

Reference

CONFIDENTIAL

Mr F A Elliott (o/r)

CROSS-BORDER MEETING

I attach 2 copies of a note for inclusion in the Minister's brief for his meeting with Mr Desmond on cross-border social security fraud.



R F MILLS

25 July 1985

cc **Mr Scott** ✓
Mr Walker

CONFIDENTIAL

SOCIAL SECURITY

CROSS-BORDER FRAUD

1. At the last meeting between Mr Patten and Mr Desmond in Belfast, there was an exchange of views about cross-border liaison on detecting social security fraud. Since then co-operation has continued to be good although two matters have given some problems:

- (1) Witnesses from DSW

Mr Desmond indicated at the last meeting that DSW officials would be encouraged to come North to give evidence at Appeal Tribunals. This has proved to be over-optimistic as the decision in each case has been left to the individual officer concerned and so far no one has been prepared to attend. The DSW Chief Inspector has indicated that this is likely to continue to be the response "while the present state of unrest" exists. At least one willing DSW officer suffered intimidation and decided not to travel North. As a result of this situation, it has been necessary to ensure that any evidence obtained by DSW officials is properly witnessed by one of this Department's Fraud Investigation Officers.

- (2) Criminal Justice Statements

Until comparatively recently DSW officials visited employers in the Republic and compiled criminal justice statements for use in court by this Department. However the DSW have now decided that the taking of such statements for the purposes of the Criminal Justice (NI) Acts by DSW officials should be discontinued and the facility was withdrawn earlier this year. It would be difficult to press Mr Desmond on this point as it would seem that the practice grew up through informal contact at official level without ministerial blessing. The forms used are headed "Criminal Justice (NI) Acts". In the absence of these statements, we will have to rely on the witnessing of evidence by our own officials.

2. It would be difficult for the Minister to press Mr Desmond on these two matters. The question of DSW witnesses appearing in the North, however, could be given another airing.
3. It seems that Mr Desmond is taking a particular interest in anti-fraud activity in the South and he may ask about our efforts in this field. It is understood that DSW have recently increased their fraud staff by 13 (surplus staff from a defunct Land Commission) and now have some 49 officers engaged in fraud work which compares with our 63. He may be specifically interested in fraud prevention and its effectiveness. We have 10 officers on preventive work (we do not have a Specialist Claims Control squad as in GB) and we reckon that they have proved to be very cost-effective. Indeed we are examining the merits of devoting more resources to prevention. A separate note on fraud prevention is attached as Annex 1.
4. In order to set these issues in context, a general note (Annex 2) on fraud activity is also attached.

FRAUD PREVENTION

In 1980 the Department increased the staffing complement of its Fraud Investigation Branch by 23 posts on the condition that they achieved benefit savings well in excess of the additional expenditure incurred. Included in this allocation were 8 posts for fraud prevention which was a new concept based on the theory that to prevent and deter fraud should be at least as effective as detection and prosecution provided a balance was achieved between the two policies. In its preventive work the Department decided to adopt a high profile approach, ensuring that dishonest claimants and the public in general were aware of our determination to stamp out fraud.

Fraud prevention takes the form of an intensive home visiting programme based on a pre-determined selection criteria (the claimants chosen would be unemployed for more than 3 months and have a marketable trade or skill). The home visits are normally carried out by two fraud prevention officers (FPOs) operating as a team and on average they select 250-300 claimants for interview over an 8-10 week period. The interviews are low key; although somewhat similar to those conducted by supplementary benefit visiting officers, the questioning is more subtly framed. The presence of the FPOs in an area over a period of two months tends to have a telling effect. In a recent exercise 123 out of 290 postal claimants visited terminated their claims to benefit and a further 7 declared earnings. Of the 123 only 26 were actually interviewed, the remaining 97 considering it prudent to terminate their claims rather than be interviewed about their activities.

Fraud prevention attracts the minimum of complaint. As the vast majority of claimants are innocent, the FPOs are instructed that where they notice obvious need they should advise the claimant to contact their benefit office regarding entitlement.

Since its introduction 15% of all claimants visited terminated their claims to benefit and during the period 1.9.80-30.9.84 the 8 FPOs achieved estimated benefit savings in excess of £4.7 million representing a profit of £4.025 million (these savings are calculated on a formula used by DHSS(GB) which is currently being reviewed).

CROSS BORDER FRAUD**Background**

1. The Government, while wishing to ensure that people who have a genuine right to benefit are encouraged to put in a claim, remains committed to the eradication of social security fraud in Northern Ireland.
2. At present the Department's Fraud Investigation Branch consists of 63 officers of which 50 are directly involved in fraud prevention (10), fraud investigation (34), and employer interviews (6); the remaining 13 are supervisory or back-up staff.
3. Last year there were 990 prosecutions for social security fraud involving 937 claimants and 53 employers for apparent collusion in offences. Some 97% of the claimants prosecuted and 75.5% of employers were found guilty. In addition 37 people received prison sentences for irregularities involving girocheques and order books and a further 55 had prison sentences suspended.
4. Altogether 5548 cases were examined by Fraud Investigators and 6773 cases were selected for examination by Fraud Prevention Officers, resulting in a total of 3572 claims being terminated or irregularity established.

Cross-Border Fraud

5. The main types of cross-border fraud continue to be:-
 - a. working in the South and claiming benefits in the North and vice versa.
 - b. Duplicate claims. The main culprits have been itinerants but this is now largely controlled by having a common signing day and time both North and South.

- c. Dependent benefit fraud. Some cases have been uncovered of wives working in the South while their husbands claimed benefit for them in the North.
- 6. During 1984 fifteen claimants were detected working in the Republic and a further four claimants terminated their claims as a direct result of the Department's interest in their activities. In addition five claimants were discovered to be simultaneously claiming benefit from the DSW and one claimant was disallowed Child Benefit on the basis that he was resident in the Republic. Appropriate action has been taken in all cases.

Co-operation with the Department of Social Welfare (DSW)

- 7. Co-operation between the Department's Fraud Investigation Officers and DSW officers is excellent. At present officers from this Department with the full co-operation of their DSW colleagues carry out surveillance in the Republic. In turn they are prepared to assist the DSW by presenting evidence at their appeals or court hearings.
- 8. In the last 12 months exchange visits have taken place between representatives of Fraud Investigation Branch and the DSW's Special Investigation Unit with a view to obtaining assistance in specific areas and a cross-fertilisation of ideas. Due to an increase in their staff complement the DSW were particularly interested in fraud prevention and the covert aspect of FIB's work. At their request a portfolio of forms and instructions were compiled for their retention.

Mr Mills

MINISTER'S VISIT TO DUBLIN

CROSS BORDER FRAUD

I attach a short paper on Cross Border Fraud.

I have changed the format slightly to allow for the inclusion of a few background paragraphs outlining the extent of our anti-fraud operations generally. Mr Desmond is known to be interested in this aspect of DSW work and may seek information about the staff resources committed by this Department to fraud investigation and prevention.

J SCOTT

19 July 1985