House of Commons
Work and Pensions Committee

Universal Credit Project
Assessment Reviews

Fifth Report of Session 2017–19

Report, together with formal minutes relating to the report

Ordered by the House of Commons
to be printed 24 January 2018
Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

Current membership

Rt Hon Frank Field MP (Labour, Birkenhead) (Chair)
Heidi Allen MP (Conservative, South Cambridgeshire)
Andrew Bowie MP (Conservative, West Aberdeenshire and Kincardine)
Jack Brereton MP (Conservative, Stoke-on-Trent South)
Alex Burghart MP (Conservative, Brentwood and Ongar)
Neil Coyle MP (Labour, Bermondsey and Old Southwark)
Emma Dent Coad MP (Labour, Kensington)
Ruth George MP (Labour, High Peak)
Chris Green MP (Conservative, Bolton West)
Steve McCabe MP (Labour, Birmingham, Selly Oak)
Chris Stephens MP (Scottish National Party, Glasgow South West)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

Committee reports are published on the publications page of the Committee’s website and in print by Order of the House.

Evidence relating to this report is published on the inquiry page of the Committee’s website.

Committee staff

The current staff of the Committee are Adam Mellows-Facer (Clerk), Katy Stout (Second Clerk), Libby McEnhill (Committee Specialist), Rod McInnes (Committee Specialist), Tom Tyson (Committee Specialist), Jessica Bridges-Palmer (Senior Media and Policy Officer), Esther Goosey (Senior Committee Assistant), Michelle Garratty (Committee Assistant) and Ellen Watson (Assistant Policy Analyst).

Contacts

All correspondence should be addressed to the Clerk of the Work and Pensions Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8976; the Committee’s email address is workpencom@parliament.uk.
# Contents

Summary 3

1 **Introduction** 4
   - Our receipt of the reviews 4
   - Our approach 5

2 **The reviews** 7
   - What is a Project Assessment Review? 7
   - What is, and is not, in the reviews 7

3 **The progress of the UC programme** 9
   - A chaotic start 9
   - Reset 10
   - A twin-track programme and slower timetable 11
   - Praise for programme amid further delays 12
   - Rolling out the digital service 13
   - Traffic light assessments 13

4 **Recurring themes in the reviews** 15
   - Timetable, scale and automation 15
     - Delays 15
     - Automation and verification 16
     - Industrialisation 17
   - Performance criteria 17
   - Engagement with local authorities 18
   - Achieving transformational change in government 19

5 **Oversight** 20
   - The review process 20
   - Business case and transparency 21
   - Future of Universal Credit 22

Conclusions and recommendations 23

Formal minutes 25

List of Reports from the Committee during the current Parliament 26
Summary

On 5 December 2017, the House of Commons instructed the Department for Work and Pensions to provide us with Project Assessment Reviews (PARs) of its Universal Credit (UC) programme carried out by the Infrastructure and Projects Authority (IPA). The Department provided the PARs and other related reports on 19 December 2017. They provide internal assurance for government about programme finances and delivery between 2012 and 2017, based on interviews with those most closely involved. They do not examine Government policy or the consequences for claimants.

In 2013 the UC programme was on the brink of complete failure. It is to the Department’s credit that it has brought it back from that brink. Though it has been subject to extensive delays, the programme is now run more professionally and efficiently with a collective sense of purpose. It continues, however, to face major challenges. Chief among these is automating the service. While the IPA’s call for the “industrialisation” of UC for complex cases and vulnerable customers is an unfortunate choice of phrase, UC can only deliver its promised efficiency gains if it becomes cheaper and less labour-intensive. The Department has consistently struggled to convince the IPA that UC can scale as planned. The Department must balance the considerable costs of further delays against the costs of pressing ahead. The “firebreak” in the rollout in January 2018 and the full business case, which was due in September 2017 and is now expected to be considered by the Treasury in March 2018, are important points of reflection.

When it chooses to proceed with further major steps in the programme the Department should do so having met clear performance criteria agreed in advance. Their failure to do so up to now is a refrain through the IPA’s reports. So too is criticism that UC would have benefitted from better engagement with local authorities. They are critical to the success of UC.

The Government’s approach to major programme assurance is flexible. The IPA agrees with the programme team a distinct timetable and scope for each review. This meant that some important findings on UC were not followed up in detail. Notably, the latest review, which considered the readiness of the digital service for accelerated rollout in late 2017, was explicitly excluded from considering whether previous IPA recommendations had been acted on, whether UC would achieve its business case, and whether it was delivering its policy intent. We were also very surprised that such a major programme has not been subject to the scrutiny of a PAR for over two crucial years of its development.

In the eighth year of the programme, a full business case for UC has yet to be submitted. There remains considerable uncertainty about its costs and benefits, not least in its employment impact for claimants other than those in the simplest circumstances. Scrutiny of the programme would benefit from a more transparent approach by the Department. Given its confidence that the programme is on track, the DWP should also benefit from greater openness.

