



<b>Meeting:</b>	Universal Credit Programme Board
<b>Date:</b>	15.11.22
<b>Location:</b>	Microsoft Teams & Caxton House
<b>Attendees:</b>	John McGlynn (Chair), Neil Couling (SRO), Ian Wright (UC Programme Director), Stuart Ison (External Affairs, Strategic Design and Planning Director), Catherine Vaughan (Finance Director General), Simon McKinnon (Digital Director General), [REDACTED] OBO Myrtle Lloyd (HMRC Director), Deb Walton (Deputy Director People Capability & Place), David Magee (Cabinet Office Operations Lead), Paddy Rooney (Work and Health DFC NI), Graeme Connor OBO Angus Gray (Policy Deputy Director), Will Garner (UC Product Director), Claire Chapman OBO Barbara Bradley (Work & Health Deputy Director), Chris Drane (HMT Director)
<b>Observers:</b>	[REDACTED] (C&R DG Private Office), [REDACTED], Lesley Woodruff (Operations Director)
<b>Presenters:</b>	Ian Wright (UC Programme Director), [REDACTED] (IPA), Will Garner (UC Product Director), [REDACTED] (HMRC Director), [REDACTED] (Senior Finance Business Partner), Stuart Ison (External Affairs, Strategic Design and Planning Director),
<b>Apologies:</b>	Myrtle Lloyd (HMRC DG), Angus Gray (Policy Director), Barbara Bradley (Work & Health DG), [REDACTED] (Local Government)

### Welcome, Minutes & Matters Arising

The Chair welcomed attendees to the Board. Minutes from the previous October meeting cleared with no amendments requested.

The following actions were updated:

**2604 AP02:** Work continues to get a local authority representative to join UCPB. Waiting on update from Local Government.

**1907 AP01:** Conversations around developer pay have taken place at Capacity Board and discussions have commenced at Digital ET to investigate further options (e.g., using digital allowance to maximize pay and looking closer into near misses).

The Digital DG had a conversation with the Central Government Chief Digital Office and has a discussion planned with HMT on DDAT rates this week which may result in progress. Recruitment numbers are slowly moving forward.

The SRO gave the following update on the upcoming autumn statement:

- Although the content of the Chancellor's announcement is not yet known the SRO has put a fiscal proposition to HMT around the impacts of Move to UC.

- Government is keen to save money, emphasising that savings is relative to government's existing plans.
- Government's fiscal plans are determined by OBR which is different to the operational plan for UC. Should we not implement UC to the timetable there will be savings in the short-medium term due people on UC generally getting more money than those on legacy benefits.
- DWP and the programme were asked about how to save money. Noted the importance to not disrupt the Tax Credit (TC) plan, and instead suggested to defer ESA cases beyond the OBR end date to produce savings.
- Although this proposal will have implications this will not impact the Programme in the short-medium term as the remaining benefit lines (TC, JSA, HB & IS) still need to be migrated.
- Should the Chancellor agree to the proposition, an impact paper will be brought to December UCPB and a further paper in spring 2023 around how to shape the programme.

Noted the importance that the proposed idea is handled carefully should it happen, especially in regards communications for Working Age colleagues. The Work & Health Deputy Director noted she would want to work closely with UC on this should it happen.

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### **Paper 1 – Programme Director and Move to UC Update – UC Programme Director**

The Presenter walked attendees through the paper, highlighting the following:

- The Programme remains amber-red, however this will be re-assessed post the autumn statement.
- Out of the 499 ETS Migration notices, over 87% made a UC claim, 10% terminated and 14 people are still in the process.
- Over 1800 migration notices have now been issued.
- The TC only cohort in Harlow saw a lower-than-expected claim rate. Additional SMS reminders (one week before the deadlines) were introduced of which the impact is yet to be seen.
- The direction is now to work on a continual steady flow of TC claimants (approx. 25 per week) rather than distinct cohorts.
- The next phase of product development prioritisation is going to Programme Delivery Executive on 16/11/22 and should come to UCPB on 20/12/22.
- Work continues on Help to Claim extensions.
- GIAA audit of UC governance took place of which a substantial rating was received with no recommendations.
- A top-down finance review took place in p6, recutting the budget and forecast. Operational costs are currently £7m under forecast partly caused by high attrition as a result of site closures, further noting operational costs tend to move around. Currently showing £41m adverse to budget but expect this to be reversed at the end of November once operations work out how much of their resource is allocated to legacy and UC. Unit costs tracking under forecast.

