



Department
for Work &
Pensions

Department for Work & Pensions

2018-2022 Fraud, Error and Debt Strategy

Tackling fraud, error and debt in the benefit system

Getting it right; keeping it right

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Foreword

Permanent Secretary, Department for Work and Pensions



I am pleased to support the new Fraud, Error and Debt Strategy. We have a duty to claimants and to taxpayers to work to reduce the level of over and underpayments. From policy and process design, to ensuring processing of claims are right first time; tackling fraud, error and debt is all of our business.

Launching a new DWP Fraud, Error and Debt Strategy to 2022 in the penultimate year of a spending review period provides the opportunity to outline progress, challenges and our approach, ahead of the next spending round. There are a lot of things we are clear about that make it essential that we now have a fresh look at how we are tackling the losses from fraud and error and the impacts on claimants and DWP of underpayments and debts: We know that over the next few years we will become responsible for the affairs of around 4 million more claimants; We know that digital advances present us with more opportunities to make it easier for claimants to get things right; We continue to be committed to transforming our services to reduce costs and improve quality, and we know that the Digital Economy Act 2017 and General Data Protection Regulations that come into force in this year, present new opportunities and new obligations which need to be reflected in the way we tackle fraud, error and debt. We also know that after a period of year on year reductions in fraud and error in welfare benefits, our 2016/17 statistics showed a small increase.

The last strategy, Tackling Fraud and Error in the Benefits and Tax Credits system, was a joint publication with HMRC. The merger of Tax Credits and Housing Benefits into Universal Credit means that by the end of the period of this strategy, working age claimants who currently have their affairs handled by HMRC and Local Authorities will instead make their claims through DWP. Whilst this strategy is consistent with the overall HMRC Compliance Strategy, it is a DWP strategy, reflecting our central and growing role in benefits administration.

The creation of the Counter Fraud and Compliance Directorate (CFCD) in 2017, bringing accountability for Fraud, Error and Debt policy and strategy under a single director, along with an analytical capability and all of the operational teams tackling fraud and error already in our systems, was an exciting first step in changing our approach, but as this strategy makes clear, we need to do more to prevent fraud and error and this is the responsibility of everyone in DWP, not just CFCD.

Peter Schofield
Permanent Secretary

Executive summary

The Department for Work and Pensions (DWP) pays out £174 billion to 18 million claimants every year. The welfare system is complex administering 30 different benefits, grants and allowances at more than 300 different rates of payment. In common with much of the public sector, our staffing has reduced in the last 10 years. At the same time, we have administered increasing Annual Managed Expenditure (AME), driven by a range of external factors and during this period, we have delivered significant welfare reforms with the most ambitious, Universal Credit (UC), still continuing.

This strategy reflects progress made since the publication of the 2010-2015 Fraud, Error and Debt Strategy, resulting in fraud and error rates reaching an all-time low in 2014/15. We remain committed to continuing to tackle fraud and error and this document reflects the fresh thinking that the challenge of the future demands:

- Fraud and error has begun to rise again, and now stands at 2.0% or £3.6 billion or 2.0% of total benefit expenditure. The overall level of underpayments has also increased from 0.8% in 2010 to 1.0% (£1.7 billion) in 2016/17.
- By 2022 DWP will be responsible for an estimated 22m claimants, 4m more than now, as Tax Credit and Housing Benefit claimants of working age move to UC. UC offers design efficiencies that will assist in supporting this larger claimant base, but these claimants will bring legacy fraud and debt which we need to ensure we can tackle.
- The vast majority of UC claimants will self-serve online offering opportunities to deploy analytical methods to design out some fraud and error, detect it, and make the claimant journey easier. Technical capabilities for data sharing and analytics are evolving quickly, both ours and those who seek to defraud us. At the same time, the rights of the individual citizen to privacy and the need to protect the public purse from those who seek to defraud it must be balanced.
- Exiting the EU and Scottish Devolution could result in regulatory cliff edges that could be exploited or enable error, if we fail to manage the transitions they will present in the next 5 years.

Only by continuing to tackle welfare fraud and error will we prevent it from jeopardising our objectives, set out in our departmental plan, of supporting growth through increased employment, ensuring work pays, and reducing labour market disadvantages for those who are disabled or have health conditions. Fraud and error is not a problem unique to DWP or even

to the public sector. It is dynamic and extends across all sectors, and the fight against it will not end. To mitigate it we need to build a responsive organisation, optimising the power of data to make the easiest claimant journey the one that is compliant.

This strategy sets out our path towards a vision where we deliver services that are designed to minimise losses to the exchequer from incorrect claims. We will prevent fraud and error occurring where we can and where we are unable to, we will identify it early, taking targeted and cost effective action. Our vision includes efficiently recovering outstanding debt and penalising those who are not adhering to the rules. We strive to be recognised by parliament and the public as administering benefits fairly to minimise underpayments and effectively protect the public purse from those seeking more than their entitlement.

We will achieve that vision through 6 strategic objectives:

- Empowering our claimants to give the right information at the right time.
- Making stopping fraud and error everyone in DWP's business.
- Efficient and effective deployment of intervention approaches.
- Taking a risk based approach to tackling fraud and error, based on a rich understanding of the root causes of loss, and the behaviours that drive them.
- Optimising our use of data to tackle fraud, error and debt.
- Designing our organisation to deliver.

We will deliver our strategy through annual delivery plans, tracking our progress, including through new operational measures. The annual publication of our report on [Fraud and Error in the Benefit System](#), will continue to provide parliament and the public with an indication of our progress.

In 2018/19, we will set in place many of the foundations needed to close the gaps in our capability needed to deliver our vision. We will establish the first phase of our Risk and Intelligence service, embed more rigorous, data led mechanisms for managing how we deploy our investigative resources, conduct external research to understand claimant behaviour, and set our course towards insight and understanding of risk driving a smarter and more effective response to reducing welfare losses.

1. Introduction

1.1. The scale of the challenge

The Department for Work and Pensions (DWP) currently pays out £174 billion to 18 million claimants every year, and administers 30 different benefits, grants and allowances at more than 300 different rates of payment.

Each year, we publish '[Fraud and Error in the Benefit System](#)' statistics to Office of National Statistics standards. These estimate the level of overpayments, (the total amount of money paid out to claimants over and above their entitlement) and underpayments, (total amount of money less than their entitlement that claimants were paid), and how much of these arise from fraud, claimant error and official error. Each report reflects our in-depth analysis of samples of live claims examined over a period of a year.

Twenty years ago, gross losses from fraud and error were estimated at 3.2% of expenditure. By 2010 /11 these losses had fallen to 2.1% before reaching an all-time low in 2014 /15 of 1.8%. Since then, the overall level of gross overpayments has begun to rise again, and now stands at 2.0% or £3.6 billion of total benefit expenditure. The overall level of underpayments has also increased from 0.8% in 2010/11 to 1.0% (£1.7 billion) in 2016/17.

Fig 1.1: Historic fraud and error trends 2010 - 2017

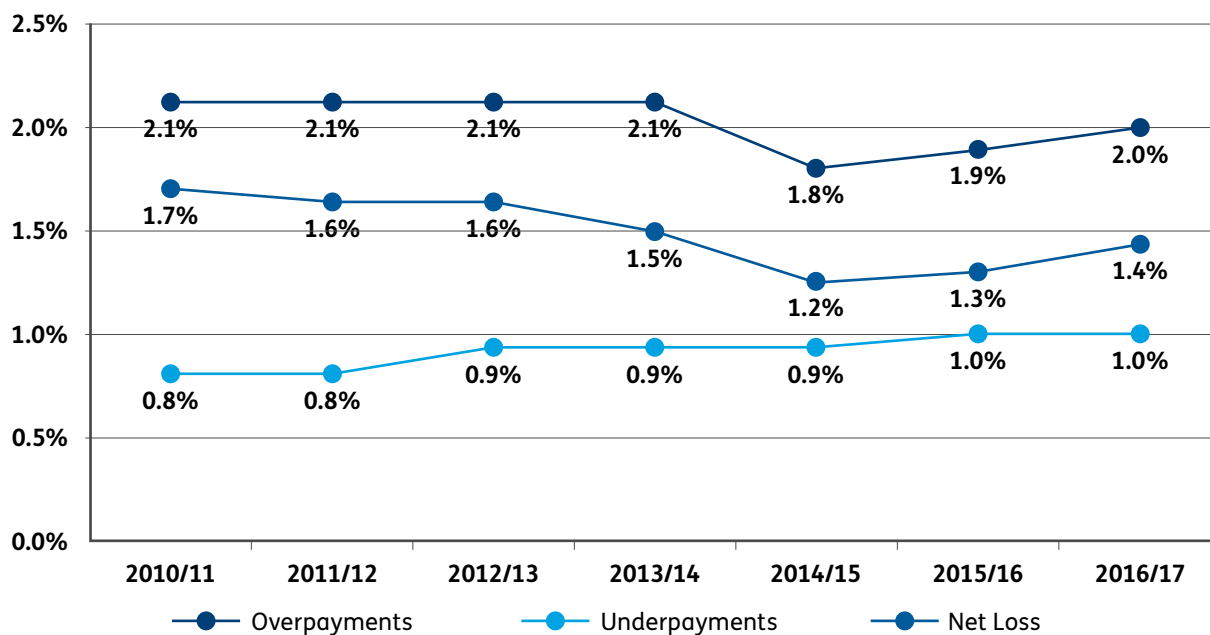
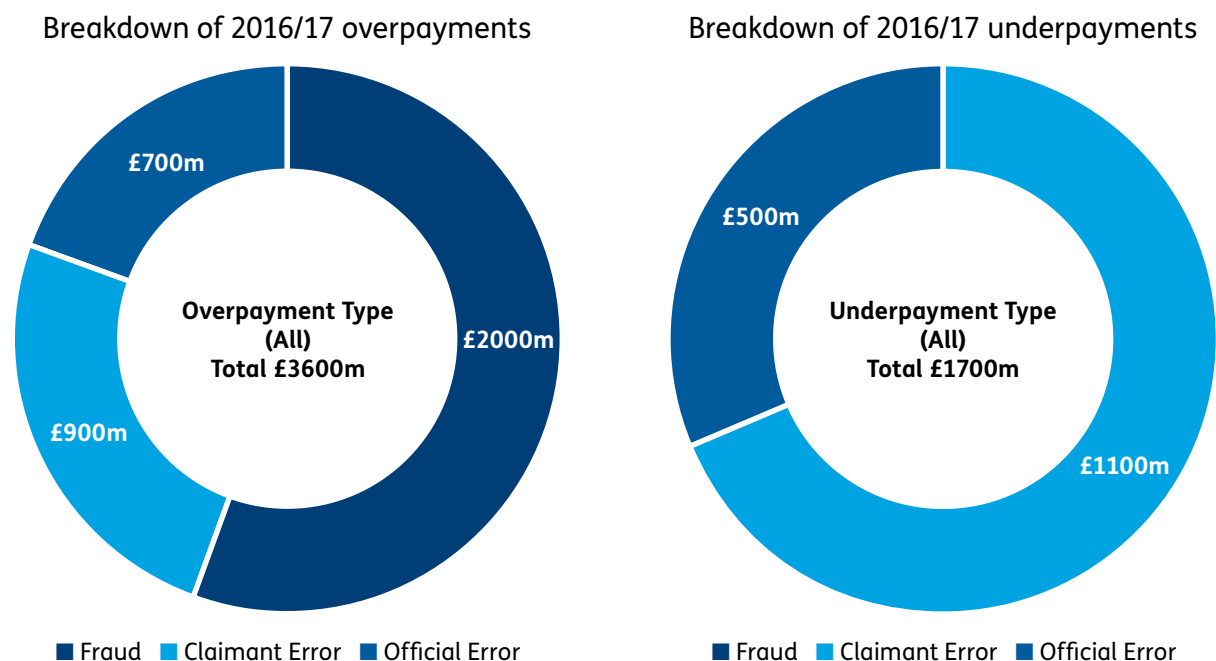