While the UC programme has come a long way since it was reset in 2013, some of its biggest challenges are yet to come. Examining those concerns will form an important part of our ongoing inquiries, alongside our work on policy improvements.
1 Introduction

Our receipt of the reviews

1. On 5 December 2017, the House of Commons decided, without the need for a vote, that the Department for Work and Pensions (DWP, the Department) should provide us with the Project Assessment Reviews (PARs, the reviews) carried out into Universal Credit (UC) by the Infrastructure and Projects Authority (IPA, previously known as the Major Projects Authority, MPA) since 2012.1 This followed a similar Opposition motion to that which instructed the Government to provide sectoral impact assessments to the Committee on Exiting the European Union.2 Traditionally, such motions have been considered binding or effective.3

2. We were not involved in the Opposition motion and had not previously sought the documents. We had a responsibility, however, to ensure that the House’s unambiguous instruction was carried out. Following an exchange of correspondence between our Chair and the then Secretary of State for Work and Pensions,4 the reviews were provided to us on 19 December 2017. They were complete and the only redactions were of the names and job titles of junior civil servants. This was consistent with the approach taken for a November 2011 UC PAR, which was published following a protracted freedom of information dispute.5 The Department in fact exceeded the requirements of the House’s resolution by giving us five other related MPA/IPA reports. This gave us a fuller picture of the progress of UC, including the broadly positive conclusions reached in more recent reviews. The Government has complied with the instruction from the House of Commons.

Table 1: Reports provided to the Committee

<table>
<thead>
<tr>
<th>Report title</th>
<th>Review dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Assessment Review</td>
<td>26–30 March 2012</td>
</tr>
<tr>
<td>Project Assessment Review</td>
<td>28 January - 5 February 2013</td>
</tr>
<tr>
<td>Project Assessment Review</td>
<td>3–7 June 2013</td>
</tr>
<tr>
<td>Assurance of Action Plan</td>
<td>5 September 2014</td>
</tr>
<tr>
<td>Health Check</td>
<td>13–17 April 2015</td>
</tr>
<tr>
<td>Project Assessment Review</td>
<td>12–16 October 2015</td>
</tr>
<tr>
<td>Health Check</td>
<td>12–15 September 2016</td>
</tr>
<tr>
<td>Assurance of Action Plan</td>
<td>2–3 March 2017</td>
</tr>
<tr>
<td>Health Check</td>
<td>4–11 September 2017</td>
</tr>
</tbody>
</table>

1 HC Deb, 5 December 2017, col 1002. The full text of the resolution was “That an humble Address be presented to Her Majesty, That she will be graciously pleased to give directions that the five project assessment reviews, carried out into universal credit between 2012 and 2015 by the Government’s Major Projects Authority now known as the IPA, and any subsequent project assessment reviews carried out into universal credit by the IPA between 1 January 2016 and 30 November 2017 that have been provided to Her Majesty’s Ministers at the Department for Work and Pensions, be provided by the Secretary of State for Work and Pensions to the Work and Pensions Committee.”

2 HC Deb, 1 November 2017, cols 878–935. See also Exiting the European Union Committee inquiry webpage.

3 HC Deb, 1 November 2017, col 932

4 The letters are published on our Universal Credit Project Assessment Reviews inquiry webpage.

5 The November 2011 PAR is available online.
Universal Credit Project Assessment Reviews

Our approach

3. Before providing the reports, the Department sought our assurance that they would remain confidential. The House’s resolution set no such terms and we insisted that receipt should not be subject to any conditions. We were, however, mindful of the potential consequences of full or partial publication. The Department argued that the effectiveness of IPA reviews was dependent on them receiving candid assessments of projects from civil servants. Though the IPA does not attribute views to individuals, interviewees may be less frank if there was an expectation of the report being published.

4. The Department further cited a “long-held principle”, agreed with the Public Accounts Committee (PAC), that the Government does not release PARs. The Chair of the PAC told us that she was not aware of any such agreement and that the Committee had “consistently argued for greater transparency in the IPA”. The PAC considers publication of such information on a case-by-case basis. Similarly, the Comptroller and Auditor General confirmed that the National Audit Office (NAO) receives IPA reports and quotes from them. For example, the NAO set out the conclusions of the September 2014 Assurance of Action Plan in its November 2014 report on UC. Other PARs have been published following freedom of information proceedings.

5. The Information Commissioner considered the publication of the UC PARs in August 2017. This followed a complaint from someone whose freedom of information request for the documents had been refused. In her report, the Commissioner noted that UC will affect many millions of people and the PARs would give “valuable insight” into the management of both UC and major projects more generally. As the recommendations in PARs should be acted on within six months, reports older than that could be considered “historic” and any potential harm to the Department from publication was diminished. The Commissioner decided that the reports should be published in the public interest. The Department has, however, appealed that decision. The case will be heard by an information rights Tribunal in April 2018.

6. We acknowledge the argument that setting a precedent of publication in full could change the nature of future IPA reports. More generally, we are mindful that it is important to the proper functioning of government that ministers can be given private advice by officials. There is a statutory procedure for determining whether the PARs should be published. We consider it proper that the Tribunal makes that decision.

6 See exchange of correspondence between Frank Field and David Gauke, 6–13 December 2017. See also comment by the Prime Minister on use of Brexit sectoral impact assessments, HC Deb, 18 December 2017, col 772.
7 See, for example, letter from David Gauke to Frank Field, 7 December 2017. The IPA also expressed this opinion in a letter to the Treasury Committee on 19 April 2017.
8 Letter from David Gauke to Frank Field, 7 December 2017
9 Letter from Meg Hillier to Frank Field, 8 January 2018
10 Letter from Sir Amyas Morse to Frank Field, 8 January 2018
12 As well as the November 2011 UC Project Assessment Review see, for example, PARs on the High Speed Two project.
13 Information Commissioner, Decision notice F550640285, 30 August 2017
14 Information Commissioner, Decision notice F550640285, 30 August 2017, para 31
15 Information Commissioner, Decision notice F550640285, 30 August 2017, para 29
16 Information Commissioner, Decision notice F550640285, 30 August 2017, para 2
17 HM Courts and Tribunal Service, appeal EA/2017/0216
7. The PARs contain important information about a major reform. In this report, we have quoted selectively from the IPA reports, to provide insights into the history of UC, recurring concerns about its progress, and the oversight of this and other major government programmes.
2 The reviews

What is a Project Assessment Review?

