

To: UC Programme Board Members**From:** Lara Sampson**Sponsor:** Neil Couling**Author:** Debbie McMahon, Alejandro Timon-Terren**Date:** 10th December 2019

Enabling Transaction Risking

Issue: The UC business case targets a saving of £1.5bn Fraud and Error savings. Much of that is dependent upon our ability to assess the risk of the millions of transactions that UC operates and to target operational effort and intervention accordingly. s31

[REDACTED] Although we have invested our development effort in automation in UC, we have persistently prioritised short-term improvements rather than transaction risking because the efficiency rewards are less immediate.

Recommendations/Decisions required:

- **For Decision**

This paper therefore recommends that the UC Programme Board:

- **Commit development effort to transaction risking and for transaction risking enabling work over the next phases, starting in P9 so that capabilities can be matured to the level required to scale UC further;**
- **Ask for the support of Fraud Error and Debt (FED) Policy and Strategy, Counter Fraud, Compliance and Debt (CFCD) Operations and Digital colleagues to collaborate on building up a departmental wide capability addressing the priorities set out in this paper.**
- **Help explain to other stakeholders, including Ministers, that transaction risking needs to be prioritised over additional policy changes.**

Timing: Before PDE meets to decide P9 prioritisation.

Introduction

1. As per the UC Business Case, UC is expected to realise £1.5bn of F&E savings, and prevent the £2.7bn losses predicted by 2022 in addition to that. **Transaction risking is one of the most important capabilities to achieve the operational savings and fraud and error reductions required to scale UC.**

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3. The ability to detect s31 will also facilitate quicker and more accurate payments, reducing anxiety and complexity for vulnerable claimants or claimants with complex circumstances – as we will be able to detect any difficulties and offer support where needed. The efficiency gains offered by transaction risking will also enable our case managers and work coaches to spend more of their time supporting claimants who are vulnerable through different channels, including face to face and telephony.

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This is not an uncommon pattern – transaction risking is prioritised into a phase but something urgent happens and, because in the immediate term we can live without it, it gets deprioritised. However, there are certain capabilities DWP and UC need to develop before deploying complex transaction risking features s31 The continual delay of these capabilities will eventually cause the Programme problems including scrutiny by external bodies such as the NAO. **This brings a sense of urgency for UC to prioritise transaction risking and transaction risking enabling work now, so we can build the necessary capabilities to deploy the more complex and high-value transaction risking features in the future.**

Transaction risking potential benefits and conceptual maturity model

5. Transaction risking is a key enabler for improving detection and prevention of Fraud and Error (F&E) and for reducing the operational effort of verifying information. s31

Transaction risking Strategic Design and Dependencies

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There are certain capabilities the Dynamic Trust Hub needs to develop before deploying more complex transaction risking features. In the meantime, UC needs to develop and deploy

simple transaction risking features and support the Dynamic Trust Hub to achieve the level of maturity required to deploy transaction risking features on UC. This in itself creates a need for UC to align its data architecture with the wider departmental Data Strategy, as it develops transaction risking features

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8. The prioritisation and maturation of transaction risking capabilities is therefore not just a UC Programme choice. It will require departmental collaboration, primarily between Digital (Dynamic Trust Hub, RIS and the Data Architecture/Data Strategy teams), Service Excellence (FED Policy and Strategy, CFCD Operations) and UC.
9. The suggested areas of priority for cross departmental collaboration include:


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Current Progress and Next Steps

10. As shown in Annex III, we are making some progress on transaction risking features but we need to do more both within the UC programme and beyond to build up this strategic capability. Whereas UC has previously prioritised s31 [REDACTED] they have often been subsequently deprioritised due to other urgent priorities. This is due to the fact that the high-value efficiencies will be brought by complex transaction risking features, which will only be able once we mature transaction risking capabilities. It is therefore recommended that transaction risking features are assessed not only on their relative value, but also on their need for maturing transaction risking capabilities when considered for prioritisation.
11. In order to mature these capabilities as shown in Annex IV, the UC Programme Board is recommended to encourage PDE to create some space in P9 and subsequent phases so that the relevant transaction risking and transaction risking enabling work can be prioritised, and our transaction risking capabilities can be progressively matured. A roadmap to maturing our capabilities over the following phases could look like:
- P9 – Support the Dynamic Trust Hub team to agree a technical design that would work for UC and other Lines of Business. Work with Digital to align UC's Data Architecture with the wider Departmental Data Strategy, and prioritise that work. Engage with FED Strategy and CFCD policy to plan the necessary policy and/or legislative changes required for transaction risking capabilities to be sourced with the necessary data, and clearance to operate in the department. Collaborate with CFCD Operations to create the capacity to start testing more complex transaction risking features that are in development.
 - P10 – Move level 1 transaction risking capabilities to the Dynamic Trust Hub and start the deployment of level 2 transaction risking capabilities, primarily through the alignment of UC's Data Architecture to the wider Departmental Data Strategy. Engage with Digital to support the Digital Transformation towards an events-driven Architecture, and enable it through the required UC data engineering and development effort. Support the Dynamic s31 [REDACTED]
 - s31 [REDACTED]

Conclusions and Recommendation

12. Transaction risking is a key enabler to scaling UC both in terms of operational efficiency and F&E prevention. We currently do not have the maturity required to deploy high-value complex transaction risking features, and progress is slow due to the dependencies shown above. Therefore, simple transaction risking features need to be deployed in the short term so as to develop the department's capability and organisational knowledge to deploy more holistic solutions.

13. s31 [REDACTED]
[REDACTED] The Data Architecture of the department also needs to evolve to be able to deploy

transaction risking in UC and UC will need to align to the Departmental Data Strategy to enable the Dynamic Trust Hub integrations for transaction risking features.

14. There is a substantial amount of investment, effort and coordination across different directorates required to develop the necessary capabilities to deploy complex transaction risking features and address the largest areas of loss by 2022. Therefore, this paper recommends that the UC Programme Board:

- **Commit development effort to transaction risking and for transaction risking enabling work over the next phases. Starting in P9, these features and enabling work should be assessed according to its contribution to maturing transaction risking capabilities and not only on the relative efficiency gains a single feature may bring – as that does not accurately reflect its priority level and allows for their deprioritisation, delaying the maturity of transaction risking capabilities;**
- **Ask for the support of FED Policy and Strategy, CFCD Operations and Digital colleagues to collaborate on building up a departmental wide capability addressing the priorities set-out in this paper.**
- **Help explain to other stakeholders, including Ministers, that Transaction risking needs to be prioritised over additional policy changes.**

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