Fig 1.2: Fraud and error breakdown of overpayments and underpayments 2016/17
(see ANNEX 2 - Definitions)



Some overpayments can be recovered. In 2016/17, we recovered £1.1 billion of overpayments, an increase of £100 million since 2015/16. The net rate of loss from overpayments in 2016/17 was 1.4%, or £2.5bn, an increase from 1.3% or £2.2 billion in the previous year. Whilst this reduces the losses to government, debt recovery is an additional cost for DWP, and can mean that claimants, whose circumstances are already financially constrained, have these stretched further through debt recovery.

1.2 The 2010 – 2015 Strategy

The Government has published a number of strategies to tackle welfare losses resulting from fraud and error. The first fraud strategy in 1998, was updated in 2005 and again in 2007. In 2010 the Government established a [Fraud, Error and Debt Taskforce](#) and published its [strategy](#) to 2015 for tackling fraud and error in the benefits and tax credits system. The aim was to coordinate cross-government efforts to reduce the unacceptable losses to the taxpayer.

In order to deliver the necessary step-change in performance, DWP, Her Majesties Revenue and Customs (HMRC) and Local Authorities (LAs) developed and implemented the integrated

strategic framework set out in the 2010 Strategy. The five principles set out in the Strategy (prevent, detect, correct, punish and deter) have been pivotal to DWP's approach to tackling fraud, error and debt since.

In the 2010 - 2015 Strategy DWP made a number of commitments, including:

- Driving significant improvements in our data-matching capability through the acquisition of a much wider range of data on claimants, drawing on the best products available in both the public and private sectors.
- Creation of a single, integrated fraud investigation service which will investigate welfare fraud across DWP, HMRC and LAs.
- Using trained staff to rigorously assess current claims and find any instances of illegitimate payments, putting right errors where they exist and referring suspicious cases for fraud investigation.
- Introducing a wide range of tougher powers to deal with welfare cheats.
- Publicising the new regime, using joint targeted communications at a local level to reinforce public understanding.

Although the level of fraud and error did reduce to 1.8% by the end of the 2014/15 the levels are now increasing and we now require a new strategy to articulate a refreshed approach to tackling fraud, error and debt to 2022. This strategy is a DWP strategy only, since by 2022, Universal Credit (UC) will mean that DWP will be responsible for administering the claims of nearly all of the UK's benefit claimants compared with 85% in 2016/17. The approach set out in the strategy is however, compatible with those of HMRC and LAs with whom we remain close partners.

A 2015 National Audit Office report sets the scene:

“For more than 25 years we have highlighted concerns about fraud and error, and departments’ limited inroads into the problem. The government continues to lose large amounts of money through overpayments, reducing the money available for other purposes. And many vulnerable people get less support than they are entitled to. Until recently, departments had not made significant improvements due to an inconsistent and tactical approach to tackling losses.”

1.3 Delivering our 2010 commitments

The environment in which DWP has operated since 2010 has included some challenges. Between 2012 and 2015 our staffing has reduced from around 100,000 to 82,000, at the same time as administering increasing Annual Managed Expenditure (AME), driven by a range of factors including an aging population. During this period we also delivered significant welfare reforms and reduced fraud and error levels, through delivery of many of the key commitments of the 2010 strategy as set out below. Many of these were managed and delivered through our Fraud, Error and Debt Programme, set up in 2010 and which delivered almost £3 billion AME savings to the end of 2016/17. The full end-to-end programme is expected to deliver a return on investment of 6:1 up to 2026/27.

1.3.1 Driving improvements in data matching capability

We have focussed our efforts on high risk areas and made best use of technology and data to tackle fraud cases. We have utilised public and private sector data to develop new data matches. We have expanded on the use of Real Time Information (RTI) data to develop in real time verifying earnings and pensions to address risks as they arise.

1.3.1.1 General Matching Service

The General Matching Service (GMS) is used for non-UC benefits. It provides 400 rules which highlight inconsistencies between data held by DWP on particular claimants, including how they navigate our systems. In 2011/12 we produced approximately 380,000 hits from 13 data sources compared to 700,000 in 2016/17 from 16 data sources.

1.3.1.2 Analysis & Intelligence (A & I) Hub and Cyber Resilience Centre (CRC)

In 2014 DWP created a new data driven capability the A&I Hub. This enabled us to test and learn new technologies build our resource capability for tackling digital and traditional types of fraud and error. It gave us the opportunity to build our data assets which increased the sophistication of our operationalised analytics through machine learning.

These capabilities have principally supported UC since 2014, they are now used to:

- Undertake bulk data analysis – Identifying, profiling, and monitoring risk to understand changes and the impact of mitigations.
- Build the common knowledge-base around claimants, transactions and behaviour to support risk profiling.

- Develop the analytical and predictive models needed to support business operations.
- Evaluate new data sources and analytical tools that could provide step changes in business benefits.
- Share intelligence.

1.3.1.3 Automated Transfers to Local Authority Systems

Automated Transfers to Local Authority Systems (ATLAS) is a bespoke IT system which provides data to LAs with the facility to automatically update their systems where a change in benefit/tax credit award impacts a Housing Benefit (HB) claim. ATLAS became fully operational in 2012. It has delivered substantial savings to date and has helped target HB fraud and error.

1.3.1.4 Pensions home and abroad

In 2011, DWP introduced the 'Tell Us Once' service. The service enabled citizens to notify Government of a death through one phone call (and online from 2014), with that information being shared with all departments who needed it. This prevented inadvertent overpayments, particularly on pensions, and the accumulation of debts which would later need to be repaid.

Unreported deaths abroad can also lead to overpayments. Data matching for unreported deaths abroad has now been expanded to 12 countries including Australia, Germany, Guernsey, Ireland, Jersey, Malta, the Netherlands, New Zealand, Poland, Sweden, Spain and the USA. Negotiations are proceeding with several other countries with go-live dates expected in 2018 and 2019. For a number of years DWP has also subscribed to the Foreign and Commonwealth Office's COMPASS register – a list of all UK citizen deaths registered at UK Embassies overseas. These agreements cover approximately 750,000 pensioners. In 2016/17 11,220 unreported deaths were detected.

1.3.1.5 Real Time Information

In 2012, DWP began using RTI on earnings from employment and pensions, to ensure that earnings and pensions are taken into account when assessing new claims to benefits, in 2012. RTI is now being used routinely to assess claimant entitlement and identify any unreported changes in earnings for UC and Pension Credit (PC). It is also used in HB and Carers Allowance (CA). At the Autumn Budget 2017 the government announced enhancements to its use to support LAs, including in debt recovery, and for CA. Indications are that RTI is having a positive impact on the levels of fraud and error in earnings, occupational pensions and other income. Levels of overpayments in PC fell from a total of £161 million in 2013/14 to £72 million in 2016/17.

1.3.1.6 – Serious and Organised Crime

The Serious and Organised Crime Team (SOC) previously the Central Criminal Investigation and Intelligence Service (CCIIIS) in 2014 brought together specialist teams that carry out more serious, complex, criminal and organised fraud investigations.