8. The IPA, a partnership between the Cabinet Office and the Treasury, is responsible for the oversight of major central government projects. PARs are based on three to ten days of interviews and a review of documentation. Their reports inform meetings of the Major Projects Review Group (MPRG). The MPRG, which is co-chaired by the Chief Executive of the Civil Service and the Second Permanent Secretary of the Treasury, scrutinises major projects and assesses their deliverability, affordability and value for money. The MPRG considers the health of programmes at points where the Treasury is required to approve funding, or when it has concerns about progress. PARs and other IPA reports are, however, regularly commissioned at other times.

9. Alongside the PARs, the Committee has been sent three Health Checks (HCs) and two Assurance of Action Plans (AAPs). HCs typically have narrower scopes than PARs and monitor performance against previous IPA recommendations. AAPs are short follow-up reviews, typically conducted shortly after a poor report, to consider whether subsequent action has made delivery of the programme more likely. The scope of each review is agreed between the IPA review team and the departmental project team at a planning meeting.

What is, and is not, in the reviews

10. The reviews are written in dense project management speak, a combination of the cryptic and the clichéd. The May 2012 PAR explained:

The review team understand that the recently agreed elaboration process was undertaken with a view to ensuring a safe-landing of delivery of the pathfinder and the October 2013 go live by drawing clear boundaries around the level of automation required in the earlier stage of implementation.

The April 2015 HC said the MPA review team had “attended four developer ‘stand ups’, a scrum of scrums, a priority stand-up and a ’Show and Tell’.” The September 2015 PAR noted that “the line through from the operational cost burners held by Transformation Planning Group, through to epic level stories, story groups, stories and then through to...”
the delivery of those stories is open and well documented”. The team had, however, “not fully matured its ability to accurately size incoming stories”. The PARs are no loss to the canon of published prose.

11. The IPA reviews have restricted terms of reference. Their UC reports provide assurance about the finances and delivery of the programme, subject to a scope agreed by the DWP programme team. The overwhelming majority of interviewees were civil servants from DWP and others most closely involved in UC. The reports do not examine Government policy or the consequences for claimants. They do not, for example, include a single statistic of whether people were receiving their payments on time.
3 The progress of the UC programme

12. The Department set out its plans for UC in a November 2010 white paper. That document envisaged completing rollout to around eight million households by October 2017. Beginning his foreword, the then Secretary of State, Iain Duncan Smith, wrote:

Successive governments have ignored the need for fundamental welfare reform, not because they didn’t think that reform was needed but because they thought it too difficult to achieve.30

The Department began design and build work in January 2011.31

A chaotic start

13. The early years of the UC programme were beset by an implementation approach at odds with the ambition of the biggest welfare reform in 50 years.32 The November 2011 PAR noted that while ministers and senior staff understood the transformational nature of UC, the programme team was “very focussed on IT”.33 This created a risk it would “deliver a transactional processing system but will not achieve the policy intent”.34 This concern was echoed in the March 2012 PAR, which stressed that, to achieve transformational aims, the programme would need a new culture, distinct from that which existed in DWP and HMRC.35

14. The DWP failed to act adequately on the findings of these early assurance reviews.36 The January 2013 PAR concluded that, despite some improvements, the programme team’s approach remained incremental and did not recognise what was required to achieve transformation on the scale envisaged.37 There was “no bridge between the high-level vision and the prolific detail in the programme”.38 UC leadership had failed to produce or articulate the “blueprint” necessary to “turn vision into practical reality”.39 It was not clear what was to be achieved, how it was to be achieved, or, in the absence of a plan for the full programme, when particular elements would need to be achieved for it to be on track.40 Lacking strategic direction, the “community of partners constituting the UC enterprise” focused on impending local deadlines, without an adequate sense of where they fitted in the wider picture.41 The MPA warned of the implications of this lack of coherence for the entire programme:

29 DWP, Universal Credit: welfare that works, Cm 7957, November 2010, p37
30 DWP, Universal Credit: welfare that works, Cm 7957, November 2010, p37
31 NAO, Universal Credit: early progress, HC (2013–14) 621, September 2013, fig 9
32 The November 2011 Project Assessment Review, p11 notes that many interviewees described the policy as such.
33 IPA, UC Project Assessment Review, November 2011, p4. Throughout this report, the date given to IPA reviews refers to the month in which the review started. In some cases, the reviews continued into, or were signed off in, another month.
34 IPA, UC Project Assessment Review, November 2011, p15
35 IPA, UC Project Assessment Review, March 2012, para 5.27
36 NAO, Universal Credit: early progress, HC (2013–14) 621, September 2013, para 20. See also Fig 18 on p41, which documents the Department’s failure to respond to early recommendations relating to areas of criticism in the MPA’s January 2013 PAR.
37 IPA, UC Project Assessment Review, January 2013, p3
38 IPA, UC Project Assessment Review, January 2013, p3
39 IPA, UC Project Assessment Review, January 2013, p10
40 IPA, UC Project Assessment Review, January 2013, p10
41 IPA, UC Project Assessment Review, January 2013, p3
many of the parts of the programme have been built in isolation based on different and sometimes conflicting assumptions with no clear understanding of how the parts will be ultimately assembled. The potential for significant levels of unknown risk is high.\(^{42}\)