#### **Milestones:**

- HMT approval point is showing as amber due to waiting on the inputs of the IPA review.
- Help to claim is amber and work is currently underway discussing details with Citizens Advice. Internal governance decision processes are in place alongside this work so there is confidence this will happen.
- HMRC IT release has been delayed from this week to 16/12/22 noting the importance to keep an eye on this.
- The programme is not as far along as was wanted in regards operational resource planning. This is due to options work in operations around the fiscal statement. Meetings continue on this, and it is expected to pick up soon.

Recruitment:

- For a second consecutive month there has been a slight uptick in developer recruitment. Good work is being undertaken to attract staff into the new Birmingham hub. Overall, a lot of work is going on and this issue is being kept under close observation.
  - The Digital DG noted that the first phase of developer recruitment has completed, and the 2nd wave is due for completion on 27/11/22 however it is too early to identify improvements.
  - The Chair asked whether the bar is set too high in regards assessments. In response, it was noted that UC run complex systems and it takes a considerable amount of time for engineers to get up to speed. Due to the high investment in individuals, it is important to ensure they are suitable, therefore high standards are required. However, work is ongoing looking into near misses.

Member discussion:

- In regards the HMRC IT Release, the HMRC Director noted their testing suppliers have had to change and work is ongoing to get them up to speed. Confidence around this is increasing, a testing plan is in place, and it is hoped to commence testing later in November. Stop notice testing shouldn't be problematic as HMRC already issue other types of stop notices, further noting confidence this can be completed around 16/12/22.
  - Noted HMRC review their risks, however regular conversations take place with HMRC on these.
  - The Chair emphasised that close collaboration between DWP and HMRC is vital.

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**Paper 2 (Verbal) – IPA Review – IPA Representative**

The Presenter highlighted the following key points:

- The IPA review was to give perspective on the readiness to scale in 2023 and to support the HMT approval point on numbers.
- The ToR was specific and only on Move to UC, further noting that not all aspects of the ToR could be delivered due to unavailable data.
- IPA have awarded the delivery confidence assessment as amber.
- Many open conversations took place with stakeholders, and it is hoped the review shows a balanced view against the positives and also raising the unknowns/ifs.
- To support the programme, the review also suggests ideas to consider in regard to the points identified.
- No reasons have been identified to suggest it is not possible to scale in 2023, however noted the plan is a work in progress.
- The programme shows confidence, further noting things have improved over the previous months and highlighted the importance to grasp opportunity and look forward.
- Although there is limited evidence to date, the IPA does not see reasons that focusing on TC first will not be successful.
- Noted concerns around leaving ESA and TC self-employed to the end could cause a bubble of complex cases to manage, further suggesting the programme looks into this.
- Governance is fit for purpose, further suggesting that some decisions could be brought to UCPB rather than PDE to give more airtime to conversations.
- The programme recognises the need of stakeholder engagement, further noting the IPA recommend a faster and harder approach on this as stakeholders want to engage and their engagement is vital for Move to UC's success.

- Suggested whether the test and learn approach needs to be a more formal planning approach. Further noting the importance plans are visible and communicated.
- The IPA was pleased with the business case, costs have increased but benefits have also increased.

Member discussion:

- The SRO strongly emphasised that he consistently said that this review is 3 months too early given the discovery timetable, and some reflections would have looked different should it had been completed 3 months later which is a pity, but IPA were insistent on timing. Additionally noting:
  - Another review in 3 months' time would not be value for money.
  - The review team and programme have done their best and noted the importance of when to conduct reviews in a programme's lifecycle, expressing the programme did not want it to happen when it did.
  - The programme will consider the recommendations to support progress.
- The Chair expressed the importance of external views and asked the presenter for more information:
  - The presenter noted that Internal stakeholders were upbeat across the department and wider government. The one external stakeholder the IPA spoke to did not feel assured that people were not going to be left behind and were not having enough conversations regarding this, further noting this was a very small sample of stakeholders.
  - The SRO noted that recent changes will allow the programme to revert to the 2018/19 approach which brought a lot of confidence with stakeholders.
  - The programme is enthused about the upcoming opportunities following the appointment of the new Ministerial team, and their preferences for transparency.

