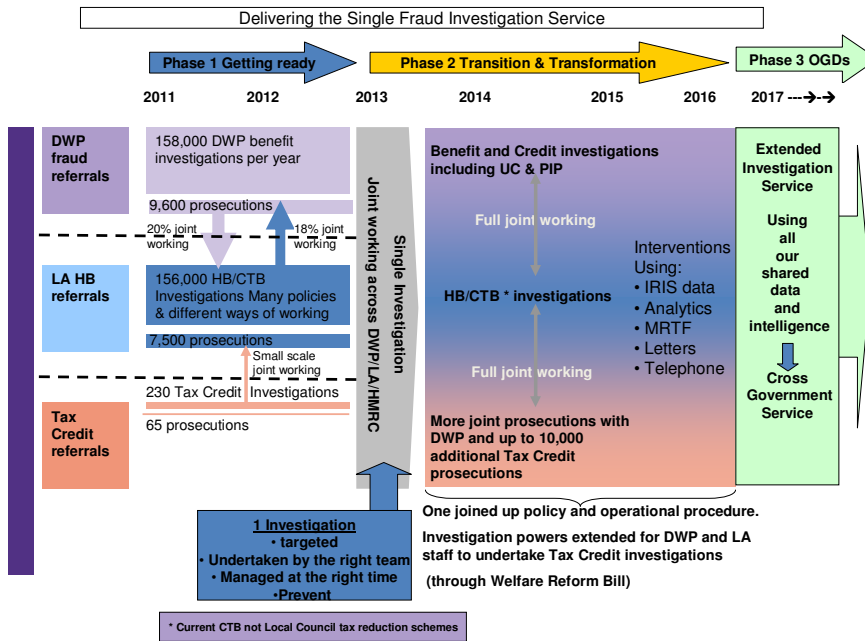
6.2.2 Ministers have asked the programme to consider widening the scope of SFIS and for it to become a cross Government service in the future. This will be considered after delivery of the first phase of SFIS in 2013, and consultation will at that time take place with all our partners.

¹ Where another welfare benefit is being investigated along side tax credit then these cases will form part of general sfis work its when the only benefit is tc that they will form part of specialist work

7. Delivering the SFIS Service and long term vision

7.1 As illustrated in **Diagram 1** below, fraud investigation is currently undertaken by DWP, LA & HMRC. The aim is to deliver a single organisation to investigate the totality of the fraud.

Diagram 1: Phases of delivery of the Single Fraud Investigation Service



8. Creating the SFIS Organisation and structure

8.1 The SFIS organisation will be created in 2013 and will be formed by brigading all LA Benefit Fraud Investigators and DWP Fraud Investigators operating under SFIS policies and practices. Currently this comprises 1709 DWP Fraud investigators and ²1250 LA Benefit Fraud Investigators. All DWP FIS staff including those working in organised fraud and FIS Intelligence in 2013 will become part of SFIS. A small number of HMRC staff will join SFIS to support investigations. In addition all DWP & LA Benefit Fraud Managers and support staff predominately involved in the investigation of Welfare Benefits that are in post at the time will become part of SFIS.

² These figures are based on the Housing Benefit Recoveries and Fraud Return (HBRF) – December 2011

8.2 Currently the DWP FIS organisation is structured around 7 regions in England Scotland and Wales ensuring there is a FIS team aligned to one or more Local Authorities. During the SFIS interim period it is proposed that the current structure remains although some realignment of teams between current FIS and related LAs may be required.



8.3 During the detailed design phase we will undertake an analysis of how these teams should be mapped together to ensure coverage.

8.4 An alternative proposal we have explored for the 2013 model, following feedback from the Stakeholders Workshops, was to replicate the police authority geographical model. This will be reviewed at a later date.

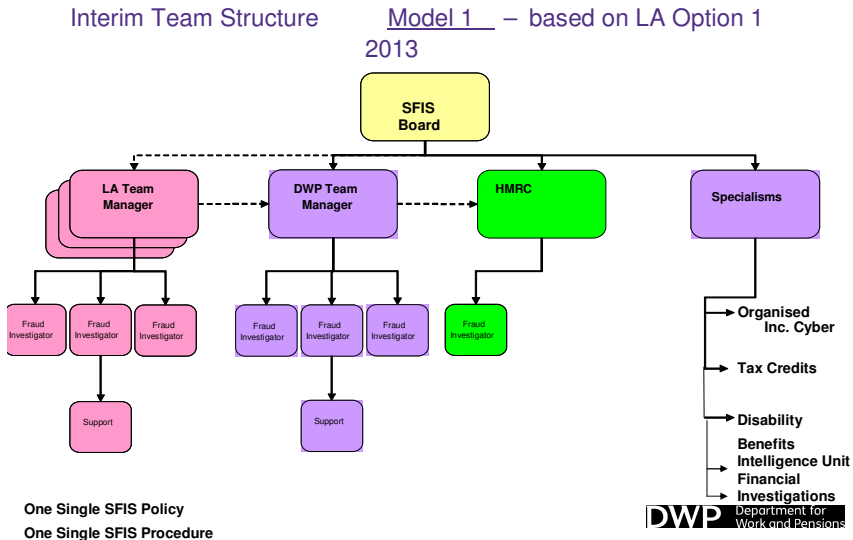
9. Organised Tax Credit Fraud

9.1 A decision has been made that all current types of Organised Tax Credit Fraud will be investigated by SFIS. The decision comes following analysis and review of DWP organised fraud by HMRC and acknowledges DWP has the knowledge, skills and capability to investigate Organised Tax Credit Criminal activity. This decision has been ratified at Senior Civil Service (SCS) level within the HMRC's Criminal Investigation Department.