15. The ramifications of the “extraordinarily poor” early management of UC were most evident in the Department’s now well-documented mishandling of its IT suppliers, which included Accenture, IBM, Hewlett Packard and British Telecom.\(^{43}\) In its November 2013 report, the PAC found the programme had “a shocking absence of control” over its suppliers and had failed to “implement basic procedure for monitoring and authorising expenditure”.\(^{44}\) The prevalence of exclusivity clauses, the absence of performance monitoring and active contract management, and a paucity of the requisite skills and experience in the Department meant it was at a severe disadvantage in seeking to address shortcomings on the part of suppliers.\(^{45}\) Those suppliers were rewarded handsomely for ultimately pointless design and development work conducted without clear sets of requirements or an overarching objective.\(^{46}\) Many millions of pounds of public money were wasted.\(^{47}\) The MPA found that in continuing to accept instructions from DWP in the absence of a blueprint for UC, the suppliers had exhibited unacceptable behaviour and had failed in their professional duty of care to their client.\(^{48}\)

**Reset**

16. Concluding its January 2013 PAR, the MPA said that the programme required a “complete rethink of the entire delivery approach” to have “realistic prospects for delivery”.\(^{49}\) Considering those findings, the MPRG decided in February 2013 to pause the UC programme immediately, for three months.\(^{50}\) It appointed David Pitchford, then Executive Director of the MPA, as interim Chief Executive Officer of UC for that period, to “reset” the programme. His brief included developing a blueprint and transition plan.\(^{51}\) The June 2013 PAR said the reset had been “acknowledged by all as having provided a necessary pause and opportunity to rethink”.\(^{52}\) While finding the blueprint “valuable”, that PAR said that much detailed planning for achieving the blueprint remained to be done.\(^{53}\) This work was taken on by Howard Shiplee, the new SRO, who used his first 100 days to take forward recommendations of the reset and then argued that a further three months’ review and revision of the programme was required before further decisions

---

\(^{42}\) IPA, UC Project Assessment Review, January 2013, p10–11


\(^{45}\) IPA, UC Project Assessment Review, January 2013, p15

\(^{46}\) IPA, UC Project Assessment Review, January 2013, p16

\(^{47}\) IPA, UC Project Assessment Review, January 2013, p16


\(^{49}\) In its February 2015 report the PAC noted that the Department would use £34 million of the systems developed in this stage, from total expenditure of £344 million, in its full digital service.

\(^{50}\) IPA, UC Project Assessment Review, January 2013, p19

\(^{51}\) NAO, *Universal Credit: early progress*, HC (2013–14) 621, September 2013, para 2.3. The Pathfinder pilot scheme was allowed to proceed in a single site in April 2013.

\(^{52}\) IPA, UC Project Assessment Review, June 2013, p10

\(^{53}\) IPA, UC Project Assessment Review, June 2013, p3
could be taken on the future of UC.\textsuperscript{54} The programme also awaited formal approval to proceed from a ministerial oversight group.\textsuperscript{55} 2013 was a hiatus in the implementation of UC.\textsuperscript{56}

**A twin-track programme and slower timetable**

17. The Department originally intended to begin national rollout in October 2013, though it was unable to explain how it had arrived at this date.\textsuperscript{57} In the light of the reset, it abandoned that intention.\textsuperscript{58} This was in line with the PAC’s November 2013 conclusion that “meeting any specific timetable from now on is less important than delivering the programme successfully”.\textsuperscript{59} The Department also adopted a twin-track approach to deliver UC through two parallel services:

   a) live service, which would introduce UC for limited claimant types using some IT developed before the reset; and

   b) digital service, an enhanced online system for all claimant types, to be developed in-house while the live service was being tested.\textsuperscript{60}

The Department argued that, through a “test and learn” approach, the live service would inform the development of the digital service.\textsuperscript{61} This method tests UC as it is gradually rolled out, to enable problems to surface. This means it is vital the Department responds rapidly to detrimental effects on claimants. The live service would also provide a contingency option should the digital service be delayed or fail.\textsuperscript{62}

18. The Department was slow to produce long term plans for UC implementation. The February 2014 PAR found no “single coherent integrated plan for UC”.\textsuperscript{63} This contributed to delays before the Treasury approved a revised strategic outline business case (SOBC) for the programme in September 2014.\textsuperscript{64} However, the MPA also identified a “fundamental” change in the way UC was being approached: “a transformation programme and not an IT programme” which was better integrated with the wider DWP and other stakeholders.\textsuperscript{65} The September 2014 AAP recommended that the SOBC be approved and that the live service be rolled out nationally for single, unemployed claimants without children.\textsuperscript{66} The new business case extended the timetable for the transfer of claimants from existing

