

To: UC Programme Board  
Members

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## Paper Title: Targeted Case Review

**Issue:** *To provide Programme Board with an update on Targeted Case Review (TCR) progress.*  
**Recommendations/Decisions required:** *For Discussion, Board to confirm they are happy with progress and direction of travel of the Project.*  
**Timing:** *Board to raise any concerns or highlight risks*

## Introduction

1. The recently published Monetary Value of Fraud and Error (MVFE) figures for the year ending March 2022 reported the Universal Credit (UC) overpayment rate at 14.7% (£5.9bn), which is broadly the same as FYE 2021, where it was 14.5% (£5.5bn). This is the highest reported UC overpayment rate to date. The coronavirus pandemic continued to have consequences that affected UC in several ways during 2022
2. The makeup of the UC caseload continued to differ compared with the pre-pandemic period. Fraud and Error has been impacted due to an increased requirement for support for particular claimant groups, for example self-employed claimants, and this has been sustained into FYE 2022. There is also evidence that the inherent underlying levels of fraud in claims joining the Universal Credit caseload were higher than originally forecast due to undeclared capital, living together, housings costs, dependants, wrongly declared or undeclared self-employment, claims from abroad and hijacked identity.
3. The combination of these inherent factors and the COVID effect have left the levels of Fraud and Error substantially higher than the original Universal Credit Business Case which assumed a 6.5% rate. HM Treasury, as a condition of funding approval, asked us to refresh the business case. We will make adjustments to reflect the true position on fraud as part of that.
4. If nothing is done, Analysts forecast the rate of Fraud and Error as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>MVFE Overpayments (%expenditure)</b>	14.5%	14.7%	12.7%	12.5%	12.4%	12.3%	12.3%

5. A combination of initiatives has been put in place to reduce the fraud and error levels, but these would still leave the Fraud and Error rate at 3 to 4 % above the business case assumptions. The Targeted Case Review project has been designed to bridge that shortfall.

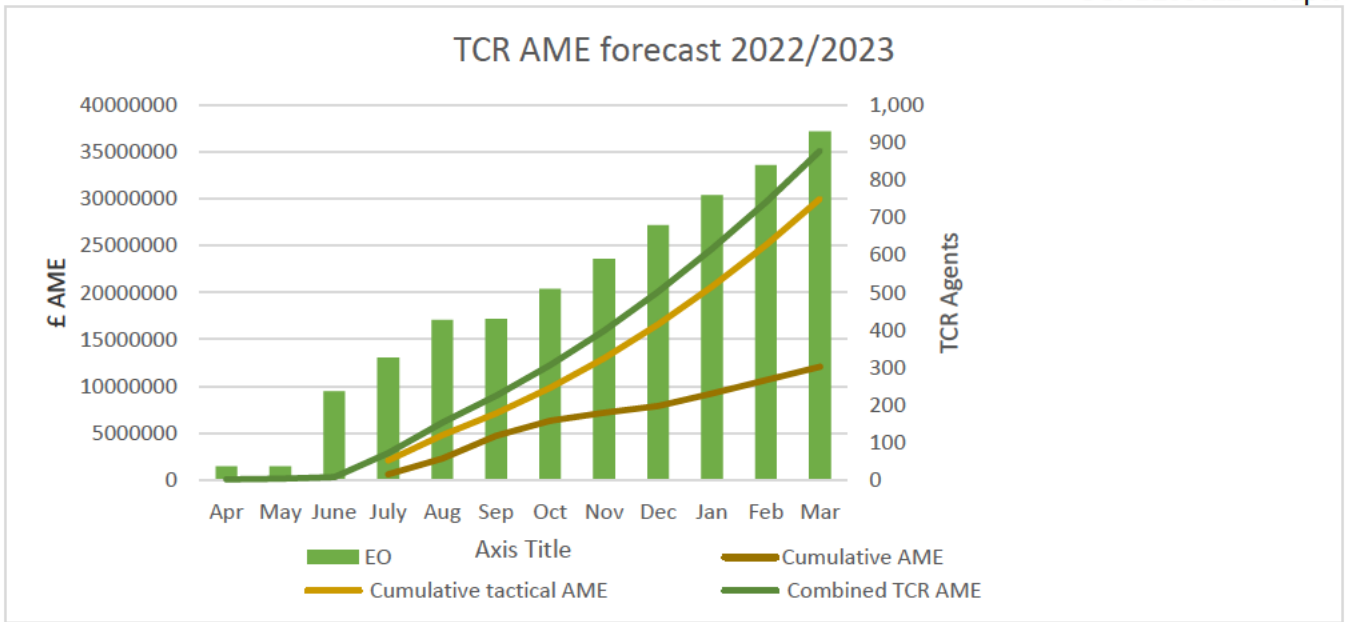
### The Targeted Case Review (TCR) Initiative