9.2 A review will be required to identify the intelligence needs in order to progress Tax Credit Organised Fraud investigations.

10. SFIS Team Organisation based on the LA Option 1 decision

10.1 Following the decision in November 2011 that LA staff joining SFIS will remain employed by their LA and remains in their estate, a simple and least disruptive organisational model would simply join together the existing 3 organisations, as illustrated in model 1 below. This would also leave existing line management arrangements for LA staff unchanged.



Note although Tax Credits are shown under the Specialism line, this would be for Tax Credit only cases. All other Tax Credit cases where there is a link to other welfare benefits including Housing Benefit (HB) and Council Tax (CTB) would be managed as a single investigation and dealt with by the SFIS teams.

10.2 The model proposes that a SFIS Management Board will be established made up of representatives from LAs DWP and HMRC.

10.3 The advantages of this model can be summarised as follows:

1. Ensures minimal disruption to existing organisational structure
2. Enables a single SFIS policy and procedural model to operate
3. Enables the totality of offences to be investigated
4. No changes to terms and conditions for staff
5. No changes to LA estate
6. Access LA systems
7. Provides LA s with the ability to redeploy staff to meet targets on corporate fraud
8. Retains local knowledge and access to people and databases.

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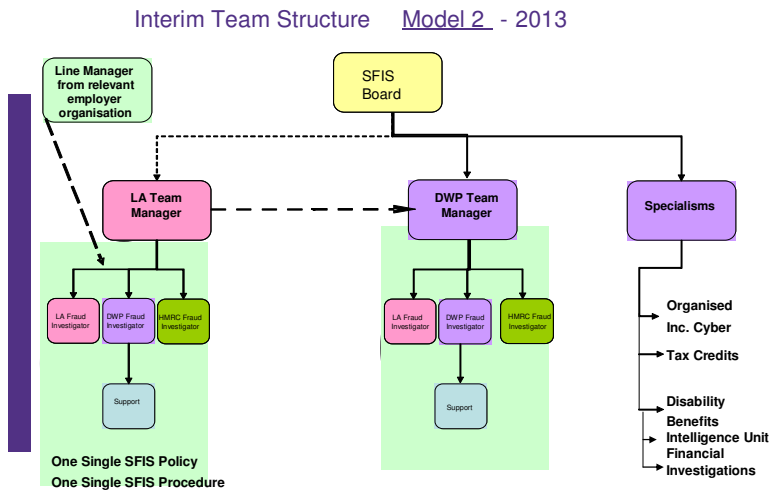
10.4 The disadvantages of this model can be summarised as follows:

1. Possible conflict of interest or divided loyalties between LAs within SFIS
2. Potential tension between SFIS objectives and LA corporate fraud
3. Would present the proposed SFIS Management Board with issues of responsibility to deliver SFIS objectives but with little control and accountability for resources
4. It is not seen as delivering any change to current arrangements – just a rebadging exercise;
5. Reinforces separate LA/DWP teams – reinforcing the status quo;
6. Less able to share information and knowledge as still operating as separate teams;
7. Expectations of a new joined up service not met;
8. Public perception fraud not joined up across organisations – less of a deterrent;
9. Would need a robust SLA to ensure minimum resource and performance levels are maintained and that suitable penalties can be enforced;

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11. More integrated option based on LA/FIS workshop feedback

11.1 As the recent DWP FIS/LA series of workshops progressed, delegates were asked to provide their views on the team structure and organisational model they would want when SFIS is introduced. This provided considerable support for a more integrated team structure which would deliver a single management chain and would promote closer working across the new organisation. Having listened to those views we have, therefore, developed the more integrated model, illustrated below:



Note: Tax Credits Specialism for Tax Credit Only cases as in Model 1

11.2 This is a different approach from the organisational model the LA Option 1 would indicate, however, it does reflect a model that both FIS and LA operational staff suggested we should consider in the next stage of detailed design

11.3 Staff would still be managed by their current employer but allocation of work etc could be by a manager from another organisation

11.4 The advantages of this model are that:

1. A more streamlined allocation of work across the team
2. It fits more closely with strategy intent for a single integrated SFIS service;
3. Looks different from a staff, public, and ministerial perspective;
4. Is more conducive to sharing best practices – closer working in mixed teams
5. Still access LA systems

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6. Enables a single SFIS policy and procedural model to operate
7. Enables the totality of the offence to be investigated
8. No changes to terms and conditions for staff
9. Retains local knowledge and access to people and databases
10. Has greater buy in and ownership of SFIS objectives and outcomes through LA management of mixed teams
11. Provides improved influence on LA workforce management decisions; priorities for SFIS and/or LA corporate fraud
12. Improved working relationships and sense of one team and aims
13. One task manager sets priorities and direction **see Appendix 2**
14. Some piloting of this approach already tested through Leeds One City One Team (OCOT) activity

11.5 The disadvantages of this model can be summarised below:

1. Possible conflict of interest or divided loyalties between LAs within SFIS
2. Potential tension between SFIS objectives and LA corporate fraud;
3. Staff have a line manager and work manager which could be confusing or difficult to understand;
4. Would present the SFIS Management Board with issues of responsibility to deliver SFIS objectives but with little control and accountability for resources.

