

Fraud and error: The Future

David Barr
Department for Work and Pensions

Why a new strategy?

- Tackling the deficit – first priority to stop leakage of public funds
- Personal interest from Prime Minister
- Exploit new opportunities – best practice in other sectors
- Consistent with 21st Century Welfare
- Levels of fraud and error relatively unchanged in recent years

An integrated strategy

Our new strategy is based on five elements, focused on preventing fraud and error entering the system in the first place; seeking it out and correcting it where it does exist; and giving out effective punishments to those who do attack the system, deterring others from considering the same course of action

PREVENT

Stopping fraud and error getting into the system in the first place

DETECT

Increasing the likelihood of finding incorrect and fraudulent claims

CORRECT

Quickly putting incorrect cases right, getting back what we're owed

PUNISH

Strengthening sanctions for those caught

DETER

Publicise harsh punishments and the high likelihood of being caught

Universal Credit - simplifying and automating

Simplification and automation are key to achieving this reduction:

- Wide-ranging benefit reform will drive down error through radical simplification of the benefit system, and will reduce vulnerabilities to fraud
- Designing Universal Credit to ensure common causes of fraud and error are not carried forward
- Greater automation of pre-payment checking, using new sources of data and more sophisticated analysis will prevent and identify fraud and error more quickly
- A modern Pay As You Earn system will remove most earnings incorrectness using real-time data
- Sharpen the distinction between fraud and error - a more straightforward set of obligations will provide customers no excuse for not complying, alongside more punitive sanctions for those who do decide to defraud the system

Key strategy initiatives

- Creation of a single fraud investigation service
- Employing over 200 new fraud investigators
- Creating a new mobile regional taskforce to investigate claims in high risk areas
- Developing an Integrated Risk and Intelligence Service to act as a hub for data analytics
- Introducing tougher one and two strike rules and introducing a three strike sanction
- Abolishing cautions and imposing a minimum penalty of £350
- Introducing a civil penalty of £50 for customer error where we believe the customer has been negligent
- Naming and shaming fraudsters in local areas

Single Fraud Investigation Service

- To be established 2013
- Will provide a unified organisation for a largely unified customer base
- Will have 200 extra investigators added to combined DWP / local authority / HMRC force
- Will mean greater consistency, impact and efficiency
- Will still have local as well as regional/ national level teams
- Provides opportunity to design and develop a new investigation service built on the best of existing practice and expertise across the welfare fraud community

Working together

- Work to date has focused on sketching out the broad scope of each of the initiatives set out in the strategy
- In January we met with the Local Authority Associations to share our early thinking and set out our proposed next steps
- Want to involve local authorities in the design and implementation of the new fraud investigation service
- We will continue to work closely with the Associations as we move into the more detailed design and implementation phases
- Recognise your concerns – local authority cutbacks, TUPE, future for non-benefit related fraud investigations etc
- Keen to involve local authority staff in projects – look out for further details