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### **Paper 3 – Tax Credit 2023 Plan – UC Product Director & HMRC Director**

The UC Product Director walked attendees through the paper, highlighting the following key points:

- There is a fast and hard line between discovery and scaling and that starting with small continuous numbers is the base to scale.
- The remainder of 2023 is about focusing on the stability of what we have developed for discovery. This includes being able to operate the service, e.g. operations being able to take the appropriate action at the right time, ensuring systems are more reliable, putting workflow in place, getting the right monitoring and automation in place and identifying what actions need to be taken when.
- The rollout strategy is rated amber, further noting confidence to get this on track. It has been marked wider due to resource planning. The presenter introduced Lesley Woodruff (Operations Director) who will be supporting this work.
- The team is bringing in more discovery whilst continuing to raise numbers, for example as starting to scale, work is underway to look into how to onboard people that so far it hasn't been possible to send migration notices to.
- In the next quarter discussions will commence with Northern Ireland.
- Work to commence on layering automation up, starting with the basics and automating notifications and being able to send these direct. Operations conduct tasks that can be automated (manually sending notifications and deferrals) and by automating these will free resource to provide the right support to claimants and ensure entitlements are calculated correctly.
- Work to commence from April 2023 to expand into more locations before going national in the scale-up phase.
- From April 2023 the programme will be operating single claimants with as many deferment options as possible in an automated way and able to operate at scale.

HMRC Director notes:

- The automation of the TP calculation is the most complex change required for scaling and it is hoped that this element (alongside the termination and migration notice transfer) will be completed and operational by Christmas.
- The automatic terminations process (which was developed pre-pandemic) has worked seamlessly over the initial cohorts of the Discovery Phase.
- HMRC are reviewing the 1.2m cases which remain to be moved over in 23/24 & 24/25. They are being segmented and reviewed according to scaling priorities so the daily rates and data are accurate. This work is expected to be completed by March 2023 (before scaling starts in earnest).
- Early discovery cases have shown that TC claimants can get confused when renewing their TC claims and then receiving a migration notice at the same time. The focus of future communications within the TC renewals pack will endeavour to mitigate this in 2023.
- As TC cases reduce the BAU workload diminishes leaving more capacity to work on the increased migration cases. Work is in progress to see how the 'Move to UC' process will impact on customer contact, complaints, and reviews.
- Work to consider how the issue of TC Debt can be mitigated is ongoing; however, it is proving complex and controversial considering financial state of the country. However, it is hoped that any changes will smooth the journey to UC.
- HMRC continue to work positively and collaboratively with colleagues in DWP and DfC UC programmes and delivery confidence is high.

#### Member Discussion:

- The SRO queried HMRC's timetable to get decisions around debt and whether DWP's Ministers could be of any assistance?
  - The HMRC Director noted it is hoped to get the initial strategy paper signed-off by Christmas. HMRC are looking at a possible de-minimis approach to debt transfers and remissions which is currently with HMRC's policy teams. Should HMRC require Ministerial support from DWP once this reaches Treasury Ministers this will be well received.
  - The SRO suggested that the HMRC Director discuss their plans with the UC Policy Director, and this was agreed.
- The programme wants to utilise the TC claimant views/behaviours to shape the communications campaign/strategy going forward.
- The Implementation and Controls Centre worked well during the UC roll-out and Kickstart and will be put together for MtUC towards the end of November for testing.
- Northern Ireland (DfC) are engaging with HMRC and DWP stakeholders and are confident to start their Scaling activity in April 2023.
- A paper will be brought back to UCPB in Spring 2023 with more detail as the scaling work is finalised.

#### **Paper 4 – Business Case Refresh Update - External Affairs, Strategic Design & Planning Director and Senior Finance Business Partner**

The External Affairs, Strategic Design & Planning Director highlighted the following key points:

- A critical part of the HMT approval point was to have a refresh of business case (BC) numbers.
- The timing of the IPA review caused this to be challenging, further noting that more things could have been included if this had happened 3 months later (e.g. winter 22 volumes and discovery model).
- The programme has come on a long way and highlighted 93% of new claims received their payment in full and on time. Further emphasising the importance for members to acknowledge the progress that has already been made.