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11.6 We propose that both models are included in the pilot activity to be undertaken in the next phase of the project. In some areas, it is recognised that the more integrated model may take some additional work because of geographic restrictions but this will be assessed and evaluated as part of the pilot activity. If alternative models become apparent these will be considered with a view to piloting.

12. Longer Term Vision

12.1 Models 1 and 2 as described in the sections above provide a starting point for SFIS and are consistent with the view that LA option 1 is an interim solution from 2013 until decisions about the operating arrangements for UC are determined. As a result, firm decisions about the long term organisational model for SFIS cannot be made at this stage. Full evaluation of Universal Credit and SFIS Implementation will determine future decisions.

13. Legal powers for SFIS Investigators

13.1 Legislation

13.1.1 These measures are designed to better prevent, detect, and punish fraud and error in the benefits and tax credits system.

13.1.2 The 2012 Welfare Reform Act amends the Tax Credits Act 2002 to provide for a summary mode of trial for certain offences relating to tax credit fraud that are prosecuted under section 35 of the Act. Fraud involving Tax Credit payments of up to £20,000 will be triable only before the Magistrates. Fraud involving Tax Credit payments above that amount will remain triable either way (either in the Magistrates or before the Crown Court).

13.1.3 It is expected under SFIS that CPS will be the prosecuting authority for Welfare Benefit and tax credit Fraud in England and Wales. However, we recognise that LA have different prosecuting practices for HB/CTB. Further information on this will be provided in the next stage of the detail design process.

13.1.4 In Scotland prosecution powers for both types of fraud will be retained by the Procurator Fiscal who will ultimately decide which court an offence will be heard at.

13.1.5 Other changes that will be made to the Social Security Administration Act 1992 under the Welfare Reform Bill that will enable and enhance an investigators power under the Single Fraud Investigation Service include:

1. **Section 110 - Powers to require information**
2. **Section 111 - Time limits for legal proceedings**
3. **Section 112 - Restricting powers of local authorities to prosecute benefit fraud**
4. **Section 122 - Investigation of tax credit fraud**
5. **Section 123 – Other Government Departments**
6. **Section 124 -Tax Credit Prosecutions and Penalties**
7. **Section 125 - Unauthorised disclosure of information relating to tax credits**
8. **Section 127 - Information sharing between Secretary of State and HMRC.**

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Further details of the legal powers see **Appendix 3(a)**

13.2 Penalties as alternative to prosecution

13.2.1 The Act extends administrative penalties to allow them to be offered as an alternative to prosecution where an offence of benefit fraud has been proven and the fraud is discovered and stopped before any overpayment of benefit is made. Other changes will also be made including the introduction of a Civil Penalty and extension to a loss of benefit provisions. Further details are at **Appendix 3(b)**

13.3 Authorised Officer Powers Social Security Administration Act 1992

13.3.1 There will be power to revoke Sections 110A and Section 110B once the schedule is commenced and going forward Section 109A, 109B 2A, 109 BA and 109C will be the powers under which SFIS Officers will request information from employers, banks etc.

13.4 Impact of the new powers under the Welfare Reform Act

13.4.1 The Welfare Reform Act will allow LA/HMRC/DWP investigators working under SFIS procedures and policies to investigate all types of Welfare Benefit and Credits fraud. All policy and procedures for SFIS will be owned and operated by DWP.

13.4.2 These changes will impact in a number of ways:

1. Increased flexibility to investigate any welfare benefit helping to uncover the full totality of an offence and recouping all losses against the benefit system
2. Enable an investigator working under SFIS to be located in either a DWP office or LA office
3. Consistency will be delivered throughout the investigative process, by working to the same policies and procedures
4. More integration between government departments and further development of skilled investigative professionals as cross benefit knowledge is shared
5. Simplification of the process of investigating benefit fraud as one policy will be followed by all investigative teams rather than individual policies adhered to by DWP, LA (which could amount to 100s of differing policies) and HMRC
6. The CPS will be the prosecuting body acting on behalf of SFIS – prosecuting cases within England and Wales, however, LA different

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prosecuting practices will be taken into account in the next phase of the detailed design

7. In Scotland the current local agreements will continue with the Procurator Fiscal ensuring a consistency of approach with all prosecutions
8. A training programme will be developed to ensure all understand the changes that the Welfare Reform Act will bring and how this will affect the day to day investigative process. The training will give all SFIS staff the same level of understanding on policies, procedures and structures

14. Job roles including Specialisms

14.1 Job roles – Interim

14.1.1 It is recommended that the following principles relating to job roles are adhered to:

1. Maximise flexibility on the range of all Welfare Benefits and Credits an individual can undertake
2. No change to Terms & Conditions in interim period, unless bought about by the owning organisation following an other change
3. Case management and investigation should be undertaken end to end by one investigator adhering to local practices
4. The technical role of managers may need to be strengthened and this will be looked at in the next phase of the design
5. The role of the task manager and line manager should be clearly defined. An initial definition is included in **Appendix 2**
6. Organised fraud will be part of SFIS and is to remain a separate specialist team as shown in the models
7. DWP Organised fraud has the knowledge, skills and capability to investigate Tax Credit Organised fraud
8. Financial Investigators role to remain
9. Intelligence Unit (IU) - due to the dependency of the business the expectation of IU is that it will support SFIS design and the future interaction with IRIS
10. The growth of SFIS will determine the needs and therefore this list is not exhaustive