6. Targeted Case Review (“TCR”) is an initiative to help us tackle the rising levels of Fraud and Error as measured by Monetary Value of Fraud and Error in UC by calculating AME savings from review activity. It requires building a large capacity to review a significant volume of Universal Credit claims.
7. Its premise is quite simple; to identify high risk claims and complete a review on the whole claim requiring evidence (such as bank statements) to support all aspects of the claim and to corroborate circumstances. The plan is to grow a dedicated network of 2000 agents (with requisite managerial support) by July 2024 and to grow capacity to a level whereby between 800k and 1 million reviews are undertaken each year. HM Treasury have agreed to fund the initiative and OBR have scored the forecast savings.
8. This is an additional investment in the UC Programme to help us make a positive contribution to our original business case assumptions. Specific UC design teams have been identified to deliver the enhancements to the UC Build, to support TCR. Significant investment is included in the product development priorities for the next design sprint (phase 12).
9. These include: -
  - The upload and storage of documents. (Bank statement, identity documents, self-employed accounts)
  - A “digiman” tool to help agents to take and record the correct action
  - Secure bulk delivery of risk cases
  - Digitally produced outcome dashboards
  - Automation of many processes that will initially be manual
  - Development of Mission Memory, whereby a case that is corrected or withdrawn as a result of the review, cannot make a subsequent claim with the same incorrect factors.

10. It is important to recognise that the UC Business Case was written before we had learnt about the underlying levels of Fraud and Error in UC, which are much higher than assumed. Therefore, as part of the UC Programme we are making an **investment of £500m DEL to recover c.£3 billion AME** (put simply a 6:1 return on investment) and achieve our business case outcome of 6.5% of MVFE.

### Progress so far

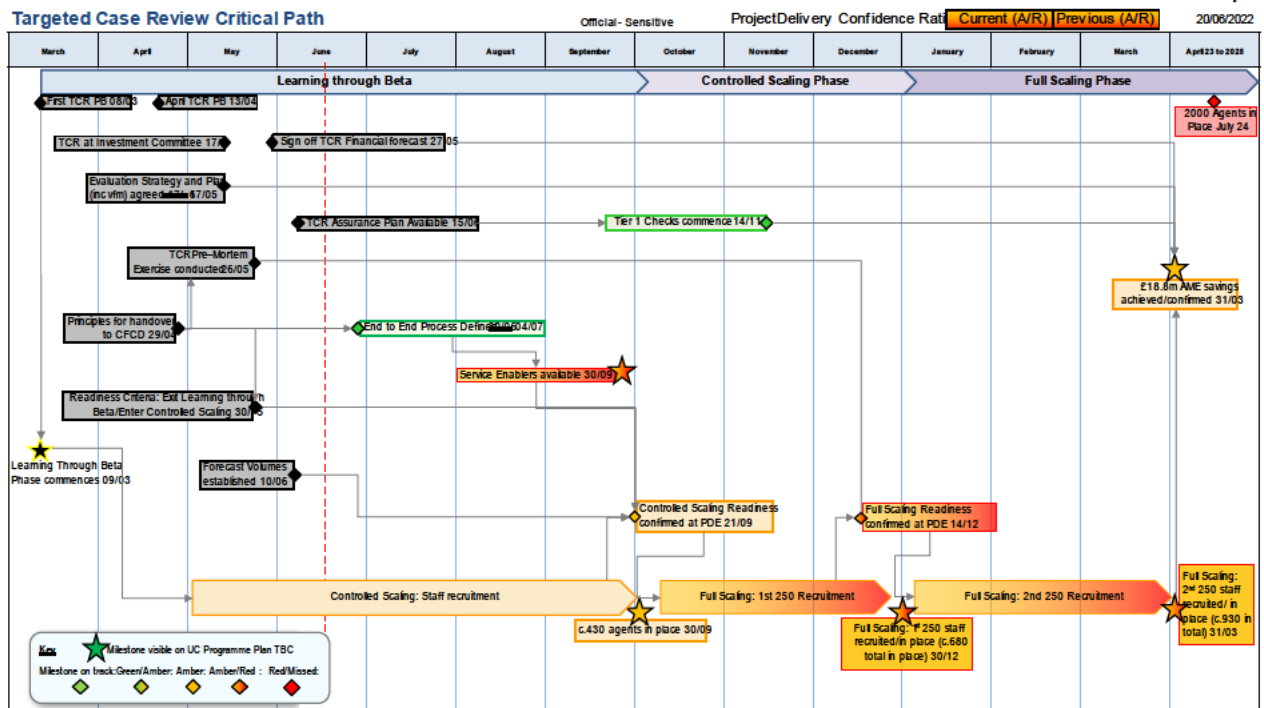
11. The Project has been awarded funding following the Spending Review settlement and successfully passed through the Investment Committee. A Project Board has been established with a Project Director and a small Project Team. A governance structure has been put in place and a budget signed off.
12. A process has been designed and tested and 37 agents have been trained and started reviewing Universal Credit Claims. The initial testing has been on randomly selected cases, but testing begins in June on targeted cases. The targeted cases have been identified by the Integrated Risk and Intelligence Service (IRIS) from the Counter Fraud, Compliance and Debt directorate. TCR uses the IRIS risk rules that identify higher risk behaviour but without specific fraud and error risks. Risk cases will be tested and compared to the incorrectness rate and AME value of random cases to find the most lucrative.
13. We have a recruitment plan in place, which allows us to ramp up to 930 TCR agents by the end of this financial year. Over 200 colleagues have accepted offers to join the team at the start of July from the FTA conversion exercise and other avenues are being sought for the remainder.
14. We intend to train agents in small batches on the full TCR process but have identified compatible “Tactical TCR” work for the remainder of agents in the interim. This work includes specific known error but that does not require a full review.
15. Our testing so far has already seen **an encouraging hit-rate** (level of incorrectness) from a small sample of completed randomly selected claims (c.180 claims). Each claim has an average AME saving of **c.£4,000**. This achievement has been combined with the Targeted TCR forecasts to deliver the following AME forecast for this operational year with the table below that showing subsequent years.