Investigators are trained by the College of Policing (CoP) in specialist techniques. In addition to the partnership with the CoP and as part of the Home Office led Serious and Organised Crime Strategy, SOC has joint-working protocols with other law enforcement agencies. The Counter Fraud and Compliance Directorate (CFCD), as the umbrella organisation, is an active member of all Regional Serious and Organised forums, led by the National Crime Agency (NCA), and continues to be an active member of the NCA Economic Crime Command Board and its operational and intelligence sub-groups, formed as part of the 2013 HM Government's Fighting Fraud Together strategy, which is currently being refreshed (2018). SOC Investigations contributed approximately £50 million in Total Corrective Value (TCV) (prevented loss) per annum (2017/18).

SOC Intelligence acts as a Single Point of Contact (SPOC) for many other organisations, and has been instrumental in developing new sources of intelligence and also working with SOC Investigations and Work Service Division (WSD) colleagues in supporting HM Government's Modern Slavery agenda through creation of a central DWP Inbox for staff to raise concerns. SOC staff also sit on a number of multi-agency / Police modern slavery and human trafficking working groups.

SOC Intelligence provides the DWP single identity cluster, safeguarding against threats within (National Insurance Number (NINO) activity & providing expert document examiners / witnesses on prosecution cases. The Document Examination Team (Pre NINO Allocation) are the Single DWP Identity Fraud team created in 2013 who are experts on checking the validity of documents presented at an Evidence of Identity interview during the NINO process. The National Identity Fraud Intelligence Desk NIDFID (Post NINO Allocation) are responsible for flagging and monitoring reactivated suspect NINOs, thereby providing protection across DWP

Systems from false/stolen/hijacked identities and immigration offenders.

Cross-Government working with the Driver and Vehicle Licensing Agency (DVLA), HM Passport Office (HMPO), Home Office (HO), NCA and Law Enforcement Agencies (LEAs) has contributed approximately £209 million TCV (prevented loss) per annum (2017/18).

The National Disclosure Unit (NDU) deal with requests for DWP information from the police and other LEA clearing approximately 90,000 requests each year. There are more than 1,200 external LEAs using this service.

1.3.2 Create a single, integrated fraud investigation service

The Single Fraud Investigation Service (SFIS) was developed in line with the Government's policy of replacing in work benefits and tax credits with a UC. SFIS involved bringing together the welfare benefit fraud services then provided by DWP, HMRC and LAs.

Rollout of SFIS was completed on 1st March 2016 moving responsibility for the investigation and prosecution of HB and TC fraud from HMRC and all 380 LAs, together with the associated staff, to DWP. This initiative involved the biggest staff transfer in Government. Single welfare benefit fraud investigations are now conducted within DWP, which works to one set of policies and procedures. By undertaking a single investigation, DWP is able to ensure that areas of welfare benefit fraud are not missed or dealt with by two separate investigators.

1.3.3 Rigorously assess claims

DWP have shared data on a reciprocal basis with other government departments for a number of years to identify claimants who are not meeting the conditionality requirements for DWP benefits, either through work or through excess savings.

DWP uses data based around information received from interest bearing financial products, including normal bank accounts, Individual Savings Accounts (ISA), Personal Equity Plan (PEP), Tax Exempt Special Savings Account (TESSA) and lump sums received following successful claims against Person Protection Insurance, to identify undeclared resources.

Similarly, earnings data, which is based on new starters in employment, and Occupational Pensions data, which reflects earnings from non-state pensions, has helped DWP identify income which may not have been properly reflected in benefits assessments.

This case cleansing activity identified mismatches and cases are referred for further investigation including, where appropriate, potential prosecution.

DWP estimates that corrective activities saved £525 million for the year ending March 2017.

1.3.4 Introduce tougher powers

As part of the Welfare Reform Act 2012, DWP amended the Social Security Administration Act 1992 to include tougher Administrative Penalties and new Civil Penalties:

A £50 civil penalty which may be imposed by both DWP and LAs, where an individual incurs a recoverable overpayment relating to an act or omission on the part of that person in relation to any benefit and the overpayment would have been recoverable from the person.

Administrative penalties are financial penalties and may be offered to claimants as an alternative to a prosecution. DWP offers administrative penalties to claimants where the case is deemed not to be so serious that prosecution should be considered in the first instance, and where there are no aggravating features present, such as evidence of the use of false or forged documents in the commission of the fraud. Administrative penalties are therefore normally considered a suitable alternative to prosecution for low level fraud and where the overpayment is relatively low.

Currently the administrative penalty is 50% of the recoverable overpayment, subject to a minimum of £350 and a maximum of £5,000.

Administrative penalties in respect of Colluding Employers range from £1,000 to a maximum of £5,000. An administrative penalty can be offered to a colluding employer as an alternative to prosecution.

In addition in April 2013 changes to the loss of benefit (LOB) penalties were introduced. The loss of benefit penalty is designed to be a deterrent against abuses of the benefit system by applying a penalty to those who are convicted, or who have accepted an administrative penalty or caution for a benefit fraud offence.

The tougher penalties are:

- A 13 week LOB penalty for a first conviction
- LOB periods of 26 weeks and 3 years will apply where an offender is convicted of a benefit fraud offence and had previously committed one or more benefit offences within a specified period

- For serious, organised and identity-related fraud cases the penalty will be an immediate 3 year LOB after a single offence.
- The LOB penalty for those accepting an administrative penalty is 4 weeks.

1.3.5 Reinforce Public Understanding

DWP conducts research to understand and address claimant behaviour. To strengthen claimant responsibility DWP has used this research to inform key messaging in communications including, GOV.UK. We used behavioural insight techniques in a review of the initial claimant overpayment notification process to understand what drives financial behaviours and inform how we could tailor engagement to improve outcomes. Following implementation of a revised letter, significant improvements in both claimant engagement and repayment were seen; in 2017, 45% of on-benefit claimants contacted Debt Management compared with 30% of on-benefit claimants in 2016 as a result of receiving a letter. In 2017, 40% of claimants receiving an overpayment letter were paying back some or all of their debt in 90 days, compared to 23% of claimants receiving the letter in 2016.

1.4 Simplification of the benefit system

In addition to the commitments made, the 2010 strategy highlighted the need to simplify the benefit system. The legacy welfare system is complex and that complexity increases the risk of things going wrong by mistake. Complexity can also be exploited by those with the intent to defraud. UC brings together six benefits into a new single system of means-tested support for working-age households who are in or out of work.

UC makes it easier for claimants to understand their entitlement and obligations. Errors are less likely to arise from claimants not understanding how different types of benefit interact or by falling foul of some of the more complicated rules. Claimants will own their own data and be responsible for notifying changes, with the risk of error further reduced as they need only tell one part of Government about changes of circumstances.

When UC is fully rolled out, the government expects to save about £2.6 billion each year through reduced fraud, error and overpayments, and increased ability to monitor changes in income.

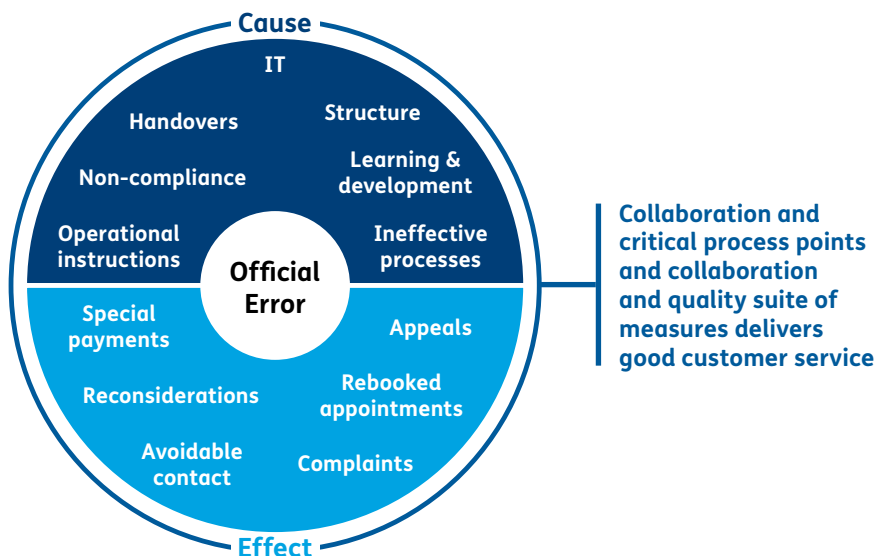
1.5 Management and recovery of debt

The main cause of Debt in DWP is overpaid benefits, either resulting from claimant fraud, or from errors made by claimants in the information provided to DWP to support their claims. Reducing fraud and error therefore tackles the cause of claimant debt, but there are still opportunities to improve the effectiveness and efficiency of the way we recover debts. Since 2010 DWP has sought to do this by bringing together the recovery of benefit overpayment debt, social fund loans/overpayments and compensation recovery to form one consolidated Debt Recovery organisation and strengthened the recovery toolkit available. This includes:

- Direct Earnings Attachments (DEAs) to recover debt directly from an individual’s earnings, now without having to go through the courts.
- DWP uses Credit Reference Agencies to target and inform negotiation for recovery.
- Additionally our Debt Recovery teams work with Fraud and Financial Investigators to obtain Confiscation Orders under the Proceeds of Crime Act where appropriate and to identify debtors who have assets that can be used to repay their debt.
- In a further measure, there are now stricter rules for debtors repaying overpayments classed as fraud.

1.6 Improving understanding and correctness

DWP has introduced a quality checking regime with the Quality Framework which uses the ADAPT model to help better understand the cause of official error in order to identify and address the highest error areas. This highlights all error, including underpayments.



DWP's Quality Framework was introduced in 2014 using the Three Lines of Defence model, where:

- The first line operates at unit level, involving targeting checks on risks, where we know we make errors. Finding error at Tier 1 allows Operations to take steps to correct the underlying problems.
- The second line is provided independently and impartially by Quality Assurance. This provides an independent and statistically valid picture of performance to help guide management action to address problems.
- The third line is operated independently by Data and Analytics Performance Measurement, Internal Audit, NAO on behalf of Parliament and taxpayers.

