

Appendix 2

DWP Options Evaluation Criteria

Criteria	<u>Option 1</u> LA staff remain employed by LAs, but operate under SFIS powers, policies, processes and priorities	<u>Option 2</u> LA staff remain in LA estate employed by LA and are formally seconded to SFIS	<u>Option 3</u> LA staff become DWP employees but deliver investigation locally from the LA estate.	<u>Option 4</u> LA staff become part of the DWP working within DWP estate as employees.
1. Legality	Powers already exist to allow local authority (LA) staff to investigate and prosecute benefit fraud.	Staff seconded take the same powers afforded to DWP. DWP powers exist and have been enhanced to cover Tax Credit Investigations under Welfare Reform	DWP powers exist and have been enhanced to cover Tax Credit Investigations under Welfare Reform	DWP powers exist and have been enhanced to cover Tax Credit Investigations under Welfare Reform
2. Cost and Financial Implications	Initial estimates are that costs would be lower but new burdens implications need to be fully evaluated after responses were considered and impacted alongside other changes being made in local government finance	New burdens costs would need to be fully evaluated after responses were considered and impacted alongside other changes being made in local government finance.	New burdens costs would need to be fully evaluated after responses were considered and impacted alongside other changes being made in local government finance.	New burdens costs would need to be fully evaluated after responses were considered and impacted alongside other changes being made in local government finance.
3. Viability	Achievable by 2013. LA staff remain with same employer and the focus is on integrating investigator roles into SFIS with minimum change	Achievable by 2013. LA staff remain with same employer and the focus is on integrating investigator roles into SFIS. However, secondment arrangements may be difficult to sustain long term.	Delivery by 2013 more challenging as the HR work to enable LA staff to become DWP employees will be significant.	Delivery by 2013 unlikely to be achieved. Combining the HR work to enable LA staff to become DWP employees and moving staff to the DWP estate would be very expensive.
4. People impact	Staff remain in LA employment but this is subject to review once the organisation of Universal Credit is determined. Changes to job roles, skills if LA staff do a wider set of benefit investigations. However, until then, the option provides a degree of stability and minimises disruption.	LA staff remain with the same employer but work to DWP policy and procedures. This will provide a level of consistency across all LA staff but there may be issues with the secondment arrangements if these are long term.	LA staff change terms and conditions which will generate a great deal of uncertainty. Salaries for similar roles will be different as well as pensions and local allowances for cars, transport.	LA staff change terms and conditions which will generate a great deal of uncertainty. Salaries for similar roles will be different as well as pensions and local allowances for cars, transport. Moving locations will also generate issues for some staff e.g. extra transport costs, domestic and family or child care related issues.

Criteria	Option 1 LA staff remain employed by LAs, but operate under SFIS powers, policies, processes and priorities	Option 2 LA staff remain in LA estate employed by LA and are formally seconded to SFIS	Option 3 LA staff become DWP employees but deliver investigation locally from the LA estate.	Option 4 LA staff become part of the DWP working within DWP estate as employees.
5. Fit with Fraud and Error Strategy	Enables a single SFIS to be established that meets policy intent and a degree of flexibility for future integration with the Universal Credit organisational design. Control over meeting SFIS objectives not as strong as other options	Fits with F&E strategy as there is increased control to direct priorities. However, the secondment arrangements would need to be managed closely if over a longer term as competing LA priorities may overtake those of SFIS	Provides a single integrated SFIS organisation with team co-located. Would enable a single management structure and organisation with common processes and IT.	Provides a single integrated SFIS organisation with team co-located. Would enable a single management structure and organisation with common processes and IT.
Operational Risk	Potential impact on performance during transition to the Universal Credit model.	Potential impact on performance and need to merge processes for DWP/HMRC but LA processes largely the same.	Potential impact on performance and need to merge investigation into one model. More difficult to manage if not co-located.	Potential impact on performance and need to merge investigation processes from FIS/HMRC/LA into one model.
Estates analysis	Initially leaves LA investigators in LA Estate. Changes following introduction of Universal Credit not yet determined.	Leaves LA investigators in current estate so no additional cost.	Leaves LA investigators in current estate but LA may charge for the utilised space.	Integration with DWP Estate strategy required to establish how feasible it is to combine LA and DWP investigation teams. Likely capacity issues as well as high costs.
IT issues	LA staff still access existing IT. Integration of current IT could be complex but further evaluation required on new IT system or linking existing systems.	LA's continue to use existing IT from within the LA Estate but sharing of information will be limited long term.	Complex issues over access to IT systems for HB/CTB. New or significantly changed IT needed for a fully integrated SFIS service in LA and DWP estate.	LA staff integrated into single IT infrastructure but complex issues over access to IT systems for Housing Benefit /Council Tax Benefit. New or significantly changed IT needed for a fully integrated SFIS service.
Impact on LA ability to deal with other fraud activity	LA staff remain under LA control until Universal Credit organisation decided when control may be lost.	LA staff remain under control of LA and can direct/prioritise resources as required.	LA staff move to DWP organisation and leave other LA fraud behind.	LA staff move to DWP organisation and leave other LA fraud behind

Criteria	<u>Option 1</u> LA staff remain employed by LAs, but operate under SFIS powers, policies, processes and priorities	<u>Option 2</u> LA staff remain in LA estate employed by LA and are formally seconded to SFIS	<u>Option 3</u> LA staff become DWP employees but deliver investigation locally from the LA estate.	<u>Option 4</u> LA staff become part of the DWP working within DWP estate as employees.
Future Proofing	Enables decisions on the future design of SFIS to dovetail with decisions on the organisational design of Universal Credit in 2015.	LA staff can be seconded to DWP from 2013 but the arrangements could present issues once decisions are made about the Universal Credit organisation	Taking a decision now to enable LA employees to become employees of DWP could prejudice the options for integration with the Universal Credit organisation by 2015. Future resource needs could be more difficult to manage.	Some risk relating to changing employer to DWP prior to UC decisions plus potentially tied into long term estate capacity and costs for co-location of LA staff with DWP staff.
Ministerial impact	Delivers a single SFIS policy and allows LA staff to be integrated into SFIS with minimum disruption.	Delivers a single SFIS policy and gives DWP more control over setting targets and priorities.	Potential for loss of capability of those who join DWP and this impacts the ability of SFIS to operate effectively.	Loss of capability enhanced if LA staff are unable to move to DWP locations. Ability to operate SFIS effectively could be severely compromised.
Economic Climate	Does not conflict with the pressure to reduce the size of the public sector as current LA employees remain with the relevant LA's.	Does not conflict with the pressure to reduce the size of the public sector as current LA employees remain with the relevant LA's.	Increase in number of Civil Servants is inconsistent with the general pressure to reduce the size of the public sector. Perception increased by recruitment of an additional 200 investigators.	Increase in number of Civil Servants is inconsistent with the general pressure to reduce the size of the public sector. Also adds to the cost of the DWP estate to house the extra civil servants