Dear Anne,

I am writing in response to your report, *Fraud and error in the benefits system*, published on 15 May 2014, specifically with regard to the recommendations made in connection with the Single Fraud Investigation Service (SFIS).

I would like to thank you for your time in undertaking this review and provide a response to the recommendations which I have taken time to consider carefully. A formal response to all aspects of the report will be provided to the Committee from across DWP in July 2014, but I wanted to reply in advance in respect of SFIS due to the sensitivities around the implementation timescales.

Your key recommendation suggests delaying the SFIS Implementation to align with UC rollout.

The SFIS project has undertaken a substantial amount of stakeholder engagement over the last year or so and as part of that has also considered whether we should align the two projects.

Having considered your recommendations, I believe we should continue as planned for the following reasons:

- the benefits of implementing the Single Fraud Investigation Service Project from 2014/15 are clear and in fact there are increased benefits to a “single investigation” whilst Housing Benefit exists. Implementation of SFIS will lead to a single set of processes and procedures within a nationally flexible team. Leading to more
efficient and effective investigations, and more consistent treatment of benefit fraud. Any delay will reduce those benefits.

- The Project already has plans to pause implementation following the rollout of the early adopters to learn lessons before embarking on Phase 2 (remaining LA areas) from October 2014 – March 2016. This will ensure that delivery plans during this period are robust and enable us to make sure that staff moving from Local Authorities into DWP do so in the smoothest possible way.

- Many of our Local Authority stakeholders had expressed concern that if the implementation was delayed there would be further staff reductions within fraud and this is a valuable trained resource which we would not want to lose

- Any delay in implementation would lead to an extended period of concern and uncertainty for the LA staff affected

The report also recommended that the project engage with Trade Unions and Local Government. This activity has already been implemented. The Project facilitates a National Joint Forum between LA Trade Unions (Unison, Unite and GMB), Departmental Trade Unions and Local Government representatives. All parties were consulted on the Statutory Instrument that allows the legal transfer of staff from LAs to DWP, and the Forum is working on an agreement that will ensure the protection of staff terms and conditions as they transfer to DWP.

Taking into account the significant progress made on the points raised since the committee met in March 2014, I am confident that the concerns raised have already been addressed. Therefore, I have advised my officials to progress with implementation activity for Phase 1 and Phase 2 of the SFIS project in line with the current schedule.

Yours sincerely,

[Signature]

Lord Freud

Minister for Welfare Reform