This approach has led to a number of improvements for example we:

- have embedded Tier 1 checking and provided a tool to record findings and extract meaningful insight to drive continuous improvement.
- have worked across DWP to improve the infrastructure, tools and capability. eg DWP Instructions, learning products.
- introduced the DWP "Quality Counts website" which acts as a key source of information and is available to all DWP staff.
- introduced critical process/claimant journey points which focus on those parts of the claimant journey which make a greatest difference to service.

This process has given us the capability to focus on the top risk areas of official error.

2. The future

2.1 Long term benefits for government; short term challenges for DWP

Over the next 5 years, UC will be rolled out to more claimants and by the end of 2022, DWP will be responsible for an estimated 22 million claimants, 4 million more than now. In many cases these claimants will have previously claimed either HB through their LA or TC from HMRC, and will be used to the different requirements of those regimes. As a result of this increase, even with the significant savings UC will bring overall, steady-state overpayment levels in DWP are expected to rise to around 2.4% in the next 5 years or around £5.4 billion of the increased DWP expenditure. The vast majority of UC claimants will claim benefits through a self-service online service, offering convenience for claimants and DWP, and opportunities to make it easier for claimants and staff to get things right. All of these factors combined, demand a different approach to tackling fraud and error.

Data matching using employment earnings data is already impacting on the fraud and error we see as a result of claimants or staff using incorrect earning figures to calculate an award. In the 2016/17 estimate published on 30th November 2017 the second largest decrease is in error relating to claimants not declaring changes to their earnings and employment, decreasing from £30 million down to £8 million in PC. It is being used not only to detect fraud and error and put it right, but to prevent it from happening.

The ease with which we can do this across all benefits and all risks, is dependent on having the right data available and the right capability, both digital and skills, to use it to best effect. The benefits DWP administers are not all digitised to the same extent, and some risks, such as whether claimants are living together and have failed to tell us, require multiple data sources to be brought together to build up a picture.

We are committed to making further advances in tackling fraud, error and debt in the welfare system. We recognise in order to do this, in this challenging and complex environment, we need a clear strategy.

Public Accounts Committee

The Committee of Public Accounts has repeatedly called for departments to tackle fraud and error more effectively, and to target initiatives at the biggest sources of loss. It has highlighted the scale of losses that could otherwise have been spent on other

government objectives. Overpayments increase costs to taxpayers and reduce public resources available for other purposes. Underpayments mean households are not getting the support they are entitled to.

2.2 Our vision

Our vision is for a DWP of 2022 that:

- Delivers services that **minimise the flow of fraud and error** into our systems.
- Where fraud and error occurs, we will **identify it early**, taking targeted and cost effective action and **efficiently recovering any outstanding debt**.
- We will be **recognised by parliament and the public** as administering benefits fairly to minimise underpayments and to effectively **protect the public purse from those seeking more than their entitlement**.

This document sets out the pathway to achieving that vision.

3. What we know

We have a good understanding of our key areas of loss, breaking down published fraud and error estimates into principle causes, which enable us to annually refresh our strategies at benefit level. The benefit landscape is complex and we have no single solution to addressing fraud error and debt but we have built up a good knowledge base on which our plans are founded.

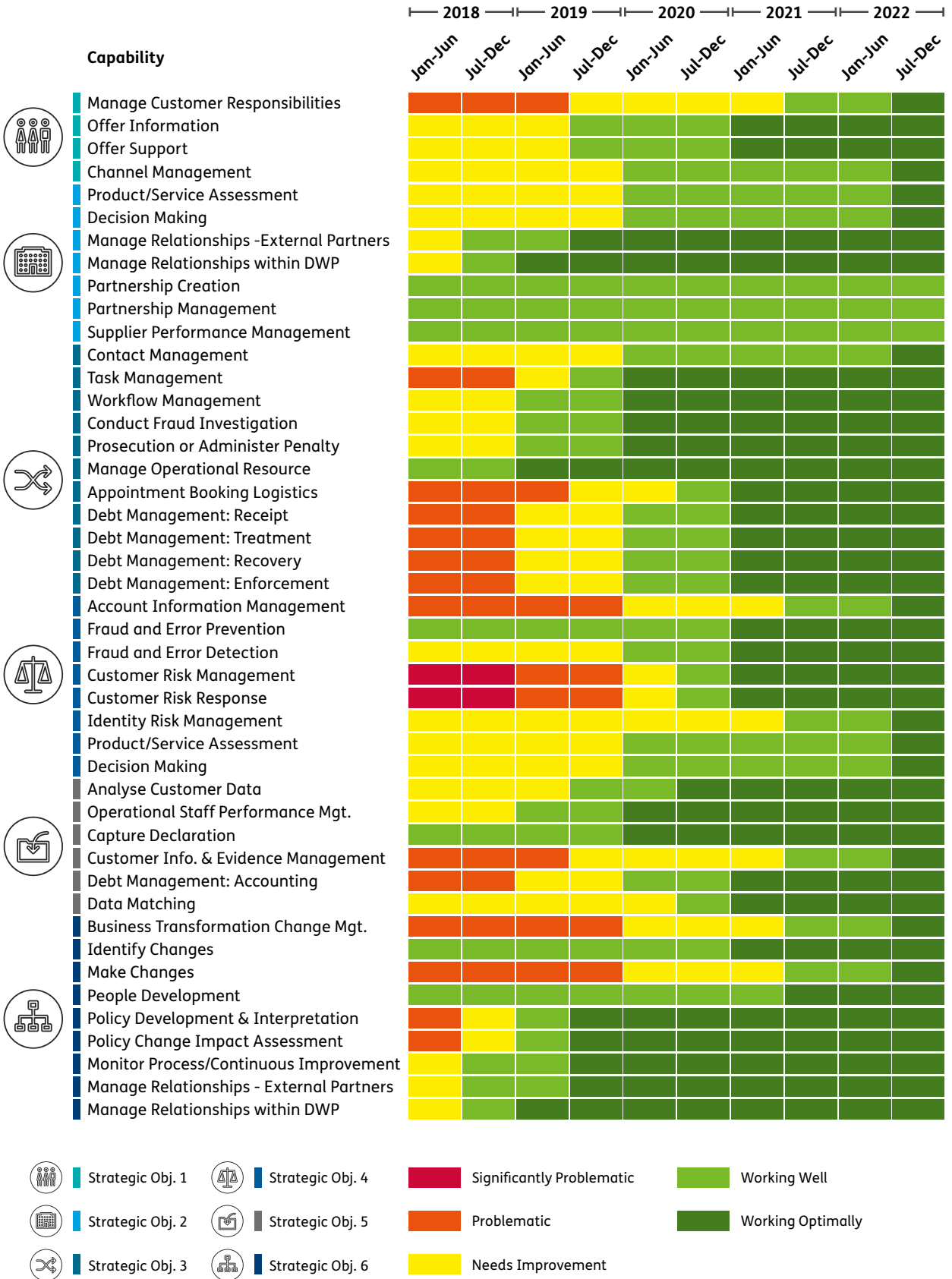
3.1 We have gaps in our capability

We have assessed our business capabilities against what we need to achieve the vision and identified a number of gaps. These include:

- Improving our ability to manage and deliver transformational change;
- Ensuring fraud and error risks are taken account of in policy design;
- Building preventative measures into product line services and providing better information and orientation to claimants;
- Further enhancing our capacity to gather and use enhanced data sets to help to detect potential fraud and error risks and prevent them from entering the system;
- Enhancing our understanding of a claimant's risk profile;
- We need to develop an enhanced analytical capability to support the management of campaigns and other interventions;
- We need more effective routing, triage and investigation of fraud and error risks through enhanced technology services;
- We need to improve our ability to provide online self-service channels to claimants to manage reporting of changes of circumstance and support understanding and repayment of debt;
- We cannot yet fully automate the workflow of fraud, error and debt management activity to allow staff to focus on value-added activity.

Working with business architects we now understand the current maturity of these business capabilities and have defined the required target state to meet the strategic objectives. The roadmap below shows how we intend to address these over the period of this strategy.

Figure 3.1: Capability roadmap to 2022



3.2 We know we can do more with data

We need to continue to improve ways to identify the highest risk claimants and transactions. This is not only to protect our systems from fraud, but to minimise the extent to which we intervene where claimants are compliant. We will do this through better sharing of private and public sector data. This must be proportionate, ensuring at all times compliance with claimants legal rights under the Data Protection Act 1998 and from May 2018, General Data Protection Regulation (GDPR). This includes keeping claimants data secure, adding practical and technical requirements to be addressed.

We know we use only a fraction of data available. We need to not only acquire more, but to ensure that we use the data we already have in a more integrated way.

3.3 Our biggest losses are through claimants failing to notify changes

We know that the majority of error enters the system due to a change of circumstances occurring during the claim. Claimants do not all report changes accurately or on time resulting in over 85% of the overpayments that occur. Overpayments put people in a position of having to repay debts from already stretched finances and underpayments deny vulnerable people what they are due.

3.4 We have some understanding of the drivers for fraudulent and non-compliant behaviour

We now have a comprehensive framework of the drivers of fraudulent and non-compliant behaviour amongst claimants. The framework we have developed brings together various models proposed in the literature over the last 10-20 years and comprises three overlapping categories of factors: rational choice, social and contextual factors and biological and psychological factors. We also make significant use of annual British Social Attitudes (BSA) surveys to track public attitudes to benefit fraud and identify unhelpful trends which may be driving behaviour.

