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## Memorandum submitted by A4e (EP 07)

### INTRODUCTION

1.1 This formal response is submitted on behalf of A4e in relation to the Work and Pensions Select Committee inquiry into the management and administration of contracted employment programmes. A4e would be happy to provide further clarification on any aspects of our response, and willing to give oral evidence to the committee if required.

1.2 A4e currently delivers a range of contracts across the UK on behalf of the Department for Work and Pensions (DWP), including the New Deal Prime Contract, Pathways to Work, New Deal for Disabled People, DWP European Social Fund and JCP Programme Centre. A4e have also been awarded Phase 1 Flexible New Deal contracts which will begin delivery in October 2009.

1.3 A4e takes its role as a responsible provider of contracted employment programmes seriously. We continue to work closely with DWP to jointly ensure that the welfare to work market, and its response to fraud and contract management continues to mature and evolve.

1.4 At a time of increasing pressure on Government Departmental budgets it becomes ever more important that public resources aimed at supporting the most disadvantaged people in society are spent effectively. Fraud and cases of poorly executed contract management seriously undermine this objective, and A4e is committed to working with the DWP and other partners to tackle these issues.

1.5 This report addresses each of the questions posed by the Committee and aims to set out those areas in which processes have been, and continue to be, improved. It also sets out a number of particular recommendations that A4e itself makes to enhance the way DWP and providers prevent fraud.

1.6 In doing so, A4e have drawn on some lessons learnt from the fraud case in Hull, and this report provides full details of the issues raised and the organisation's response to them.

### EXECUTIVE SUMMARY

2.1 Reducing fraud in contracted employment programmes is the shared responsibility of contracted employment programme providers and DWP. A4e has been delivering welfare to work services in the

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the subject of an A4e investigation and a DWP led investigation.

In the period of June to October 2007, in A4e's Hull office, the Deputy Business Manager and a Recruiter worked in complete contravention to the organisation's policies through the submission of fraudulent job outcome claims. One of these employees was also found to be colluding with an employee from a recruitment agency to falsify sustained job outcomes. Senior staff members received a number of assurances from both the recruiter and Recruitment Agency staff member that the job placements met the required threshold (ie 16 hrs per week and expected to last 13 weeks). However, A4e were alerted by clients reporting that jobs were lasting for less than the required 13 weeks. A4e's local management investigated and suspended all dealings with the recruitment agency.

DWP initiated a Risk Assurance Division (RAD) investigation. The investigation confirmed that from a sample of 200 cases drawn from the period under review 21 had been fraudulently completed. Of the two employees found responsible for the fraudulent claims, one had already left A4e prior to the RAD investigation and the other was suspended in December 08 following completion of RAD interviews under caution and was dismissed in January 09. A4e repaid DWP £12,500 for these incorrectly claimed outcome payments.

Prior to the conclusion of the investigation, A4e had made substantial improvements to the safeguards around the job outcome claim process. This included the creation of a centrally located Claims Administration Team; a new employer led verification process and enhanced staff training. DWP's Risk Assurance Division has confirmed that they are satisfied with the actions the organisation has taken.

Further improvements to the safeguards around the job outcome claims process made as a result of the Hull case can be found in the main body of the response.

## **Appendix 2**

### **NEW DEAL PRIME CONTRACT - FRAUD CLAUSES**

The Provider shall use its best endeavours to safeguard Jobcentre Plus's funding of the Programme(s) against fraud generally and, in particular, fraud on the part of the Provider's directors, employees or sub-contractors. The Provider shall pay the utmost regard to safeguarding public funds against misleading claims for payment and shall notify Jobcentre Plus immediately if it has reason to suspect that any serious irregularity or fraud has occurred or is occurring.

The Provider shall co-operate with Jobcentre Plus and assist it in the identification of Participants who may be unlawfully claiming state benefits. Jobcentre Plus may from time to time brief the Provider as to the co-operation and assistance it reasonably requires including the provision of information regarding fraud by Participants. On receipt of the information, further evidence may be collected by Jobcentre Plus or other department, office or agency of Her Majesty's Government with a view to prosecution.

Any act of fraud committed by the Provider (whether under this Contract or any other contract with any other Contracting Authority shall entitle Jobcentre Plus to terminate this Contract, and any other