---

\textsuperscript{54} IPA, UC Project Assessment Review, June 2013, p8
\textsuperscript{55} The DWP Ministerial Oversight Group, which comprised ministers and senior officials from the DWP, the Treasury and the Cabinet Office considered the future of UC on 20 November 2013. Its decisions were set out in a Ministerial Statement on 5 December 2013.
\textsuperscript{56} IPA, UC Project Assessment Review, February 2014, p3
\textsuperscript{57} NAO, *Universal Credit: early progress*, HC (2013–14) 621, September 2013, paras 16 and 3.7
\textsuperscript{58} NAO, *Universal Credit: early progress*, HC (2013–14) 621, September 2013, para 2.12
\textsuperscript{60} The DWP now calls the digital service the “full service”. We use the former throughout this report.
\textsuperscript{61} NAO, *Universal Credit: progress update*, HC (2014–15) 786, November 2014, para 1.6
\textsuperscript{63} IPA, UC Project Assessment Review, February 2014, p3
\textsuperscript{64} NAO, *Universal Credit: progress update*, HC (2014–15) 786, November 2014, para 7
\textsuperscript{65} IPA, UC Project Assessment Review, February 2014, p3
\textsuperscript{66} IPA, UC Assurance of Action Plan, September 2014, p2 and 7
benefits to 2019. Rather than move one million tax credit claimants to UC in April 2016, the Department planned to introduce the digital service for new cases between May 2016 and December 2017.

**Praise for programme amid further delays**

19. The September 2014 AAP identified the creation of a viable and scalable digital service by May 2016 as a “critical dependency” in the DWP’s revised implementation plans. The April 2015 HC concluded that a functioning digital service could be ready by May 2016. It cautioned, however, that the subsequent planned rollout schedule was too fast. In MPA-speak, “scaling volumes over-aggressively from May 2016 onwards”. The programme team had inadequate management information and the schedule lacked “firebreaks”, or pauses, to enable progress to be assessed and improvements to be made. This risked compromising the labour market and efficiency benefits of UC. The programme was also reliant on retaining highly-skilled technical staff who were working as contractors.

20. The October 2015 PAR gave a bullish assessment of progress in the UC programme. It was “a centre of best practice in government” in aspects of digital service development and “best of breed for government” in its approach to technology security. The MPA found that many of the criticisms noted in previous reports had been addressed: there was a single agreed plan for the duration of the programme; policy, IT and operations teams were well integrated; and the programme had strong leadership. Neil Couling, in his sole comment as SRO on the report, felt that, five years in, the UC programme had perhaps reached the end of the beginning:

“There must be a beginning of any great matter, but the continuing until [sic] the end until it be thoroughly finished yields the true glory.” Letter from Sir Francis Drake to Sir Francis Walsingham (1587).

21. The PAR cautioned, however, that while the programme plan was achievable it was “not without significant challenge or risk”. Rolling out the digital service would need the programme to develop further from being a technology-driven programme to one delivering transformational change. The degree of some potential problems would only become apparent when the digital service was operating on a substantial scale. These risks were amplified because the digital service was the Department’s only means of fully delivering UC nationwide: the live service would be unaffordable on a national scale for all claimant types. There was, by then, “no Plan B”. This meant contingency questions were framed “not around whether a digital service will be rolled out, but at what pace and scale”.

---

67 NAO, Universal Credit: progress update, HC (2014–15) 786, November 2014, para 8. No plans were given for a minority of tax credit claimants or for people claiming Employment and Support Allowance at the end of 2019.
69 IPA, UC Assurance of Action Plan, September 2014, p6
70 IPA, UC Health Check, Apr 2015, p3
71 IPA, UC Health Check, Apr 2015, p3
72 IPA, UC Health Check, Apr 2015, p7
73 IPA, UC Project Assessment Review, October 2015, p14
74 IPA, UC Project Assessment Review, October 2015, p3
75 IPA, UC Project Assessment Review, October 2015, p6
76 IPA, UC Project Assessment Review, October 2015, p8
77 IPA, UC Project Assessment Review, October 2015, p11
78 IPA, UC Project Assessment Review, October 2015, p11
79 IPA, UC Project Assessment Review, October 2015, p11
Rolling out the digital service

22. The September 2016 HC found that the programme was functioning well but successfully rolling out the digital service on a large scale would require a “step change” in approach. This was described by the IPA as “a shift to an industrialised culture.” 80 Moving from costly support methods such as telephone lines towards an automated online service was proving a challenge, partly because claimants were finding using UC online more difficult than expected. 81 The IPA set a series of four success factors it recommended should be used to determine whether the Department should increase the pace of the rollout in July 2017, covering automation, IT performance, management information and verification. 82 The March 2017 AAP found problems with all four of those criteria. It concluded that progress had not, at that stage, been sufficient to give full confidence that UC was ready for the scale of change proposed. 83 Operational targets were not being met: the programme was underperforming on several measures that indicated how quickly claims were being processed. There was also considerable variation between the 58 Jobcentres operating the full service at that stage. For example, “just 52%” of new claimants’ evidence was verified within 20 days, a proportion that varied from 10–84% in individual Jobcentres. 84 In at least one Jobcentre, not a single decision on a claim had been made within 25 days. 85

23. Nonetheless, the “scaling event” in July 2017 proceeded. The September 2017 HC considered the readiness of the UC digital service to be rolled out to around 150 Jobcentres in October–December 2017. It concluded that UC was ready for that step, but that there was less certainty about the continuation of plans into the 2018/19 financial year. 86 While scaling entailed risks, it would reveal further evidence of how UC operated in practice which would help the Department resolve problems. 87 The IPA recommended the scheduled “firebreak” in January 2018 be used to consider whether the rollout plan remained appropriate. 88

Traffic light assessments

24. As part of its reviews, the IPA often provides a Delivery Confidence Assessment (DCA). These give a summary of the IPA’s overall confidence in the programme’s ability to achieve its objectives within the timescale, budget and quality requirements (including financial and non-financial benefits) set out in its most recent formal mandating document (such as a business case). DCAs use a five-tier system:

- **Green**: successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.