3.5 Identity fraud is allowing access to benefits to the wrong people

More than half of the organised crime and serious and complex fraud cases that are referred to DWP relate to identity fraud and this is increasing.¹ Within 2016/17 identity fraud was the 12th most prevalent fraud offence investigated.

Due to the complexity of identity fraud and the increased level of criminality required to execute it, cases may remain undetected for longer periods than other offences, leading to greater overpayments.

3.6 Prevention is better than treatment

The 2010 strategy focused on detecting fraud and error, deterring it and punishing it. Prevention was only one of its 5 core principles. We have measured our success by reference to the amounts we put right and recover. The total volumes of cases that we have found fraud and error on through our telephony and letter based interventions has increased by 75% between 2014/15 and 2017/18. Whilst this is good news, this approach to measurement has not encouraged a focus on prevention, either in the additional investment we have been able to secure through fiscal events, or through our day-to-day prioritisation of our work. Measuring the impact of prevention - determining what might have been, had we not prevented a fraud - is more difficult to do but addressing this is a priority. Only prevention will provide us with an affordable step change in our fraud and error levels, which is sustainable as the claimants DWP is responsible for increases by 4 million.

Detection of fraud, putting it right, and collecting any debts that result will always be something we need to do. Fraudsters are determined and innovative and some will always stay ahead. The human elements of making a claim will mean that some people will make mistakes. Financial constraints and the need to strike a balance between using personal data to check claims and claimants rights to privacy under Article 8 of the Human Rights Act means errors will get into claims. Prevention is about minimising these within those constraints, as putting things right after the event, means costs for DWP and costs for claimants. Better use of data will mean that when we do have to intervene to correct fraud and error, we will do it in a more targeted way, ensuring that the skills of our investigators are focused on the worst offenders.

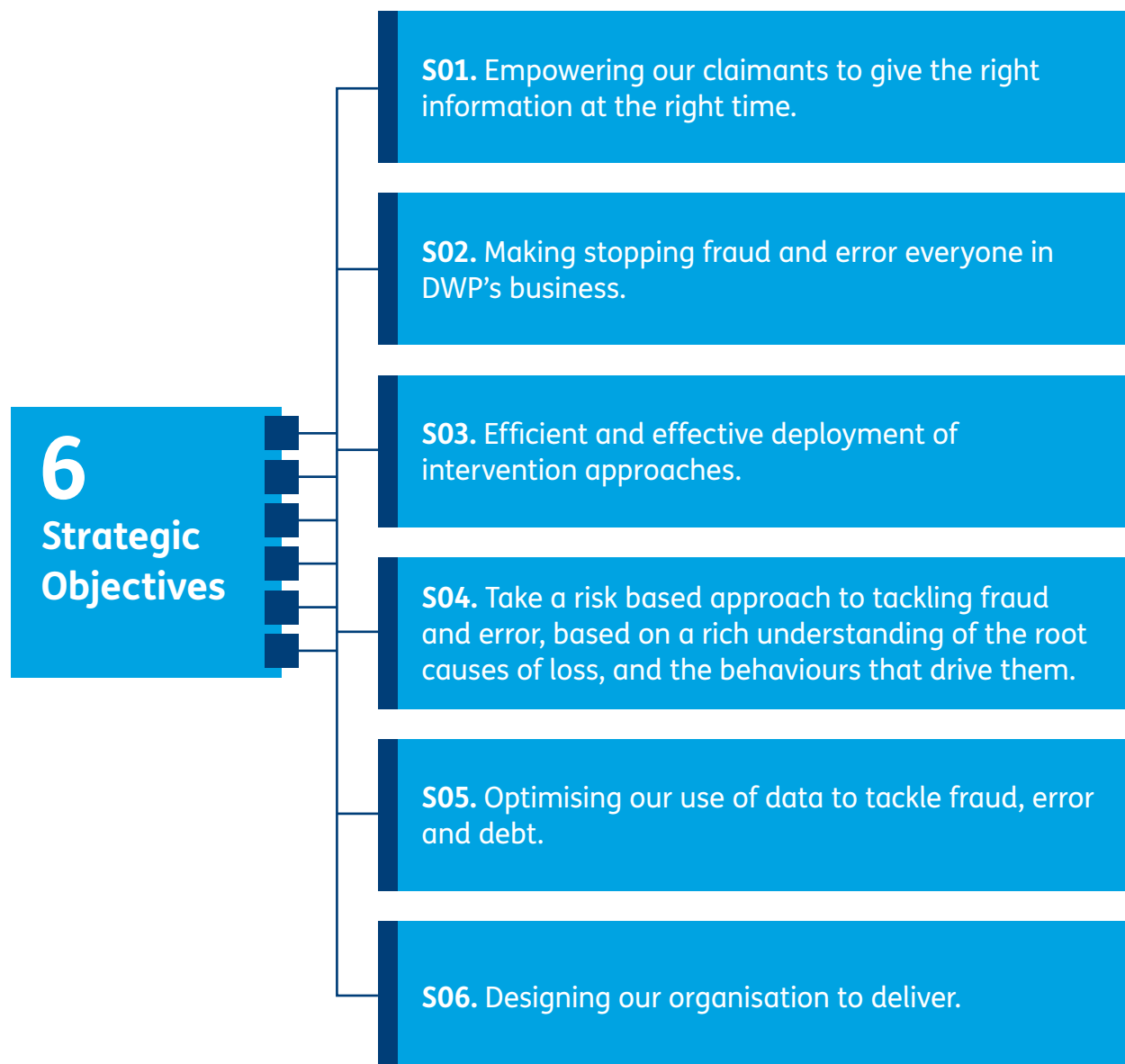
1. City of London Police Identity Crime Strategic Threat Assessment - Dec 2014

4. Achieving our vision

We will achieve our vision via 6 strategic objectives. Against the challenges identified earlier in this document, this will take time, and some elements of it will require additional funding. Each year we will produce annual delivery plans, which will set out how we will progress along our roadmap (Fig 3.1). The first of these is for 2018/19 but there is already significant activity already underway.

4.1 Strategic objectives

We will deliver our vision by:



4.2 Strategic objectives - Detail

SO1. Empowering our claimants to give the right information at the right time

Through the development of a greater understanding of claimant behaviours, we will use tailored communications to help them understand their rights and obligations, the consequences of failing to meet the conditions of their awards, and deter fraud. We will also seek to influence the social acceptability of fraud, through proactive, targeted use of media.

SO2. Making stopping fraud and error everyone in DWP's business

We will create a culture where stopping fraud and error and minimising debt is a shared goal of everyone in DWP and those who deliver services for us. All staff will understand the part they play in and within DWP, they will have the knowledge, skills and tools they need to deliver.

SO3. Efficient and effective deployment of intervention approaches

We will build fraud proofing into the design of our policies and processes. We will build on our understanding of the effectiveness of our interventions, deploying our resources intelligently to secure the greatest returns from encouraging to self-correction to bearing down hard on those who continue to defraud.

SO4. Take a risk based approach to tackling fraud and error, based on a rich understanding of the root causes of loss, and the behaviours that drive them

We will enhance our understanding of the causes of losses, now and emerging for the future, and of the impact of current and planned activity on them. Working within the framework of the Counter Fraud Profession, we use our understanding to develop new plans to address gaps, with supporting measures to against which to track progress.

SO5. Optimise our use of data to tackle fraud, error & debt

We will transform how we use existing data to create insight to drive actions that generate beneficial outcomes and new learning and promote desirable behaviour. We will optimise the use of DWP data and prioritise the acquisition and use of data from external sources, to target our highest areas of losses and inform our understanding of the future loss landscape.

SO6. Design our organisation to deliver

Counter Fraud and Compliance Directorate (CFCD) will provide DWP with a centre of expertise, coordinating and driving counter fraud work across DWP and service providers, and delivering a range of specialist interventions to prevent, deter and correct fraud impacts.

Our Operational Control Centre will be implemented and effective. Our Debt Operations will offer a transformed service, recognised as a centre of excellence and strategic partner across government for the socially responsible and sustainable recovery of money owed to government.

4.3 Activity underway

4.3.1 Universal Credit – Prevention by design (SO3, 4 & 5)

The fully digitised UC Full Service (UCFS) is rolling out over the lifetime of our new strategy and the system itself, the policies and processes that support it, are being developed in an agile way as roll out happens. This provides us with the opportunity to build prevention into the design as it develops.

The UC landlord portal is an example of a design iteration to help prevent fraud. It was introduced following issues identified in UC Live Service (the pre-cursor to the digital ‘full service’), leading to a very high proportion of claims involving social housing costs failing to pass initial verification. This was resulting in some claimants not paying their housing costs on time. The solution was the Landlord Portal, now rolled out to approximately 149 landlords covering 50% of the national social rented sector housing stock.

Within the UC build team we already have specialists whose role is to identify emerging fraud and error risks as the system is developed. This first line assurance is supported by a second line. Our Strategy, Policy and Change team is looking at the risks being identified at the first line, what is being done to address them including in operations, and putting this together with other evidence to determine what more needs to be done.

As UC rolls out, we are expanding our use of the A&I Hub a data discovery capability using new analytical tools which enables us to identify, profile, monitor and escalate cases investigation, through bulk data analysis. The A&I Hub works with operational teams, including a dedicated test and trial team, to identify both claimant behaviour indicative of fraud and error, and common faults associated with official error.

The A&I Hub has the ability to identify emerging behaviours and respond quickly. The Hub is increasingly building a common knowledge-base of claimant behaviour to support on-going risk profiling and help de-risk UC expansion for both the Live and Full Service. It is also now working with the CRC to help identify instances of web-enabled fraud.