		2023/24	2024/25	SR total	2025/26	2026/27	5-year total
TCR Baseline	AME savings	£153.2m	£506.2m	£678.1m	£991.4m	£1417.9m	£3087.4m
	DEL costs	£73.9m	£109.6m	£213.1m	£134.0m	£150.2m	£497.2m
	DEL savings	-£5.8m	-£19.4m	-£25.6m	-£48.7m	-£71.0m	-£145.3m
	Net DEL costs	£68.2m	£90.3m	£187.4m	£85.3m	£79.2m	£352.0m

**Plans and risks**

- 16. Resource plans are in place to recruit the 2000 agents on the trajectory below. The project has approval through internal departmental governance to bring in c.930 EO FTEs by 31/3/23.
- 17. A full project plan has been developed with independent scrutiny and associated risks identified and scored. The high-level critical path is below.



**Key Risks and/or Issues**

- 18. The overall Fraud and Error risk in Universal Credit is covered specifically by Risk P85 (UC Fraud and Error Benefits Realisation) This is a programme level risk on fraud and error, which Programme Board will see regularly. TCR is a significant part of our mitigation plan against this risk.
- 19. The Targeted Case Review risk P87 has been agreed by the TCR Board to be the risk we report on at UC Programme level, via UC Project Delivery Executive (PDE). Risk description – Difficulties in recruiting the required levels of staffing (Project Delivery and Operational) and achieving the anticipated levels of productivity/cases resulting in savings may mean we are unable to achieve the projected levels of AME/MVFE savings, leading to failure to deliver UC business case outcomes.

**Summary**

- 20. Targeted Case Review features heavily in the Fighting Fraud in the Welfare System plan. It represents a major investment by bringing in 2000 FTE EOs by 31/7/24 against a backdrop of potential staffing reductions across government. Programme Board is asked to note the potential to achieve significant AME savings and realise a positive impact on MVFE, should early successes be replicated following scaling. We will be closely monitoring the results as more staff are recruited to the TCR work. After a year or so we should be able to advise the Board on the likely trajectory of savings for the remainder of the SR period.
- 21. The project is in the scope of the DWP headcount challenge work, thus risks being reduced in scale or removed altogether from the department’s plans with an associated

impact on planned AME savings and the programme's ability to deliver on its benefits associated with fraud and error.