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15. Training Requirements

15.1 PinS (Professionalism in Security) Learning & Accreditation

15.1.1 Appropriate training will be undertaken to ensure that the business objectives of the new SFIS organisation are met

1. DWP currently provides both a Fraud Investigator and Fraud Manager Learning route way. This route way should be adhered to by any new recruit to the SFIS organisation to ensure they meet the minimum standards required by the Counter Fraud Professional Accreditation Board to become an Accredited Counter Fraud Specialists (ACFS) or Accredited Counter Fraud Managers (ACFM)
2. LA training is currently delivered by the DWP Fraud and Security Learning and Development Team. The expectation is that SFIS will continue to utilise this learning route way, to ensure they meet the minimum standards required by the Counter Fraud Professional Accreditation Board to become an Accredited Counter Fraud Specialists (ACFS) or Accredited Counter Fraud Managers (ACFM). HMRC tax credit training will be incorporated
3. Continuous Professional Development (CPD) is to be undertaken by all SFIS staff to ensure that their skills and knowledge levels remain at a high standard. CPD is aimed at maintaining an investigators accreditation status, whilst developing investigatory staff beyond their foundation programme. Whichever product is chosen to be used under SFIS it must meet accreditation standards and provide the investigators with a continued qualification

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Details of the PinS Blended Training Route Way see **Appendix 4**

15.2 Future Developments

1. Any specialism role will receive appropriate training
2. There is no need to reassess all of the SFIS investigative staff if they are already PinS accredited as meeting the requirements for CPD will ensure that all SFIS staff have the appropriate skills and knowledge base for the role they are going to undertake
3. Specific technical training may be required to be provided to the Task Managers to make sure that they have strong knowledge of the offences and legislation that SFIS will be operating under. This training

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will ensure legal and evidential requirements are met for the Crown Prosecution Service (E & W) and Procurator Fiscal (Scotland)

4. Specialist learning route ways to be developed for each area of specialisms, e.g. Financial Investigators etc. By addressing the learning needs for each specific function SFIS can deliver a high level, professional service at every opportunity not just in the investigative process

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15.3 Additional Training Requirements

These will include:

1. Data Protection requirements, including the sharing of information and provision of information with regards to Freedom of Information Requests (FOI) etc
2. Changes in Legislation under the Welfare Reform Act and how this will affect the investigative process including evidence gathering and information available through authorised officer powers
3. Surveillance requests under the Regulation of Investigatory Powers Act (RIPA) – ensure all SFIS staff recognise what is proportionate and necessary and how to conduct surveillance safely
4. Covert Human Intelligence Sources (CHIS) – how to recognise one, how to handle the situation and all the regulatory requirements surrounding a CHIS. All requirements as specified by the Office of Surveillance Commissioners
5. Systems training – as new systems are going to be introduced that will significantly impact on the whole of the investigative process from referral, to case management to submitting a case for prosecution all SFIS staff at every level will require training on how to effectively use these systems whether they currently have experience of that system or not
6. When SFIS is launched a full induction pack will be provided to ensure a shared ethos, strategy and direction

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16. IT system requirements

16.1 IT – Integrated Risk Intelligence Service (IRIS) and SFIS Referral and Case Management

16.1.1 During March and April 2012, a number of workshops and discussions have taken place with DWP Corporate IT. To define and agree the SFIS business requirements for the Integrated Risk Intelligence Service (IRIS) and for the referral and case management of investigations following the introduction of SFIS.

16.1.2 These discussions on IT have included the issues and comments from the FIS/LA workshops and have enabled us to develop a set of detailed SFIS business requirements that have been documented separately for inclusion in the IRIS and case management IT development plans.

16.1.3 In summary, the long term IT business requirements **for IRIS** specify that:

1. All benefit fraud referrals, whether from the business, public or staff will be routed through IRIS for risk assessment. This will ensure that IRIS will be the single source of referrals to SFIS
2. All data matching will be risk assessed
3. The system must be accessible to all users in DWP, LAs and HMRC
4. The system calls out to data held on other Government databases e.g. UK Border Agency
5. Details of any on going investigations and outcomes of previous investigations including cautions, administrative penalties and prosecutions will be fed back into IRIS for future risk assessments

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16.2 Case Management Requirements

16.2.1 SFIS will need a case management system to manage investigations and to feed back outcomes back into IRIS for future risk assessments.