---

80 IPA, UC Health Check, September 2016, p3
81 IPA, UC Health Check, September 2016, p3, para 5.1.2 and para 5.4.2
82 IPA, UC Health Check, September 2016, p3
83 IPA, UC Assurance of Action Plan, March 2017, p2–3
84 IPA, UC Assurance of Action Plan, March 2017, para 2.7
85 IPA, UC Assurance of Action Plan, March 2017, para 2.7. The IPA noted that the range of performance in making decisions on cases within 25 days ranged from 0% to 75% between Jobcentres, with the average being 51%.
86 IPA, UC Health Check, September 2017, p2
87 IPA, UC Health Check, September 2017, p7
88 IPA, UC Health Check, September 2017, p7
• **Amber/green**: successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.

• **Amber**: successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.

• **Amber/red**: successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and establish whether resolution is feasible.

• **Red**: successful delivery of the project/programme appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The programme/project may need re-base lining and/or overall viability re-assessed.

25. The DCAs unsurprisingly mirror the narrative history of the programme set out above. The red rating in the January 2013 was followed by the decision to reset the programme. Since then, the ratings have gradually improved.

**Table 2: Delivery confidence assessments for UC from MPA/IPA reviews**

<table>
<thead>
<tr>
<th>Date</th>
<th>DCA</th>
<th>Report</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 2011</td>
<td>Amber</td>
<td>Red</td>
<td>PAR Published under FOI.</td>
</tr>
<tr>
<td>Mar 2012</td>
<td>Amber</td>
<td>Red</td>
<td>PAR</td>
</tr>
<tr>
<td>Jan 2013</td>
<td>Red</td>
<td></td>
<td>PAR</td>
</tr>
<tr>
<td>Jun 2013</td>
<td>Red</td>
<td></td>
<td>PAR Unable to update as so soon after reset.</td>
</tr>
<tr>
<td>Feb 2014</td>
<td>Amber</td>
<td>Red</td>
<td>PAR</td>
</tr>
<tr>
<td>Apr 2015</td>
<td>Amber</td>
<td></td>
<td>HC May 2016 ‘Make Scalable’ deadline only.</td>
</tr>
<tr>
<td>Oct 2015</td>
<td>Amber</td>
<td></td>
<td>PAR Considered a higher rating.</td>
</tr>
<tr>
<td>Sep 2016</td>
<td>Amber</td>
<td></td>
<td>HC</td>
</tr>
<tr>
<td>Mar 2017</td>
<td></td>
<td>AAP</td>
<td>No DCA rating given.</td>
</tr>
<tr>
<td>Sep 2017</td>
<td></td>
<td>HC</td>
<td>No DCA rating given.</td>
</tr>
</tbody>
</table>

The March 2017 AAP and September 2017 HC were not given DCAs. This was an agreement between the IPA and the DWP, given the narrow scopes of those reviews.

26. By 2013, the UC programme was on the brink of complete failure. It is to the Department’s credit that it has brought it back from that brink. The programme is now run more professionally and efficiently with a collective sense of purpose. Rolling out the live service nationally and developing a digital service in-house are substantial achievements. UC continues, however, to face major challenges.

---

89 IPA, *Project assurance reviews delivery confidence guide for review teams*

90 Information from the IPA
4 Recurring themes in the reviews

Timetable, scale and automation

Delays

27. The Department has been consistently over-optimistic about the time it would take to roll out UC. According to its initial plans, the programme should have been complete by October 2017. These delays continue: following the November 2017 Budget, the digital service will be rolled out to ten Jobcentres per month between February and April 2018 compared to over 60 per month in previous plans.91

Progression of UC rollout assumptions

Chart 4.7: Successive revisions to the universal credit rollout assumption

28. Delays are not simply an embarrassment to the DWP: they are also expensive. The digital service is expected to be “predominantly online, integrated and accurate” and result in major savings from automation and self-service.92 The Department is expected to reduce numbers of administrative staff by 11,000, more than 25% of the total.93 The NAO noted in its November 2014 report that a six month delay to the digital service reduced the net benefits of the programme by £2.3 billion.94 The NAO estimated that, in staff costs alone, the digital service would be £610 million a year cheaper than using existing live service systems.95 The live service was expected to help develop operational capacity in Jobcentres. As the DWP acknowledged, however, its use as a learning tool would be

93 IPA, UC Health Check, September 2016, para 5.4.1. The Department expects to add 9,000 front line Work Coaches.
95 NAO, Universal Credit: progress update, HC (2014–15) 786, November 2014, para 2.10
limited. Its largely manual operation would only give limited insights into the feasibility of delivering a national digital service on the timetable planned and with the levels of automation required.

**Automation and verification**

29. The UC digital service is currently operating with more staff and fewer claimants than the DWP expected. This makes it expensive to run. The March 2017 AAP found that costs per claim were £963 in January 2018. This was a substantial decrease on the £1,750 in April 2016, but still almost four times the target of approximately £250 by May 2019. The September 2016 HC cautioned that delivery of the programme was “at risk” if a significant proportion of the service did not become automated, because costs would “become prohibitive”.

