

MINISTER OF STATE LORD AGNEW OF OULTON & JULIA LOPEZ MP

Tactical Update

1. Recruitment

We are recruiting 56 roles. These represent 56% of our total headcount, which is 100 for 2021/22 (including 32 COVID-19 roles). Of the total vacancies 85% are being advertised in Glasgow/York. We are working closely with DWP/HMRC to identify if there are candidates particularly for short term roles, in Glasgow.

2. Bounce Back Loans (BBL)

- a. **Estimated Fraud and Error Rate** - The PWC sampling exercise is closing. They are reporting an indicative rate of 9-10% (*excluding turnover inflation*). This is at the higher end of our conservative estimates of 4-11%. The fraud rate will change as testing continues. The PWC findings have not been reviewed against the government standard, so at this stage we cannot assure the quality of the output.
- b. **Data Governance** - all data governance issues have now been resolved - data sharing with HMRC¹ expected within the next month.
- c. **Lender Performance Dashboard** - we have advised for a number of months the need for detailed MI on lender behaviour and performance and secured agreement at the governance board. However, the pace is painfully slow and the dashboard has yet to be delivered² - we continue to push.
- d. **Insolvency Service** - New powers to disqualify unfit directors of companies that have been dissolved through either voluntary or compulsory strike-off action to fraudulently avoid repayment of debts, including Bounce Back loans were introduced to Parliament on 12/5 - this allows retrospective action.

3. Inspector General Model- Design

We have set up a project team to create a design for the Inspector General, with governance chaired by Lord Hogan Howe. This is due to complete before the end of May and we will then meet with you, Alex Chisholm and the Design Board to discuss the design and next steps.

4.

Irrelevant & Sensitive

¹ to test turnover inflation and to match against companies that HMRC considers high risk (ie that have attacked the furlough scheme and/or are suspected of MUC fraud)

² although it is in development by the new Financial Crime Director in BBB

Strategic Update

1. Sustainability of COEX- Risk

The focus for the Centre of Expertise is to recruit the 56 posts, to get the COEX up the full complement as soon as we can. We are doing this with the backdrop of a high team turnover rate (20% lost on promotion last year) and high failure rate on recruitment (33% last year when recruiting nationally).

We are focusing our recruitment in I&S in line with the Cabinet Office policy and putting a huge effort into making this successful. However, there is a significant risk our recruitment is not successful and will have to re-scope our plans and outcomes for 2021/22. We will communicate regularly as we progress.

2. Cabinet Meeting on Counter Fraud -

At the FEDG deep dive, you and CDL agreed that the Counter Fraud Function should create a paper for the Cabinet in June on fraud across the public sector. We will draft this, but would request your steer on any key messages you would like communicated.

3. Efficiency Review (ER) and Spend Review (SR)

Counter Fraud is one of four Functions working across government to inform the ER. We have work underway with DWP, who we will support on work to reduce fraud levels in Universal Credit, via the Fraud and Error Council. Wider, we are working with Function leaders, to identify further ideas for efficiency with a focus on the use of data & analytics, capability and cross function efficiency, which will feed into the HMT review.

Spend Review (SR)

We have started to develop proposals for the centre of the Function, learning the lessons from C-19 and the areas we will include are as follows:

- Enforcement resources to support those areas of increased risk and low capacity
- Use of shared data & analytics
- Implementation of the Inspector General model

We are gathering data to help understand the updated position on capacity and counter fraud spending across government, to inform the SR processes and plan our evaluation of Function wide SR bids.

Performance Update 2021/2

| | | | |
|------|---------|----------|-----------|
| Key: | Not Met | On Track | Completed |
|------|---------|----------|-----------|

| C-19 Key Performance Indicators | | |
|-----------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------|
| Outcomes | Value | Target |
| No. of detailed Fraud Risk Assessments Quality Assured in High Risk Schemes | 0 | 6 high risk schemes (+ building capacity via to add more HR schemes identified in year) |
| No of Fraud Measurement Assurance Exercises | 0 | Target 6 (high risk schemes aligned to PEA) |
| C-19 Counter Fraud Savings (Prevented/Recovered) | £0m | £30m (Intel, Risk. Data) |
| Data BAU Key Performance Indicators | | |
| NFI Counter Fraud Savings - Irrelevant & Sensitive | £0m | £140m target (AME) |
| Data Analytics Expansion Budget Savings - Irrelevant & Sensitive | £0m | £8m £31m |
| Direct Counter Fraud Savings C-19 & BAU Total | £0m | £209m |
| Counter Fraud Function Across Government | | |
| Detected Fraud / Error | | Target to increase Y/Y 20/21 data (Compared to 19/20) |
| Prevented Fraud / Error | | Target to increase Y/Y 20/21 data (Compared to 19/20) |
| Recovered Fraud / Error | | Target to increase Y/Y 20/21 data (Compared to 19/20) |
| DWP: Detected / Prevented | | 21/22 -Target Pending |
| DHSC: Detected / Prevented | | £130m |
| Organisations that meet the Function Standards | | 100% of departments (123 organisations have met standards, including 84% of ALBs from last review) |
| Government Counter Fraud Profession | | |
| Members assessed and admitted into the Profession | | Increase to 7,000 by March 2022 Longer term aspiration 16,000 (Function total) - estimated time 10 years+ |