16.2.2 The long term business requirements have been documented and provided to DWP Corporate IT for assessment. In summary, the case management requirements include:

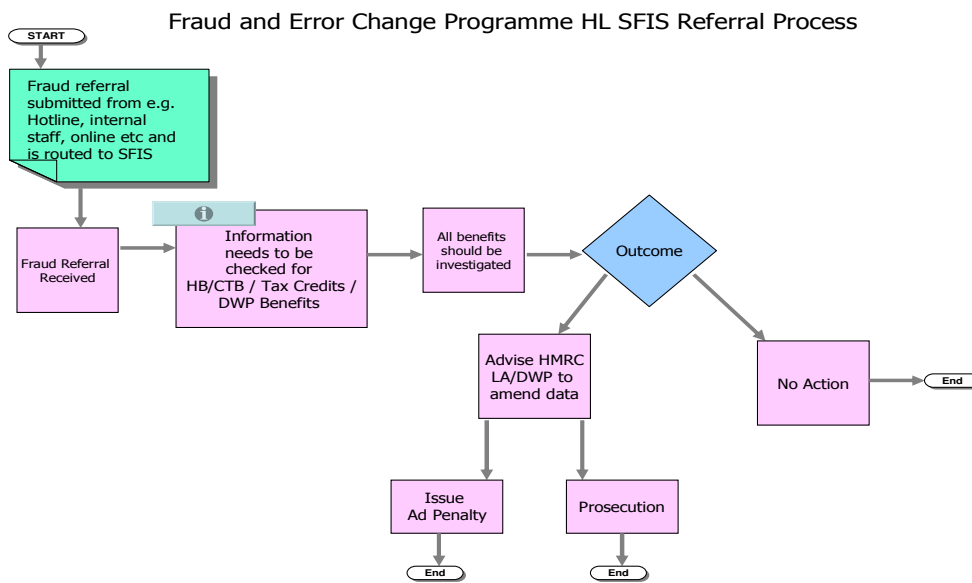
1. The ability to provide quick and up to date access to Management Information by type of outcome, e.g. loss of benefit period, penalty applied, overpayment, recovery method. Also MI by Region, Country, area, team.
2. Access to users in DWP, LAs and HMRC including view only access where required
3. The capacity and resilience to cope with high volumes or concurrent users and peak demand for MI information as well as day to day business activity
4. Compatibility with surveillance equipment software to allow video footage and photographs to be saved
5. Provide an automated interface to allow electronic files to be transmitted to the appropriate prosecuting authority (CPS or PF in Scotland)
6. Issue notifications and letters, quickly and efficiently
7. A case and workflow capability including diary function, reminder for overdue tasks, management checks and monitoring requirements

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16.2.3 Work is in progress to agree when the functionality specified for IRIS and Case Management will be available as it is expected that a phased implementation will be required from 2013. In the next phase of the detailed design we are looking at options and best IT solutions taking account of existing DWP, LA and HMRC IT.

17. SFIS Investigation process

17.1 The SFIS investigation process is part of the overall Fraud & Error end to end business process model. A summary diagram is outlined below.



17.2 We received a lot of comments during the joint FIS/LA and HMRC workshops of current good practise some examples below;

1. LAs have considerable flexibility with their processes which means they can progress their cases more quickly
2. Recognition of each others strengths and areas of expertise
3. DWP access to Analysts
4. Local knowledge used for Pro Active fraud drives
5. Good liaison and examples of joint working between DWP and LAs in many areas

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17.3 We will take forward suggestions from the workshops and review to test in pilot activity

17.4 Improvements

17.4.1 The Fraud and Error Programme submitted a paper to the Minister of Welfare Reform on 19th December 2011. This provided details of the initiatives which had previously been introduced to reduce the elapsed time from fraud referral to prosecution. Thereafter, the Minister for Welfare Reform requested a detailed study to identify delays/ blockages in the process and recommend potential solutions to the issues/barriers identified. Recommendations from this paper will feed into future piloting proposals and the design for SFIS and the Mobile Regional Taskforce (MRT).

17.4.2 We recognise there are issues and delays that occur throughout the current process and further work will be undertaken to look at what improvements are needed for the future.

18. Service Level Agreements

18.1 Funding Arrangements with Local Authorities

18.1.1 LA currently receive funding for HB and CTB through the Administration Grant and subsidy. The final allocation will be dependent on a number of factors including the extent to which any additional subsidy will be made available as a result of the economic downturn. As we move into the more detailed design there will be a need to reflect whether the current funding arrangements cover the SFIS requirements and take any necessary steps.

18.1.2 There is significant work to be done with stakeholders in Communities and Local Government (CLG), Wales Office and the Scottish devolved Administrations. As well as with LAs and their consultative bodies to establish if a New Burdens Assessment is required.

18.1.3 We are considering whether a SLA is required between all members of SFIS to ensure all performance objectives are met.

19. Performance Management with Crown Prosecution Service (CPS)

19.1 To support the new arrangement in DWP the process will be managed by a Relationships Manager. The Operational relationship and interface between CPS and FIS is documented in a Memorandum of Understanding (MOU) and this is appended to the SLA as an Annex. Both the SLA and MOU will refer to the new Single Fraud Investigation Service SFIS and will require further review as the Go-Live date for the service is confirmed. CPS is aware of the work surrounding the creation of SFIS and the increase in Prosecution activity as a result of the project.

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19.2 The SLA should specify the turnaround times for decisions on prosecution and if these break down there needs to be escalation routes available. It is envisaged Measures will be put in place to ensure adherence to required standards.