The A&I Hub is trialling 3rd party datasets to help risk assess the accuracy of UCFS claims and/or reduce the burden of verification on claimants and agents. These trials are currently focused on household composition and identity. They include data sets from Land Registry and Valuations Office to improve picture of properties, and the National Fraud Initiative and the Metropolitan Police for identity risks. We are exploring working with other government departments on the next round of data to share that focuses on specific high risk outcomes.

DWP is examining other areas where UC could benefit from additional third party data such as identity, capital and savings and has recently integrated 'Bank Wizard Absolute' into the service to support verification of the bank account an individual has nominated for payment of their UC. This uses third party data to provide additional confidence that the bank account nominated is related to the individual making the UC claim.

4.3.2 Verify Earnings and Pension (VEP) – (SO4 & 5 – Part of the FED Programme)

VEP is providing an enhanced alerts service which will increase accuracy by accessing earnings, employment and pension data at the start of a claim across a range of benefits. The alerts service will provide a notification if new earnings or pensions come into payment, or if amounts change during the life of the claim.

Funding to tackle fraud and error in HB and CA was secured in Autumn Budget 2017. The first iteration of HB alerts is scheduled for delivery in May 2018 with integration into LA systems scheduled for autumn 2018. VEP is a key part of DWP's prevention strategy, which will help reduce the requirement to detect payment errors after they have occurred.

4.3.3 Organisational design – fraud and error (SO6)

We have recognised the need to have single accountability for fraud and error. The formation of CFCD brings accountability for fraud and error under a single director. This includes fraud and error risks in UC and HB. In 2017 we defined a new Operating Model for CFCD and made senior appointments to take forward delivery. The new organisation brings together existing teams undertaking investigation and compliance work, including those working on NINO evidence of identity, together with those in strategy, policy and analysis linked to fraud, error and debt.

We began testing a number of new approaches through Proof of Concepts, which we are embedding as a way of working in 2018/19 with the introduction of a change gateway and adding resources to the existing UC Test and Trial team to expand the testing approach to other benefits. Proofs of Concept begun in 2017/18 include embedding claimant fraud and error checking into the existing process for quality checking for official error, and on reducing handoffs following detection of fraud and error to improve efficiency

4.3.4 Counter Fraud and Error Management Service (SO3 & 6 – Part of the FED Programme)

The Counter Fraud and Error Management system (CFEMS) will replace the current Fraud Referral and Interventions Management System (FRAIMS) to record and manage our fraud and error referrals. The service went live in April 2018 and will progressively roll out and scale up in 2018/19, smoothing the flow of fraud referrals and allowing us to make the most appropriate interventions quickly. The migration of DWP fraud referrals to CFEMS will allow us to not only save costs but increase flexibility to develop our systems. The system will eventually replace the multiple systems used to manage different types of interventions and allow greater flexibility and improved management information.

CFEMS will include a robust system that will:

- Route cases intelligently.
- Have role-based access.
- Attach documents and files to cases.
- Have effective search functionality.
- Produce MI that drives operational performance.

CFEMS will enable CFCD operations to transform and improve its business processes and quality of interventions for managing all fraud and claimant error referrals. It is also our ambition that CFEMS will provide the strategic solution that will deliver the capability to route all case types (including UC) to the correct team in CFCD operations and to manage the cases and any increased volumes effectively.

4.3.5 Digital Debt Service and Tax Credit debt (SO4 & 6 – Part of the FED Programme)

The Digital Debt Service Project (DDSP) was launched in June 2017 and will enhance our debt IT capability. It will introduce further process automation, better use of data analytics to segment and prioritise the debt stock and a digital capability that enables debtors to view and 'self-serve' their DWP debt account on-line.

The Tax Credit Debt Project will introduce changes that will enable DWP to recover further Tax Credit (TC) Debt. The Project will re-use the IT interface which was delivered by the Payment Deduction Project (PDP) to transfer TC debt (from HMRC to DWP) for UC claimants. The plan is to transfer approximately 600,000 cases over a 3 year period.

Case study

Operation Dredge

A joint investigation with HMRC and local authorities to combat an organised attack on Housing Benefit (HB) and Working Family Tax Credit (WFTC) systems in London.

High volumes of individuals from Bangladesh obtained Italian nationality then entered the UK with their dependant families using genuine Italian identity documents. They claimed HB and WFTC providing false evidence of employment.

The investigation concluded with guilty verdicts against three principle defendants (who were company directors), with custodial sentences cumulatively exceeding twelve years. A large number of bogus employees were also successfully prosecuted.

5. The delivery plan – 18/19

5.1 Measuring and monitoring our impact (SO3 & 5)

Our annual publication of fraud and error estimates provides DWP, parliament and the public with an indication of our progress against fraud and error. It is not an effective business tool for tracking performance as it is backward looking, and subject to external influences such as the prevailing economic conditions and changing demographics. In addition, not all benefits are measured. Measurement is conducted by sampling live claims and is resource intensive. Prioritisation of the benefits to measure is necessary and we have committed to NAO that in 2018/19 we will develop a framework to provide clarity on the way we prioritise measurement of the different benefits and create a 5 year schedule for measurement activity.

The nature of fraud and error makes it difficult to monitor its level in a timelier manner and so in order to track the impact of our fraud and error initiatives it is necessary to develop appropriate proxy measures.

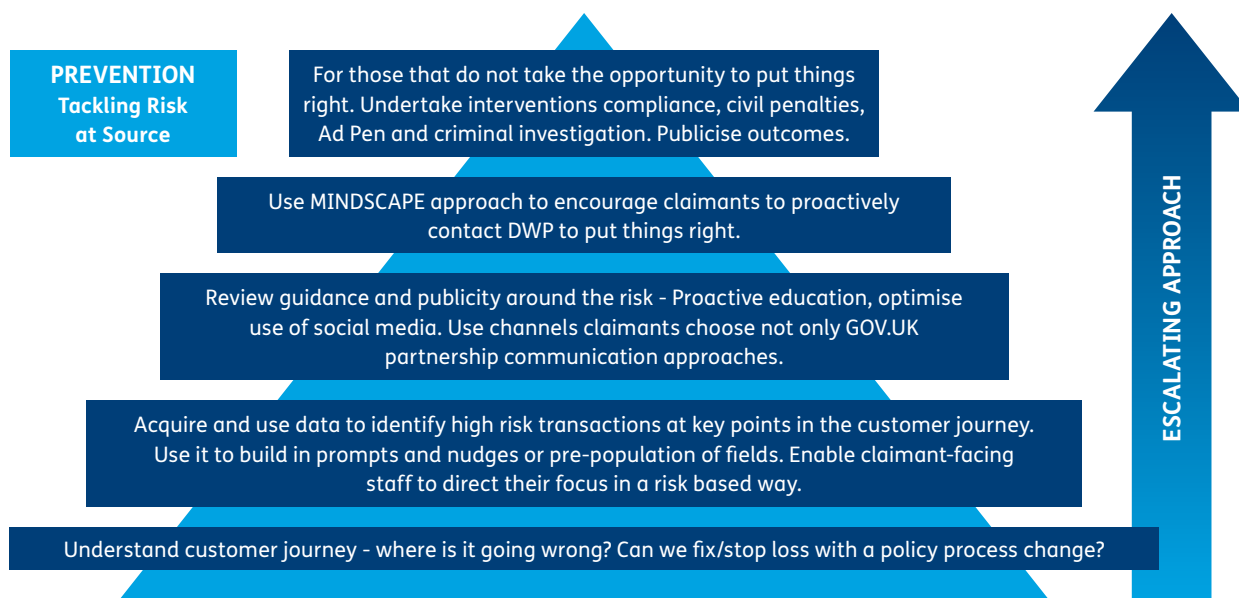
The impact of our interventions once fraud or error has been detected is currently measured as TCV. Although this measure incorporates some forward assessment of losses prevented, it principally measures the scale of the correction the intervention has put right. Tackling cases earlier, or preventing fraud and error from happening, is not picked up by the measure.

To make a step change towards the prevention of fraud and error, in 18/19 we will develop operational measures, linked to targets, which can track our performance.

We already capture information about the amount of overpayments we detect, not only those we refer to in investigation or compliance action, but those that are corrected by product line teams handling claims. We are looking to produce a method for estimating the impact that has on the level of fraud and error remaining in the system. We are also base-lining the average duration of those overpayments, which we seek to shorten through focusing on prevention.

We will continue to strengthen our partnership between managers, our quality assurance teams (QAT), and our Operational Excellence Directorate, building on root cause analysis work undertaken in 2017/18 on official error and our pilot to incorporate claimant fraud and error checks into the work done by QATs. We are currently piloting using QAT teams to also provide assurance on the impact of prevention, through sampling cases for the lag between changes of circumstances happening and award changes.