- Direct comparisons between refresh numbers and BC 2018 were difficult and should be treated cautiously.
- The Impact of plan to UC plan B (TC Claimants) and AET policy change (updated to reflect 12 hours, not 15 hours due to the timing of the announcement) have been impacted, further noting the team absorbed as much as possible given the timescales and stage of the programme.
- Numbers have been looked at through 3 lenses (DEL, AME and wider economic impacts).
  - Del: Costs and savings have increased.
  - AME: Costs have increased; however, the changes have resulted in wider economic impacts with increased benefit claims.
- The refresh has underlined that the programme is a significant value for money for case and has strong value.
- Data suggests the core assumptions are having an impact.
- The team will continue to communicate with HMT colleagues in regards the BC.
- It is hoped the HMT approval point will take place around the w/c 5/12 leading to the successful drawdown at the end of December.

The Senior Finance Business Partner noted:

- Since the previous BC, investment costs have increased to £860m. The rationale behind this is an additional 2 years of programme costs, help to claim has been extended and the introduction of TCR.
- The investment cost increase hasn't come from this refresh, further noting the most recent refresh has seen a £50-60m movement which is attributed to extending help to claim.
- £951m increase in steady state (operational running costs). TCR resulted in £149m, Jobcentre changes resulted in a £448m increase which was driven by larger caseloads and more intensive work search cases. The introduction of the telephony service increased the costs for Service Centres. Costs relating to decision making have also increased because of increased caseloads.
- Saving methodology was refreshed in March 2021. Savings have increased significantly and increased at a greater rate than DEL.
- UC is cheaper to run in comparison to legacy claims.
- From Spring 2020, AME was moved to an actual basis (previously counter-factual forecast). For this reason, analysts have approached this work differently, have considered core assumptions from the 2018 BC and where evidence is available the core assumptions were reviewed.
- Take-up regional BC in 2018 was expecting a £-2.5b with sensitivity of £-0.6b. No evidence to revise this, however in line with caseload changes this has been increased to £-2.6b take up with sensitivity to £-0.6b.
- BC stated economic benefit of £-0.5b and AME savings of £0.3b. Household entitlement should be similar between UC and legacy however recent changes has led to an average increase of £75 UC per month – this then increased the economic benefit to £2.7b. AME increased to £3.5b.
- Highlighted JSA equivalents on UC are 2% more likely to be in work after 6 months.
- Latest forecast of claimants is larger than the caseloads.

Member Discussion:

- The HMT Director noted he is happy with all the engagement so far and HMT will need to go through the BC numbers in detail and adjust for the autumn statement. Inevitably flexibility may be required post the statement. Highlighted the benefit to have all the data in one place.
- The SRO encouraged the teams to work as hard as they could on the BC, additionally noting:
  - The benefit of making the BC public.
  - UC is cheaper than legacy systems, and for every UC case there is a benefit. Fraud & error stayed constant.
  - Expressed his gratitude to all who have worked on the BC.

- The new Finance DG introduced herself and praised the BC and positive stories. Further querying whether fraud & error prevention is at the heart of what is happening across the programme and how to better measure this accepting the complexities.
  - The SRO noted the possibility to include what was put in the annual accounts on what was happening to fraud and error before the pandemic in the full BC. Noted UC fraud was falling pre pandemic, however fraud numbers will increase due to inheriting TC fraud, additionally noting it would have gone up in legacy as well, therefore the delta of fraud and error benefits in UC remains.
- The Chair praised the team behind the work.

## AOB

- The Chair highlighted the amber points in the Scaling Readiness Criteria:
  - Operational readiness is about getting capacity into operations. This is where the programme is now, not a prediction, and there are decisions required on the operating model. There is work to be done, however work is on track and noted the aim to approach Capacity Board by the end of 2023.
  - 'Service Centre lines in place' point is linked to the operating model, further noting decisions are needed around Service Centres. This is expected to move forward within the following weeks.
- Depending on the Autumn Statement announcement, the programme may have to re-plan slightly as voluntary migrations may not be required should the option put forward by SofS Chloe Smith be accepted by the Chancellor.

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