

AUDIT COMMITTEE

11 MARCH 2010

ONE CUSTOMER ONE TEAM

JOINT MEDWAY COUNCIL AND JOB CENTRE PLUS BENEFIT FRAUD INVESTIGATION SERVICE

Report from: Internal Audit

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Summary

To inform the committee of:

- A joint working arrangement with Swale Borough Council; and
- A potential joint working arrangement between Medway Council and Jobcentre Plus and the benefits that may occur by working together to provide a co-located counter fraud service dealing with allegations of fraud in relation to most of the benefits administered by the two organisations within the Medway area.

1. Budget and Policy Framework

- 1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background

- 2.1 For some time Medway Council's audit services have tried to encourage neighbouring local authorities to participate in joint working arrangements either on audit or investigation work. Regrettably, these advances have not generated much in the way of long term positive results other than the sharing arrangement with Swale described below.
- 2.2 During 2008, we become aware of an initiative whereby Leeds City Council and JCP benefit investigators were reformed into one team investigating all benefit fraud in their area, with the exception that JCP officers retained responsibility for investigating disability fraud and local authority officers investigated landlord fraud. Although this project was still in its planning phase, the opportunity to improve investigative efficiencies in the Medway area was identified. Preliminary meetings were held with local JCP management to ascertain their interest in pursuing a similar project in the Medway Towns.

- 2.3 JCP South East expressed their interest in discussing options but before exploring options, Medway Council officers suggested that JCP contact other Thames Gateway authorities to enquire if they also wished to pursue a “One Customer, One Team” (OCOT) approach. Both Swale and Gravesham Councils expressed interest whilst Dartford Borough Council declined.
- 2.4 Vacancies at senior level within the investigations team meant that we were insufficiently resourced to explore OCOT with JCP. However, as a result of Swale Borough Council’s interest in the OCOT project, we approached them and they agreed to share their fraud manager with Medway Council with effect from 1st April 2009. This arrangement has worked well and means that not only do we have the resource to explore OCOT and deliver our existing work but both authorities have generated an efficiency saving.

One Customer, One Team

- 2.5 Both Medway Council and Jobcentre Plus operate successful counter-fraud services in the Medway area:
- Medway Council counter fraud service investigates fraud against Housing Benefit and Council Tax Benefit. Because of the way the benefits are linked, this involves investigating entitlement to Income Support or Jobseekers Allowance in the majority of cases;
 - Jobcentre Plus Fraud Investigation Service (FIS) investigates fraud against national benefits, mainly Income Support and Jobseekers Allowance but also Incapacity Benefit and other disability benefits.
- 2.6 There is a significant overlap between the caseload of both organisations and there is a positive history of joint working between the organisations at an individual case level.
- 2.7 The potential benefits of a co-located counter-fraud service are:
- Redesign of business processes by using a LEAN approach
 - Implementation of a new organisational structure
 - Providing a wholly joined up investigative service by reducing double handling
 - Providing wider access to systems and information
 - Supporting investigators to deliver a transformed service
 - Improving the skills and capabilities of both FIS and LA investigators.

3. Main Issues

- 3.1 The aim is to create a co-located counter-fraud service working under a Joint Management Board consisting of senior Council and Jobcentre Plus officers. The Joint Management Board (JMB) will be responsible for setting the strategy for the service, monitoring the performance of the team, implementing Council and Jobcentre Plus policy requirements and providing assurance and accountability to elected Members and relevant officers. Strategy and policy proposals would need to be agreed by Medway Council.
- 3.2 Below the Joint Management Board, both Council and Jobcentre Plus staff will continue to provide counter-fraud services with the intention to have Council and Jobcentre Plus fraud services located together and working side

by side. Due to the size of the Medway team, two separate teams are envisaged - one local authority and one JCP - with each team being managed by their current manager. Different arrangements are likely in Swale and Gravesham where the size of the team is smaller.

- 3.3 There are no intentions within this proposal to reduce the overall number of officers currently involved in investigating benefit fraud. Instead it is expected that the single-managed approach to dealing with benefit fraud will increase the scope and capacity of fraud investigation within Medway.

4. Implications for Council Policy and Governance

- 4.1 The Medway Council element of the co-located team will comply with Council policies and will provide accountability to elected Members and senior officers through the Joint Management Board.

5. Risk Management, Financial and Legal Implications

- 5.1 Until the business model has been defined, it is premature to consider the risk or legal implications that might arise from this project. However, to minimize certain risks, both HR and ICT have been involved in preliminary fact finding exercises.
- 5.2 Both Medway Council and Jobcentre Plus will continue to carry out their duties to secure the benefit systems against fraud and error but will carry out these duties by working collaboratively together.
- 5.3 There may be implementation costs arising (e.g., the installation of Medway Council systems in non Medway Council offices) but no increase in on-going costs is anticipated.

6. Conclusions

- 6.1 The establishment of a single co-located counter-fraud team provides the opportunity to increase capacity to investigate allegations of benefit fraud as well as leading to operational efficiencies and improved public confidence in the investigation agencies.
- 6.2 The proposal also supports the growing agenda around collaborative working and shared services.

7. Recommendation

- 7.1 The Audit Committee agrees to discussions taking place to develop an appropriate business model for the investigation of benefit fraud in the Medway area.

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Background Papers

None