5.2 Our approach

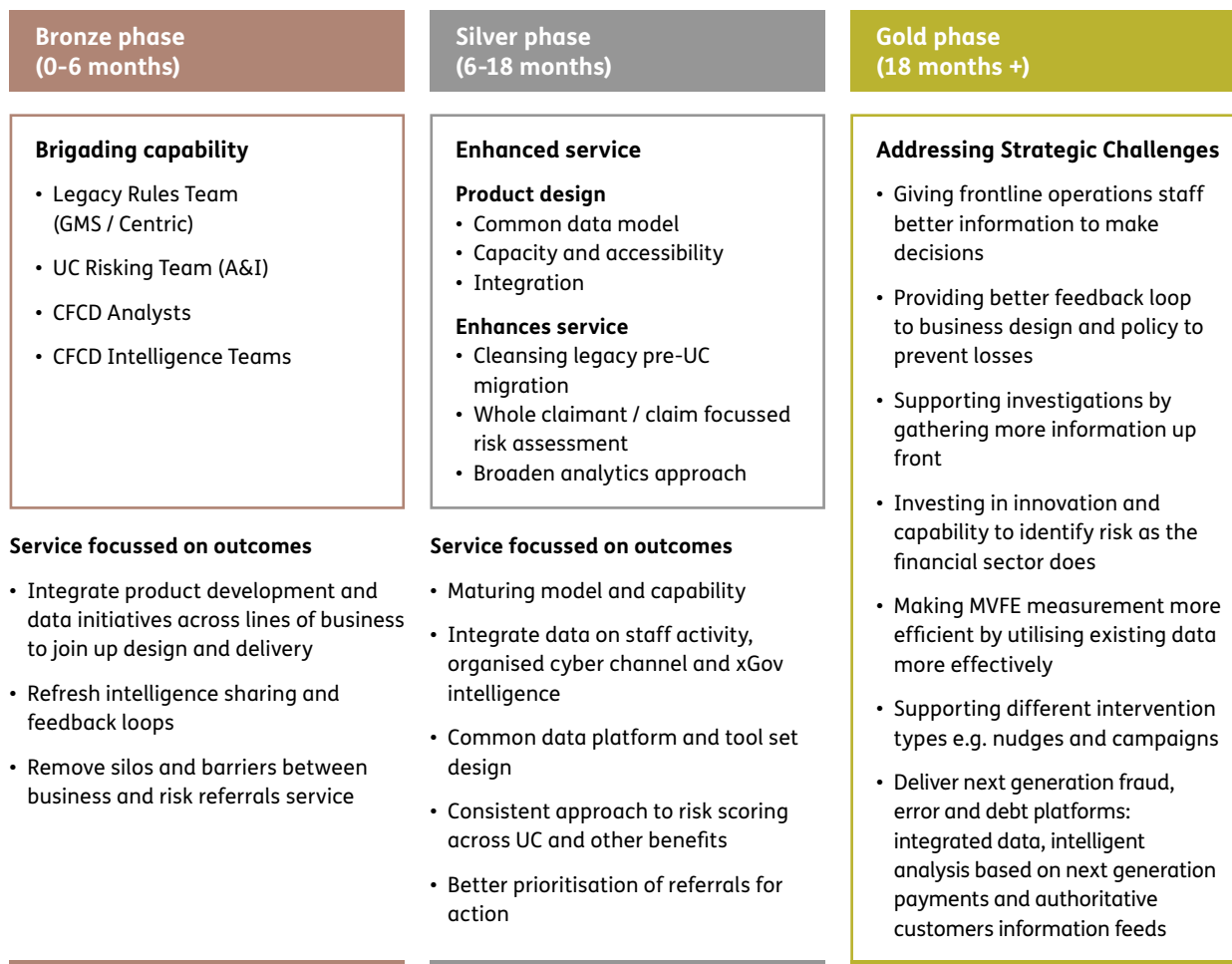


Central to delivering our vision, is an escalating approach to tackling risk, beginning with understanding the claimant journey, and where it is going wrong either leading to mistakes or the creation of an opportunity for fraud. Investigations will always be needed but by 2022, we will be increasingly using them as part of an integrated approach to a target group of claimants, where there is a mix of interventions tailored to the behaviours at the root cause of the loss. In 18/19, we need to build enablers to make this approach possible.

5.3 Developing a Risk & Intelligence Service (SO1 – 6)

We are constantly seeking to obtain new data sources in our bid to prevent and detect fraud and error, using data and analytics to identify risk within claims to UC under UCFS, including cyber risks. Outside UC, our analysts in CFCD and intelligence teams generate further referrals but in order to optimise our use of data and improve our understanding of claimant behaviour. We need to bring these functions together to form a Risk and Intelligence Service (RIS). This will enable us to take a coordinated approach to the acquisition and use of data to prevent fraud and error, detect and challenge it, and improve the efficiency of our debt collection activity. We will do this in 1 – 3 years with the first phase to complete in 18/19.

The value of this is to **bring together a single view of priorities, identify gaps, focus investment and a concentration of expertise with fewer handoffs** supporting both fraud and error and debt capabilities.



This illustration shows how CFCD RIS would be expected to evolve over time:

- Starting with an initial operating capability made from brigading some existing capabilities as a combined team (“Bronze”)
- From there, Test and Learn how to best develop the capability for a stronger evolution (‘Silver’)

Key to our plans is the expansion of the A&I hub and capability build in our CRC. We initially invested around £3 million to set up the Tactical A&I System and Service for UC, but are now in the process of seeking further investment to support the move to crown hosting, which will enable DWP to broaden its data and analytical capability, including for non-UC benefits. It will provide more data on individuals & households, faster data transfer, more accessible data across multiple locations, self-service to our tools and have stringent security controls. It will enable a significant expanded user base in RIS which will be determined over the next 6 months (analysis, intelligence and caseworkers) from current 24 seats to several hundred consumers of the analytical products.

Building our CRC capability is an extension of our security work. It enables us to efficiently use the capabilities we already have in order to help solve more than one problem at a time. Anomaly detection is central to security monitoring, so we use the same concept, on the same data, to illuminate potential fraud.

5.4 Better use of private sector data (SO1 & 5)

DWP already uses data on interest bearing financial products, including some bank accounts, ISA, PEP, TESSA savings accounts and lump sums received following successful claims against PPI, to identify undeclared resources, however we know that this does not cover all accounts where capital might accumulate or be deposited from undeclared earnings, and it is also historical. To prevent fraudulent claims, we need to improve our capability to identify capital accumulations which should disqualify claimants from receiving awards in real time. We are working with the financial sector and cross government to explore how this can be done within current legal frameworks.

If necessary, we will consult on strengthening our powers to obtain private sector data, and whether we can make things easier for compliant claimants to give permission to DWP to access data to support their claims.

We have engaged a third party data provider to help address the high incidence of fraud related to undeclared partners in the benefit system. The supplier will use its data to identify ‘at risk’ cases, leading in turn to the creation of referrals for potential investigation. We will continue to expand this approach, acquiring data according to an annual Data Plan, linked to identified gaps in activity against our main causes of loss.

5.5 Operational Control Centre (SO3, 5 & 6)

We are introducing a new Operational Control Centre (OCC) with two main components:

- Strategic control – this will set the overall operational plans, having regard to supply of work against resource availability. It will link closely to the departmental financial planning to set out how resource deployment links to overall departmental objectives.
- Tactical control – once plans have been set OCC tactical control will provide analysis and insight to monitor delivery and drive performance improvements.

All decisions around the deployment of operational resource will be taken by a new tasking and deployment board. This will enable us to improve and understand the cost effectiveness of different approaches relative to each other, and to prioritise our resources for maximum effectiveness.

5.6 Debt Organisational Design (SO6)

DWP has once again improved its performance on the collection of debt year on year. In 2016/17 we collected £1.36 billion of debt at a net cost of around £46 million, a cost to outcome ratio of better than 30:1. We have minimal reliance on private sector debt collection agencies as we have effective and efficient tools enabling us to enter into sustainable recovery plans.

Despite this success, as we become responsible for more claimants in the future through the migration of TC and HB claimants to UC, we need to look again at how we manage debt. Analysts forecast a 316% increase in the number of debtors which even with the automation the UC brings, will mean an increase in the amount of debt we manage. Government will benefit from DWPs recovery mechanisms for which we are seeking improvements as well as realise efficiencies by managing all welfare debt in one place.

We also need to respond to changing claimant needs. The government's digital exclusion survey reported that over 80% of citizens expect to interact with the public sector online and through digital channels. This further highlights the need to transform and introduce digital channels for claimants, as currently the majority of services are provided either through letter or by telephone.

We have developed a new vision for debt collection in the future, optimising the use of data and analytics to better target our activity and offering greater opportunities for claimants to self-serve. In 2018/19 we will begin its implementation.

5.7 Increasing claimant understanding (SO1 & 4)

DWP has commissioned external research which will report at the end of May 2018 to explore four key areas to understand and address undesirable claimant behaviour:

1. Exploring each of the drivers of fraudulent and non-compliant behaviour, and assessing how important they are to benefit claimants;

2. Measuring current attitudes to benefit fraud amongst claimants and the wider public, and finding out what is driving those attitudes;
3. Exploring what we can say to claimants and the wider public to motivate, educate and enable them to do the right thing; and
4. Establishing how we need to change service delivery to make it easier for claimants to navigate the benefits system, thus improving the relationship we have with claimants, and breeding trust and better compliance.

To learn more, our priorities for 2018/19 include:

- Using the 2018 BSA survey to understand what helps to make benefit fraud appear socially acceptable to some.
- Conducting trials and cognitive testing of new messages (and ways of delivering those messages) to renew and improve claimant communications in order to address common misconceptions about the benefits system and information deficit amongst claimants.
- Conducting further research to understand the role of print, social and TV media in driving helpful and unhelpful public attitudes.
- Commissioning independent research to explore claimants' experiences of reporting changes of circumstances to different parts of DWP.
- Conducting an evaluation of the sanctions regime for benefit fraud to understand how effective the regime has been and what the key impacts are on claimants' lives and their future behaviour.

5.8 Influencing policy design (S03)

We have set out above how we are building prevention of fraud and error into UC. In 2018/19 we will work with policy designers, to influence the design of policies long before implementation, and across all our benefit regimes. Working with the Policy Gateway, this year we will identify 3 new policies with which to pilot this approach, embedding fraud and error specialists within the policy design teams to minimise the extent to which opportunities for fraud and error are designed in, and where risks are identified, to provide our data and analytics functions with early warning to enable them to design mitigations.

Also this year, we will begin to work with our digital gateway team, who already use fraud and error specialists to identify identity risks in new digital systems at the earliest opportunity. We will expand their remit to cover all fraud and error risks, mitigating these by design where possible and again, providing early warning to build early detection where this is not possible.