19.3 The CPS have introduced a digital solution for the Case Management, Evidence files and real time recording of results at Court. The modernisation of their service was built on the need to deliver efficiencies. The success of their digitalisation process was underpinned by an efficiency programme called Transforming Through Technology (T3) there is no interface between CPS and FIS in respect of case management systems and FIS submit casework, in the main, using hard copy paper evidence files. A digital solution is currently under discussion and being pursued through DWP Change Programme.

19.4 Currently in Scotland there is no formal SLA between DWP or LAs with the Crown Office and Procurator Fiscal Service. Strategic meetings are held with Crown Office and local liaison meetings take place with Procurator Fiscals to address any issues arising. Reports, presently, are submitted electronically from LA and DWP this will continue in SFIS.

20. Performance and Management Information (MI) Requirements

20.1 Current Arrangements - DWP FIS Operational Steer for 2012/13

20.1.1 Return on Investment (ROI)

20.1.2 The one critical measure that FIS will be held to account for is the number of cases referred for prosecution action. The planning assumption in 2012/13 is that nationally 12,000 cases will be accepted by CPS in England & Wales and the Procurator Fiscal in Scotland. This will form the basis of prioritising work and managing performance for SFIS.

20.1.3 The ROI data will reflect how FIS compares in this context against other methods of dealing with fraud and to allow a benchmark against other organisations outside the DWP.

20.2 Current Arrangements LA 2012/13

20.2.1 The assumption is that the current arrangements for managing performance in LAs will be unchanged in 2012/13 but encompassed by SFIS performance requirements from 2013/14.

20.3 Current Arrangements HMRC 2012/13

20.3.1 Currently HMRC in addition to the calculated losses prevented (Actual and Projected) add on an amount in monetary terms based on a percentage calculation as per each type of compliance activity.

20.3.2 Preventative Effect estimates a monetary value applied in addition to losses prevented stopped based on non-compliant customers not re-offending in future years.

20.3.3 Deterrent Effect estimated a monetary value applied in addition to losses prevented stopped based on compliance activity occurs when individuals and businesses, not contacted directly hear about our work and choose to change their behaviour as a results.

20.3.4 Preventative and Deterrent effects is calculated for both Pre-Award and Post Award claims.

21. SFIS Performance and MI Requirements 2013 onwards

21.1 The challenge is to ensure best ROI and to do this,

1. Prevent and detect fraud
2. Collaborate with Customer Compliance;
3. Uncover the whole extent of the fraud and identify the totality of any overpayment;
4. Minimise delay;
5. Work efficiently;

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21.2 There will be a need to design the MI requirement involving LA, DWP and HMRC stakeholders.

21.3 IRIS and/or the Case Management system will need to provide analysis of potential fraud and prosecution outcomes based on the risk sources. This will enable management to identify areas of threat utilising intelligence to target the best sources of work and return on investment.

21.4 Individual performance statistics

1. Will be provided at case officer level.
2. Managers should have the facility for ad-hoc reports from the case management system.

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21.5 Elapsed Times

Statistics should be made available to manager from the case management system.

22. People Impact

22.1 The carefully managed brigading of staff into SFIS will be vital to the success of the new organisation. We are working with DWP Human Resources (HR) to fully understand the People impact to cover the nature of the change to the SFIS organisation once the new partnership is created. We will share their recommendation with our proposed User Group to ensure that issues for HMRC and LAs are included.

22.2 In the next phase of the design it is proposed representatives from DWP, LA and HMRC will review what action is already underway. Thereafter, what is planned and what else is needed to make the change to ensure SFIS is a successful and effective investigative organisation.

22.3 How will SFIS Change the way fraud is investigated and how fraud Teams work? What is going to be different?

Under SFIS:-

1. SFIS is a collaboration and partnership, not a merger or takeover.
2. All staff will work to One Policy and One set of Procedures
3. One set of targets, one investigation and result
4. Criminal investigations into tax credit fraud
5. Increased prosecutions and return on investments (ROI)
6. A stronger emphasis on preventative measures and investigation / Penalties of pre award and attempted fraud
7. New frauds / risks / threats emerging ie cyber fraud will be identified and dealt with
8. Staff will investigate the totality of the offence
9. A review of Legal gateways to obtain / share information held by the 3 organisations
10. Development of the Integrated Risk and Intelligence System IRIS and review of current Fraud Management systems
11. New opportunities for staff and chance to upskill in different areas
12. Development of a new set of values for the new Organisation

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13. The customers view of organisation will change as dealings will be with one Organisation, SFIS, whose staff will investigate fraud across all welfare benefits.

22.4 What will not be changing in the short term?

1. Staff terms and conditions will remain unchanged
2. Non fraud policies and procedures will remain “ as is” No change to HR, Performance Management etc

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22.5 Creating the shift

22.5.1 To facilitate change the Programme has worked with stakeholders and HR to identify the behaviours that will be required to support the successful creation of the new SFIS Organisation. What behaviours and attitudes will the new leadership Team and managers need to display to help create a culture in the new organisation where the staff from LA s, FIS and HMRC will come together to deliver the SFIS vision. Whilst achieving these behaviours in Managers will be essential, they will also need to be present in the combined workforce for ensure success and commitment to the new service.