30. An important component of automation is claimant identity verification. As early as November 2013, the PAC expressed concern about when software to confirm claimant identity would be available. In its 2015 digital service trials, the Department intended to use Verify as an alternative to the face-to-face identification used in the live service. Verify is an identity assurance service, promoted by the Cabinet Office, which was developed for use across government. The September 2016 HC identified the performance of Verify, which had caused problems in a wide variety of fields, as a major risk to the programme. The IPA found that “assumptions based on insight work into customer journey are not at all aligning with reality”. Only 29% of UC claimants could complete the Verify process, and the levels of manual activities involved for the remainder were “not sustainable at scale”. These findings were echoed in the March 2017 AAP. Around 30% of claimants were completing the Verify process, compared to an original projection of 80% and the target of 60% for the accelerated rollout in October 2017.

31. The September 2016 HC identified “a workable ID assurance solution” as one of four “critical success factors” necessary before the digital service should be rolled out to 29 Jobcentres in July 2017, the first major “scaling event”. The March 2017 AAP stated clearly that the condition had not yet been met. The DWP responded to concerns about Verify by developing in-house and in parallel an alternative identity assurance service called Prove your Identity. A July 2017 update advised the UC board that Prove your Identity could, combined with Verify, help achieve a 50% verification success rate.

---

96 NAO, Universal Credit: progress update, HC (2014–15) 786, November 2014, para 16  
97 IPA, UC Health Check, September 2017, para 6.8  
98 IPA, UC Assurance of Action Plan, March 2017, para 2.10  
99 IPA, UC Health Check, September 2016, para 5.5.2  
101 IPA, UC Project Assessment Review, October 2015, p11  
102 For example, the Common Agricultural Policy Delivery Programme reverted to using drop-in centres and a telephone helpline to confirm the identity of farmers because Verify did not operate as the Department for Environment, Food and Rural Affairs expected. See NAO, Early review of the Common Agricultural Policy Delivery Programme, Session 2015–16, HC 606, December 2015, para 8  
103 IPA, UC Health Check, September 2016, para 5.4.2  
104 IPA, UC Health Check, September 2016, para 5.6.1.3  
105 IPA, UC Assurance of Action Plan, March 2017, para 5.1, and UC Health Check, September 2017, para 6.9  
106 IPA, UC Health Check, September 2016, p3  
107 IPA, UC Assurance of Action Plan, March 2017, p3  
108 IPA, UC Health Check, September 2017, p3  
109 IPA, UC Health Check, September 2017, para 6.9
September 2017 HC encouraged the programme to trial a third option, Verify LOA 1, a Government Digital Service product with a lower assurance standard than Verify. Online verification continued to be a significant risk to the programme.\footnote{IPA, UC Health Check, September 2017, para 6.9}

**Industrialisation**

32. The September 2017 HC concluded that, to be cost-effective at scale, the programme needed to “industrialise” its approach to “complex cases and vulnerable customers”.\footnote{IPA, UC Project Assessment Review, January 2013, p12. Pathfinder was a pilot of live service UC, used for single Jobseeker’s Allowance claims in a small number of Jobcentres.} The IPA found a high level of uncertainty about the proportion of UC claimants who could be considered vulnerable, noting that estimates ranged from 25% to 50%. Given the resources required to support vulnerable claimants, if levels were towards the top end of that scale the medium-term sustainability of UC would be threatened.\footnote{IPA, UC Project Assessment Review, February 2014, p15}

33. The IPA’s call for the “industrialisation” of UC for complex cases and vulnerable customers is an unfortunate choice of phrase. In those stark terms, however, it epitomises the challenges facing the UC programme. To make its promised efficiency gains, it must become a far more automated system. Key areas such as identity verification, however, are currently manual processes for a large proportion of claimants. Delays to the rollout and automation of the digital service reduce projected efficiency savings. In seeking to maximise savings, however, the Department must monitor closely any potential adverse effects on claimants and factor those into its decision making.

**Performance criteria**

34. A recurring theme of the reviews is the Department’s failure to set clear criteria for determining whether to proceed with specific stages of the rollout:\footnote{In its November 2014 NAO report recommended the Department “develop specific milestones for both digital and live services before each additional stage of roll-out”. See NAO, \textit{Universal Credit: progress update}, HC (2014–15) 786, November 2014, para 22.}

- The January 2013 PAR expressed concern that no “formal go/no go criteria” had been set for proceeding with a planned rollout of the “Pathfinder” pilot programme.\footnote{IPA, UC Project Assessment Review, January 2013, p12. Pathfinder was a pilot of live service UC, used for single Jobseeker’s Allowance claims in a small number of Jobcentres.}
- The February 2014 PAR said that the Department should set a go/no go review point, commission an independent review and define more detailed success criteria before proceeding with its planned rollout of the digital service.\footnote{IPA, UC Project Assessment Review, February 2014, p15}
- The September 2016 HC called for greater focus on the key performance indicators (KPIs), identifying the lack of qualitative and quantitative performance data to inform decisions whether to scale the programme as a risk to its success.\footnote{IPA, UC Health Check, September 2016, para 5.5.4}
- The March 2017 HC found it was unclear how data would inform a decision whether to proceed the “scaling event”.\footnote{IPA, UC Assurance of Action Plan, March 2017, p2} While a “great deal” of information
was being collected, “it was not clear how this data was being turned into knowledge or insight”.\(^{118}\) The IPA noted that while some scaling criteria appeared “absolute”, others were “more subjective and more open to interpretation”.\(^{119}\) It recommended that the programme team should “maximise opportunities for robust challenge” of its readiness for scaling UC.\(^{120}\)

- The September 2017 HC, which endorsed the accelerated rollout between October and December 2017, called for a “clear, agreed view of the criteria that could prompt a course correction in January 2018”.\(^{121}\) This should include the circumstances in which a pause, a slowing down of, or a stop to the rollout would be warranted, however unlikely such circumstances were.\(^{122}\) The IPA recommended the criteria used should include customer service performance, such as payment timeliness, alongside operational and system performance. It cautioned that the capacity and role of local authorities and housing associations should be considered.\(^{123}\)

35. The IPA has been consistently critical of the Department’s failure to set clear criteria for proceeding to the next stage of the UC rollout. Setting clear performance standards in advance is the best way of ensuring decisions are made objectively. The publication of these would both benefit scrutiny and make it far easier for the Department to explain its decisions.

