

Society of St. Vincent de Paul

Submission to the Department of
Social Protection on
the development of a Fraud and
Control Strategy

SVP Social Justice and Policy Team

March 2014



Society of St Vincent de Paul

Introduction

The Society of St Vincent de Paul (SVP) welcomes the opportunity to contribute to the development of a new Fraud and Control Initiative by the Department of Social Protection.

SVP is the largest charity of social concern and action in Ireland, with a variety of services being provided by our 10,500 voluntary members and 600 staff on an all-Ireland basis. Home visitation is the main work of the organisation where we provide support and friendship to individuals and families in need. SVP services to households in need include the provision of support and friendship, direct financial assistance and help in becoming self-sufficient. Calls for assistance to the SVP have increased dramatically in recent years, as has our expenditure directly to people in need. The experience of the SVP is not only increased demand but greater complexity in the cases we are dealing with.

The SVP is supportive of the aim of paying the right person the right amount at the right time, as set out in the Department of Social Protection's Fraud Initiative 2011-2013. The supports and services provided by the Department of Social Protection are a lifeline for many of the individuals and families we assist. Ensuring that the resources needed to support those most in need are available is a key concern for the SVP. The prevention of errors and fraud in the system is important. However, the reality is that the vast majority of those in receipt of social welfare supports are fully compliant with the conditions for receipt of the payment. This should be reflected in all public communications regarding the fraud and control initiative to avoid a tendency to see social welfare fraud and error as a bigger issue than it is in reality. It is also important to ensure that a focus on fraud and control does not result in the incorrect suspension of social welfare payments or in inordinate delays in the processing of claims. The prevention of fraud should not be separated from improving the delivery of services and the prevention of errors.

Suggested aims of a new Fraud and Control Strategy

The new fraud and control strategy should:

- Facilitate social welfare staff to respond to the needs of customers in a timely and accurate way
- Facilitate social welfare customers to apply for social welfare supports as easily as possible and to receive a timely and accurate decision on their application
- Reflect the fact that the vast majority of claimants are compliant with the conditions of the supports they receive
- Ensure confidence in the social welfare system among staff, customers and the general public
- Report accurately and in a straightforward way on savings from fraud and control measures
- Advocate the use of sanctions only as a last resort, taking into consideration the negative effect on the individual or household
- Ensure that the recovery of overpayments, whether through fraud or error, takes into consideration the ability to pay of the individual or household, including any other debts, health issues, and expenses and avoids imposing undue hardship
- Not set fraud and control targets to be met by staff

Prevention of fraud and errors

The complexity of the social welfare system has been noted as a cause of error on the side of customers and staff. Simplifying the social welfare system is an important aim, however it risks making the system less flexible and responsive to the needs of customers. The relatively low rates of fraud and error identified in the system suggest that a balance must be struck between simplifying the system in order to prevent fraud and error, and ensuring that the supports provided by the social welfare system are responsive to the needs of claimants. As the Department of Social Protection has noted, the Single Working Age Payment could simplify the social welfare system, but without the necessary services in place, this reform would significantly reduce the incomes of people parenting alone and those with disabilities who are combining some paid employment with their social welfare payment. The system should not be simplified at the cost of those who rely on it.

Reporting on savings from fraud and control measures

The way in which savings from fraud and control measures are reported should be reviewed. The proportion of overpayments which are due to error should be highlighted. Reporting on extrapolated or estimated future savings from fraud and control measures is confusing and can give the incorrect impression that huge numbers of claimants are intentionally defrauding the system. Ideally it would be clearer to report on the exact savings achieved and amounts of overpayments outstanding both as stand-alone figures and as a proportion of total social welfare expenditure, GNP, GDP and the amount spent on each scheme.

Misleading or unclear information about the extent of fraud and error undermines the integrity of the social welfare system and risks demonising all who are in receipt of social welfare payments. When carrying out reviews and providing progress reports on the fraud and control strategy, care should be taken to include case studies where investigations confirmed that a claimant was found to be correctly receiving a payment to ensure balance and to reflect the reality that the majority of claimants are in compliance with the conditions of their payment. Reviews and progress reports should highlight the numbers and percentages of claimants found to be complying with the conditions of their claim as well as those found not to be.

Progress reports should also contain details of appeals from claimants against the suspension of a payment, a sanction, or the amount of an overpayment to be repaid, and the outcomes of these appeals.

Undue hardship - the use of sanctions and the recovery of overpayments

The SVP is very concerned at the impact on households that are already struggling to make ends meet of the recovery of overpayments. Many maximum rate social welfare payments fall below the level necessary for a minimum essential standard of living (Collins et al, 2012), and are also below the poverty line. While the recovery of overpayments is an important element of any strategy to combat fraud and address errors, the imposition of hardship on an individual or family must also be taken into consideration. Up to 15% of the weekly personal rate of payment can be deducted to recover an overpayment, however the experience of the SVP is that this amount can be too much for some households. The forthcoming fraud and control initiative should acknowledge the difficulties that some households will experience in repaying overpayments.

Sanctions, for example reducing or suspending social welfare payments during a review or after a review, can cause extreme hardship to households. The extent to which sanctions are effective in terms of reducing fraud, as well as their effect on poverty should be investigated through research before they come to be relied upon as an element of the fraud and control strategy. Sanctions should only be used as a very last resort and the implications of sanctions in terms of the welfare of individuals and families and the prevention of hardship should always be a key consideration.

Maintenance recovery

SVP has recently carried out research with one parent families on low incomes who are being assisted by the Society. Many of the parents who took part in the research had been to court to seek maintenance payments but these were often irregular and unreliable. In some cases domestic abuse, conflict in relationships and addiction made the claimant of the One Parent Family Payment very reluctant to seek maintenance from their ex-partner and/or the father of their child(ren). The importance of the non-financial help provided by a non-resident parent also came through in the research. The SVP is supportive of the principle that liable relatives have a financial responsibility towards their children and/or spouse. However, the focus should always be on ensuring that a family is no worse off (financially or otherwise) because of attempts to recover maintenance.

SVP Recommends:

- The inclusion of the aims set out above in the new fraud and control strategy
- More balance in discussions on fraud that reflect the reality that the vast majority of claimants are fully compliant with the conditions of their payments
- A review of the way that savings from fraud and control measures are reported
- The prevention of hardship should be a key consideration in recovering social welfare overpayments, maintenance recovery and the imposition of sanctions