5.9 Fraud awareness – (S02)

We will design learning journeys on fraud, error and debt for all DWP staff, starting with a trial in April 2018 to inform design and requirements for up-scaling, so that all staff have a basic level of FED learning. A FED Key Work Objective will be introduced and we will run biannual fraud awareness weeks, issue regular risk alert bulletins, provide feedback loops, to enable claimant-facing teams to share what they are seeing and seek advice.

We will develop a FED Awareness Network with Ambassadors linked to single points of contact across the business to support the delivery of key fraud and error messages. We will create a FED Awareness intranet hub to provide a one stop shop for DWP product lines including latest updates, key messages and also a DWP iterative FED story product providing latest information on activities and initiatives being undertaken across DWP network to reduce fraud and error. Bespoke FED e-learning and awareness will support all DWP Product lines.

We will raise awareness through Civil Service Live and other key events like the International Fraud Awareness Day. We will also hold bi-annually fraud awareness weeks. We will develop an online Awareness Package available to all within DWP and reviewed annually. To raise awareness of the prevent agenda the NINO unit will be providing document examination overview training to frontline teams delivering UC.

Within our UC test and learn environment we continue to embed Fraud Liaison Officers (FLOs) throughout all UC Service Centres (UCSC) to increase fraud awareness during rollout. As Jobcentre sites go live CFCD staff will undertake visits to deliver awareness sessions.

Through individual SPOC networks within each UCSC we will effectively share best practices and key business messages through a range of communications, such as podcasts, newsletters, themed monthly topics, and digital platforms.

We are transforming our checking regime beyond official error and it now will incorporate claimant error and fraud to provide feedback and analysis to operations on risk areas and potential improvement activities. To support this we are developing a tool to automate elements of analysis for Tier 3 management information to efficiently and effectively capture and report data.

5.10 Protecting UC from imported inaccuracies

No legacy benefit data will be ingested into UC as it will be the claimant's responsibility to make a new UC claim.

Claimants who move to UC under Managed Migration will be entitled to Transitional Protection (TP) to maintain their level of benefit entitlement. The calculation of TP will include a calculation of their legacy benefit entitlement. If legacy claims contain fraud and error and this is not detected beforehand, they will receive TP based on an incorrect set of information that could lead to under and overpayments of TP. At peak it is forecast that the amount of TP to be paid out on a weekly basis by DWP will total £50-60 million.

DWP and HMRC have formed a joint working group tasked with taking forward work to identify if there are opportunities for additional data cleanse/intervention activities that will reduce the risks of fraud and error being carried forward into TP calculations. This work will consider both opportunities to reprioritise and/or align existing planned activity with the Managed Migration rollout plan and opportunities for new intervention activity. If there are opportunities for new activity that requires funding a bid will be submitted at a future fiscal event if there is a case for investment.

5.11 Risk based, targeted activity

Our gap analysis has identified opportunities to:

- do more to encourage and empower claimants to give us accurate and timely information including simplifying policy, procedures and communications;
- inform and empower our service staff to identify fraud and error before it impacts on payment;
- identify data sources to do for capital, self-employment and living together risk what RTI has done for employment earnings.

In response, we aim to deliver a series of risk based campaigns targeting high risk populations, which will include an integrated mix of interventions from communications to prosecutions covering all aspects of the target population's interactions with DWP.

These will be evaluated to increase our understanding of claimant behaviour and how best to influence it as well as generating delivery savings in our identified 'gap' areas. In 2018/19 we will deliver 3 of these campaigns.

Our FED Executive Team is a forum bringing together senior specialists in DWP from all functions with an impact on FED. We will strengthen this forum, which will not only track progress against the delivery of the strategy, but commission in depth reviews through the year on key areas of risk. In 2017/18 the forum commissioned the establishment of the HB taskforce, leading to a 5 year plan on this critical area of loss. Through 2018/19, it will commission in depth reviews on 3 or more areas.

5.12 European Union exit and Devolution

We are working closely with Home Office and HMRC colleagues to develop the opportunities for wider collaboration that the EU Exit, and transition period, will present. We are investigating further alignment of a NINO allocation with the issue of a biometric residence permit (BRP) and exploring automation options.

Scottish Devolution presents a unique set of challenges in the FED space for DWP. Responsibility for certain (principally disability) benefits will be devolved to the Scottish Government (SG) over the next 3 years, fragmenting the single view of the claimant/debtor which underpins DWP's approach to managing and reducing fraud, error and debt. Our focus, both within DWP and through collaborative working with the SG, will be to minimise the impact on the public purse, in particular avoiding as far as possible any negative impact on DWP's own performance. This will include recognising and tackling new risks arising from cross-border entitlement and the interaction between new SG and existing DWP benefits. Key to this will be clear and effective communications with claimants by both administrations, and evolving DWP's operating model for FED as SG's own FED capability develops.

6. Conclusion

As set out in its [single departmental plan](#), DWP exists to:

- Support economic growth and improved productivity by ensuring work always pays and people are supported to find and progress in work.
- Help reduce the disadvantages faced by disabled people and people with health conditions through the welfare system and labour market.
- Increase saving for, and financial security in, later life.
- Maximise the number of children benefiting from an effective child maintenance arrangement, encourage family based arrangements where appropriate and reduce parental conflict in families.
- Transform the way we deliver our services to improve quality and reduce costs.

The extent to which it can do all of these things, is constrained by the losses due to fraud and error. Claimants to whom we wrongly pay too little, are not being properly supported in the way we have committed to doing.

Tackling fraud and error is not a problem unique to DWP or even to the public sector. It is dynamic and extends across all sectors, and the fight against it will not end. To mitigate it to a reasonable level, and achieve our goal of satisfying the public and parliament that we are doing all we can, we need to build a responsive organisation, optimising the power of data to make the easiest claimant journey the one that is compliant.

This strategy launches DWP on a 5 year path to doing that. The degree to which we can progress along that path will require decisions, both on investment and prioritisation, in an environment where striking the right balance between the rights of the individual citizen and the need to protect the public purse for the benefit of all citizens, is a constant requirement.

Case study

Operation Boromo

A joint investigation with Immigration, HMRC and police and involving at least 200 fraudulently obtained National Insurance numbers. False Identities were used to defraud Tax Credit of approximately £1.5 million, Housing Benefit of £1 million and £1 million lost revenue to Eurostar.

The crime involved an organised crime group trafficking individuals by Eurostar to create identities using false French identity cards. A member of staff for Eurostar was a conspirator. The initial stage concluded with a number of conspirators receiving custodial sentences of between 6 years and 1 year.

Since then, a second on-going stage has involved DWP working jointly with Immigration to trace suspects who are using some of the false identities.

Annex 1

Products to support our strategy delivery

We have developed and use a range of products to help and monitor delivery of our strategy.

We have developed:

Supporting Strategies

We have a range of strategies that support us which are:

- Benefit Level Strategies
- FED Data Strategy
- DWP Data Strategy
- DWP Debt Strategy
- Fraud Error and Debt Communications Strategy

In addition we also have government strategies that we have considered

- Cross Government Debt Management Strategy
- Industrial Strategy

Annex 2

Definitions

The definitions of fraud, claimant and official error reflected in our National Statistics are as follows:

Fraud – cases where the following three conditions apply:

- The basic conditions for receipt of benefit, or the rate of benefit in payment, are not being met
- The claimant can reasonably be expected to be aware of the effect on entitlement
- Benefit stops or reduces as a result of the review.

Claimant Error – the claimant has provided inaccurate or incomplete information, or failed to report a change in their circumstances, but there is no fraudulent intent on the claimant's part.

Official Error – the benefit has been paid incorrectly due to inaction, delay or a mistaken assessment by the DWP, a Local Authority or Her Majesty's Revenue and Customs to which no one outside of that department has materially contributed, regardless of whether the business unit has processed the information.

Annex 3

Abbreviations

A&I	Analysis & Intelligence	ISA	Individual Savings Accounts
AME	Annual Managed Expenditure	LA	Local Authority
ATLAS	Automated Transfers to Local Authority Systems	LEA	Law Enforcement Agencies
BRP	Biometric Residence Permit	LOB	loss of benefit
CA	Carers Allowance	MF	Maintenance Fund
CCIS	Central Criminal Investigation and Intelligence Service	MVA	Monetary Value of Adjustment
CFCD	Counter Fraud and Compliance Directorate	MVFE	Monetary Value of Fraud and Error
CFEMS	Counter Fraud and Error Management system	NAO	National Audit Office
CoP	College of Policing	NCA	National Crime Agency
CRC	Cyber Resilience Centre	NINO	National Insurance Number
DDSP	Digital Debt Service Project	OCC	Operational Control Centre
DEAs	Direct Earnings Attachments	PC	Pension Credit
DM	Debt Management	PEP	Personal Equity Plan
DVLA	Driver Vehicle Licensing Authority	QAT	Quality Assurance Teams
DWP	Department for Work and Pensions	RIS	Risk and Intelligence Service
EU	European Union	RTI	Real Time Information
FED	Fraud, Error and Debt	SG	Scottish Government
FRAIMS	Fraud Referral and Interventions Management System	SOC	Serious and Organised Crime
GDPR	General Data Protection Regulation	TC	Tax Credit
GMS	General Matching Service	TCV	Total Corrective Value
HB	Housing Benefit	TESSA	Tax Exempt Special Savings Account
HMPO	Her Majesty's Passport Office	TP	Transitional Protection
HMRC	Her Majesty's Revenue and Customs	SFIS	Single Fraud Investigation Service
HO	Home Office	UC	Universal Credit
		UCFS	Universal Credit Full Service
		VEP	Verify Earnings and Pension



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