

EAST RENFREWSHIRE COUNCIL

CABINET

4 JUNE 2015

Report by Deputy Chief Executive

SINGLE FRAUD INVESTIGATION SERVICE

**PURPOSE OF REPORT**

1. The report provides an update on counter fraud arrangements as a result of DWP proposals to undertake all benefit fraud investigations including those in respect of housing benefit which are currently the responsibility of councils.

**RECOMMENDATION**

2. The Cabinet notes the report's contents and approves the proposals for transfer of members of the housing benefit counter fraud team to DWP's Single Fraud Investigation Service.

**BACKGROUND**

3. Department of Works and Pensions has commenced a process which will set up a Single Fraud Investigation Service involving its own investigations teams and Council Counter Fraud Teams. DWP assumes that all staff members who are currently employed in the relevant areas of work will transfer to SFIS. The transfers of staff from Scottish local authorities began in July 2014 and since then a total of 65 staff have transferred from 14 councils to DWP. Staff members who have transferred include managers, investigators and admin support staff. ERC currently employs 3.5FTE members of staff in counter fraud activity which is due to transfer to DWP in December 2015. These include a manager, two investigators and 0.5 clerical administrative post (One of the investigator posts is currently vacant).

**PRACTICAL ARRANGEMENTS AND JOINT WORKING**

4. DWP expects each council to nominate a single point of contact for referral of cases for investigation to DWP. An element of sifting of cases is required since SFIS intends to investigate potential fraud cases with predetermined values currently set at £2k. DWP intends that each council will enter into a service level agreement which will specify the type of referral and the information on such referrals which it expects councils to provide.

5. A number of areas of existing work will remain council responsibility. These will include council tax reduction cases, council tax discounts, matches produced by the housing benefit matching service and cases below the financial threshold set by SFIS.

## **FUNDING**

6. Current costs of the counter fraud team are partially met by Housing Benefit Administrative subsidy which also partially funds other housing benefit administrative costs. The amount provided for each element of cost is not specified in the annual notification received, but it seems likely that the level of funding is roughly equivalent to the cost of employing two investigators. The subsidy in respect of counter fraud work will be withdrawn from 2016/17. The balance of cost is met from a mixture of Revenue Support Grant and Council Tax income. It is not clear whether the RSG element will continue after staff transfer but as HB caseloads reduce one would expect RSG to reduce proportionately.

7. COSLA has asked both Scottish Government and DWP for new burdens funding to meet the functions which DWP expects councils to retain. As yet no commitment has been made by either body.

## **OTHER OPTIONS FOR CONSIDERATION**

8. Although most Scottish Councils have decided to transfer all staff who are “in scope” to SFIS a small number of Councils including East Dunbartonshire and Glasgow City Councils have decided to set up new internal Corporate Fraud Teams and retain some existing staff in house. Those staff will undertake some work which will be retained by councils after the transfer and some new work such as investigations into alleged tenancy fraud.

9. If ERC chose to follow this option funding may need to be transferred from other areas of responsibility since no new burdens funding has been provided by either Scottish Government or DWP. Unless such funding is agreed it is unlikely that a suitable business case can be produced which shows that counter fraud activities of this nature can be fully funded by savings resulting from successful investigations and therefore this is not recommended at this time. If government funding becomes available for this purpose, the position can be reviewed at that point.

## **STAFF CONSULTATION**

10. Arrangements will be made for Revenues Management and Human Resource representatives to consult relevant staff members and to discuss transfer arrangements including terms of employment and pension issues.

## **RECOMMENDATION**

11. The Cabinet notes the report’s contents and approves the proposals for transfer of members of the housing benefit counter fraud team to DWP’s Single Fraud Investigation Service.

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