22.6 Required behaviours in SFIS management / organisation:-

1. Collaborative and cooperate
2. Pursue a standard of excellence
3. Show enthusiasm for SFIS and commitment to making it work
4. Be flexible, pragmatic and react positively to change
5. Open and honest, firm and fair leadership style
6. Listen and be open to ideas
7. Communicate openly and encourage feedback
8. Respect and support others
9. Be accountable and take responsibility

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22.6.1 And the creation of a sense of belonging for new staff will be aided by consideration of the following:-

1. Appointment of a SFIS Management Board
2. Creation of a strong and unified management Team made up of staff from the 3 organisations
3. Induction pack
4. Provision of a structured programme of joint training
5. Information sharing, Communication and feedback

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6. Co-location and sharing of equipment and skills

22.6.2 Whilst SFIS Policies and Procedures will be introduced in 2013, full implementation of the new working arrangements will be phased with certain aspects remaining unchanged.

22.7 High Level People Impact Analysis

22.7.1 In addition to work already undertaken by the Programme and stakeholders, DWP HR Partners from Business Transformation and Change are working on a high level Impact Analysis for the Fraud and Error Programme which will consider people impact across the programme including SFIS.

22.7.2 This analysis will go into more detail looking at:-

1. Policy
2. Diversity and Equality
3. Accessibility
4. Health and Safety
5. Job roles
6. Culture

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22.7.3 This piece of work will be taken forward in the next phase of the project including piloting activity planned for later in 2012.

23. Procedures and Guidance

23.1 With the introduction of SFIS it has been identified that there is a requirement to undertake a review of the existing Fraud Investigation Service Manual, which contains information and guidance on procedures. This manual is referred to by all FIS staff and is accessed by LA staff via Institute of Revenue Rating and Valuation (IRRV).

23.2 An initial analysis of the current guidance has been undertaken by SFIS programme and the DWP Benefit Products and Procedures Team (BPPT) who are responsible for ensuring guidance is accurate and appropriate. This will be used to inform guidance for any piloting activity to be undertaken as part of the next phase of the programme during 2012/2013. This guidance may be best served in the form of Aide Memoires, given the timescales, small volumes and remit of each pilot.

23.3 DWP (BPPT) will work in consultation with SFIS stakeholders including IRRV to develop joint guidance.

Impact analysis of the FIS Fraud Manual **see Appendix 5:** does not include any impact of any changes caused by the introduction of **IRIS**

24. Communication and Stakeholder Engagement

24.1 SFIS will have a significant impact on the people currently working within Fraud Investigation whether in the DWP, LA or HMRC. The introduction of SFIS will also impact on claimants, external stakeholders and general public; therefore consideration of all these key stakeholders must be undertaken

24.2 Communication objectives are:

1. Engage with and raise comprehension amongst fraud staff that SFIS is a new organisation that will bring together the “Best of the best” and increase the number of fraud investigations and penalties and prosecution ← **Formatted:** Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Tab after: 1.27 cm + Indent at: 1.27 cm
2. Elevate awareness amongst DWP, LA and HMRC staff that Welfare benefit fraud exists, that it is not acceptable and advise how it can be reported. ← **Formatted:** Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Tab after: 1.27 cm + Indent at: 1.27 cm
3. Raise consciousness amongst claimants, stakeholders and the general public of the new single fraud investigation service and its powers and how welfare benefit fraud can be reported ← **Formatted:** Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Tab after: 1.27 cm + Indent at: 1.27 cm
4. Increase the public perception that Government is taking decisive and preventive action in order to tackle fraud and error in the benefit and tax credit system. ← **Formatted:** Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Tab after: 1.27 cm + Indent at: 1.27 cm
5. Raise awareness amongst claimants that there is a greater chance of getting caught ← **Formatted:** Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Tab after: 1.27 cm + Indent at: 1.27 cm

24.3 Programme of Engagement

24.3.1 Communication and engagement with FIS, LA Fraud investigators and HMRC was limited at the start of the Fraud and Error Strategy but as the SFIS programme has moved forward and gained momentum, communication has increased and improved. For example:

1. The Programme have published SFIS updates in HB Direct (audience largely LA), occasional FIS updates (audience solely FIS) and sharing key project decisions with LA Chief Executives by letter (Feb 2011, Aug 2011, Oct 2011). ← **Formatted:** Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Tab after: 1.27 cm + Indent at: 1.27 cm
2. In the summer 2011, detailed updates were presented to the SFIS Board (subsumed into the Business Delivery Board from January 2012) consisting of high level representatives from HMRC, LAs and DWP, the LAA/DWP Steering Group and the Security Operations Group. ← **Formatted:** Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Tab after: 1.27 cm + Indent at: 1.27 cm

3. There was a 6 week consultation on options for LA staff to be part of SFIS and published the subsequent report and Ministerial decision.
4. From September 2011, LA and FIS secondees have joined the programme and 3 dedicated HMRC specific workshops were completed.
5. During September to December 2011 the Programme attended 19 regional and national events to update stakeholders on SFIS developments and future activity.
6. Using the feedback received from these events, during January and February 2012, the SFIS Design Programme ran a further 16 workshops across England, Scotland and Wales and these were attended by over 550 colleagues from the DWP, LAs and HMRC.

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Full details of the Programme of Engagement Activity see **Appendix 6**

24.4 Communication issues

24.4.1 The DWP FIS/ LA workshops identified from both FIS and LA fraud staff concerns about their jobs in the future and speculation regarding the SFIS Organisation structure. Therefore it was agreed future communication will be transparent and issued as a “unified approach” to ensure consistency to all stakeholders.

24.5 Communications - Next steps

24.5.1 Following recent reorganisation within the DWP, work is underway to develop individual Communication Plans for each strand of the Fraud and Error Programme, which will feed into an overall high level Fraud and Error Programme Strategy.

24.5.2 The Fraud and Error programme is beginning a campaign to improve the profile of Fraud and Error both internally and externally. The programme has already launched the monthly newsletter. Communication Engagement see Appendix 7

24.5.3 Communication activity will be linked to SFIS milestones which at this point revolve around design and development of the service, consultation with stakeholders, pilot opportunities / activity, production of procedural guidance to SFIS “Go Live” in 2013. The SFIS Programme Road Map see **Appendix 8**

24.5.4 To meet other Communication objectives, SFIS Design Team will work with the Fraud and Error Communication Stakeholder Team, to develop key messages which will inform a wide programme of training / publicity of Welfare Benefit Fraud. This will help to raise the awareness of staff,

claimants, and members of the public and other stakeholders and enforce the message that:-

1. ***Benefit fraud is not a victimless crime***
2. ***The Government is serious about tackling benefit fraud.***
3. ***If you commit benefit fraud, you will be caught and you will be punished.***

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25. SFIS Design - Next Steps

25.1 This document has been completed with input from a wide range of stakeholder involvement. Following discussion at the Fraud and Error Programme Steering Committee, with Local Authority Association Steering Group (LAASG), Security Operational Group (SOG), and discussions with senior colleagues in FIS and HMRC the next steps are to:

1. Publish this document on 30 April 2012 to all SFIS stakeholders, LA Chief Executives, operational staff and Managers in DWP, LA and HMRC.
2. Use the design agreed in this document to drive out more detailed design over the next 6 months.
3. Set up an SFIS User Group with representatives from DWP, LA and HMRC to support detailed design
4. Confirm IT deliverables
5. Establish any LA funding implications
6. Set up a range of pilots (including links to piloting MRT and fit with SFIS) that can be led by LAs and DWP with involvement of HMRC using the new SFIS powers provided under the Welfare Reform Act that come into force from June 2012.
7. Evaluate Mobile Regional Taskforce (MRT) pilot to consider if it fits within SFIS Further details are at **Appendix 9**
8. Undertake new Burdens assessment as necessary.
9. Continue to work with partners throughout this process

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Appendices

Appendix 1 – Background



Appendix 1 1 11 28
Letter re Ministerial d

Appendix 2 - Line Manager & Task Manager



Appendix 2 Definition
of Line Manager & Ta

Appendix 3(a) - Legal Powers for SFIS Investigators



ppendix 3 (a) Legal
Powers

Appendix 3(b) – Penalties



Appendix 3 (b)
Penalties

Appendix 4 - PinS Blended Training Route Way



Appendix 4 PinS
Blended Training Rou

Appendix 5 – Impact Analysis FPI



Appendix 5 Impact
Analysis Fraud Proce

Appendix 6 – Programme of Workshop Engagements



Appendix 6
Programme of Engage

Appendix 7 – Communication Engagement



Appendix 7
Communication Engag

Appendix 8 – SFIS Programme Road Map



Appendix 8 SFIS
Design Road Map

Appendix 9 – Mobile Regional Taskforce (MRT) Background



Appendix 9 Mobile
Regional Taskforce

A list of all shortened forms of words used in the document.

Abbreviation	Description
ACFM	Accredited Counter Fraud Manager
ACFS	Accredited Counter Fraud Specialist
AFI	Area Fraud Investigator
CHIS	Covert Human Intelligence Sources
CLG	Communities and Local Government
CMEC	Child Maintenance and Enforcement Commission
CPD	Continuous Professional Development
CPS	Crown Prosecution Service
CRA	Credit Reference Agency
CTB	Council Tax Benefit
DLA	Disability Living Allowance
DVLA	Driver and Vehicle Licensing Agency
DWP	Department of Work and Pensions
E&W	England and Wales
F&E	Fraud and Error
FI	Fraud Investigator
FIO	Freedom of Information
FIS	Fraud Investigation Service
FIS (I)	Financial Investigators
FIS (O)	Fraud Investigation Service Organised
FOI	Freedom of Information
HB	Housing Benefit
HMRC	Her Majesty Revenue & Customs
HR	Human Resources
IRIS	Integrated Risk Intelligence Service
IRRV	Institute of Revenue Rating and Valuation
IT	Information Technology
LA	Local Authority
LAASG	Local Authority Associations Steering Group
LAIORG	Local Authority Investigators Group
MI	Management Information
MOU	Memorandum of Understanding
OCOT	One City One Team
OIU	Organised Intelligence Unit
PD	Prosecution Division
PF	Procurator Fiscal
PinS	Professionalism in Security
PIP	Personal Independence Payment
RIPA	Regulation of Investigatory Powers Act
ROI	Return on Investment
SFIS	Single Fraud Investigation Service
SCS	Senior Civil Service
SLA	Service Level Agreement

SLAIG	Scottish Local Authority Investigators Group
SOG	Security Operations Group
T3	Transforming Through Technology
TFI	Team Fraud Investigator
UC	Universal Credit
WRA	Welfare Reform Act