### Engagement with local authorities

36. UC has important consequences for local authorities, which administer housing benefit, provide safety net payments to people in hardship and are often major landlords. The IPA reports tend to alternate between criticism and praise for the Department in its engagement with local authorities. While it tended to improve in response to criticism, the rate of improvement was not sustained.

37. The November 2011 PAR cautioned that the Department’s “one way high level communication” approach to external stakeholders could lead to a “delayed or disrupted roll out”.\(^{124}\) The January 2013 PAR said the exclusion for councils from joint work between DWP and HMRC on the migration of tax credit claimants was “a significant gap”.\(^{125}\) The February 2014 PAR found that the Department has given little thought to the operational consequences of moving claimants from housing benefit to the housing costs element of UC. This was despite “real hunger” in local government to conduct trials to understand the consequences of UC for the broader social support system. The MPA said that the programme should regard local authorities as “delivery partners”, rather than mere stakeholders, as effective relationships with them would be “critical to joined up delivery” of UC.\(^{126}\) The October 2015 PAR highlighted again the movement of claimants from housing benefit to UC as a “risk to the programme”. The MPA did not pursue this concern

---

118 IPA, UC Assurance of Action Plan, March 2017, para 4.7
119 IPA, UC Assurance of Action Plan, March 2017, para 4.2
120 IPA, UC Assurance of Action Plan, March 2017, para 4.4
121 IPA, UC Assurance of Action Plan, March 2017, p3
122 IPA, UC Health Check, September 2017, p5
123 IPA, UC Health Check, September 2017, para 6.6
124 IPA, UC Project Assessment Review, November 2011, p23
125 IPA, UC Project Assessment Review, January 2013, p12
126 IPA, UC Project Assessment Review, February 2014, p17
further as it was outside the scope of its review.\textsuperscript{127} The latest report, the September 2017 HC, called on the Department to work better with third parties such as local authorities, housing associations and CAB in the interests of claimants, and to be aware of the potential impact of scaling on them.\textsuperscript{128}

38. \textbf{Local authorities are key delivery partners for UC. The programme would have benefitted, and would continue to benefit, from better engagement with them and other landlords, including housing associations.}

\textbf{Achieving transformational change in government}

39. As set out in Chapter 3, the early stages of the UC programme were beset by a disconnect between high-level policy objectives and operational delivery. It took several years before the programme’s approach accorded with its ambition. The October 2015 PAR found that the programme had left behind its “fixation” with in-vogue “Agile” software development methodology, which had left “the Agile tail wagging the digital dog”.\textsuperscript{129} By September 2016, the IPA was confident the UC had become a transformation programme and the September 2017 identified a “very clear delivery culture” across the UC programme.\textsuperscript{130} Nevertheless, the programme still faces cultural risks to its success. The March 2017 AAP expressed concern that frontline Jobcentre and service centre staff had “a lack of trust in new systems, with people defaulting to old behaviours”.\textsuperscript{131}

40. Reflecting on his six years as the minister responsible for UC, Lord Freud said that the established division of responsibilities in government, whereby ministers set policy and officials implement it, was incompatible with achieving major change. He took a far more active role in the implementation of UC than was usual for a minister. Had he understood the challenges of achieving transformational change in government in his early days as a minister, he “would have been much more frightened of trying to do something as big”.\textsuperscript{132} UC is a valuable case study of the challenges in achieving transformational change in government which should be examined by ministers and civil servants planning major projects.

\begin{flushleft}
\textsuperscript{127} IPA, UC Project Assessment Review, October 2015, p13
\textsuperscript{128} IPA, UC Health Check, September 2017, para 6.7
\textsuperscript{129} IPA, UC Project Assessment Review, October 2015, p8
\textsuperscript{130} IPA, UC Health Check, September 2016, para 5.2 and UC Health Check, September 2017, para 6.4
\textsuperscript{131} IPA, UC Assurance of Action Plan, March 2017, p2 and para 2.17. For example, a case management culture was not yet embedded in UC service centres.
\textsuperscript{132} Institute for Government, \textit{Ministers Reflect series: Lord Freud}, January 2017
\end{flushleft}
5  Oversight

The review process

41. The PAR framework is designed to afford flexibility in scope and timing. In some of the reports we considered, however, that flexibility appeared to contribute to inconsistency of review approach and poor communications between the review and programme teams. The June 2013 PAR was conducted just three weeks after Howard Shiplee took over as SRO of the programme. He argued that the PAR was “ill-timed” as he had not had time to convert the blueprint into a delivery plan. The MPA had “insufficient evidence” to assign a new DCA to the programme in their report. The then UC Programme Director, Ann Harris, argued that the February 2014 PAR was “too short” to enable the MPA to make a full assessment of improvements in the programme.

42. The scope of the March 2017 AAP was a source of contention between Neil Couling, the SRO, and the IPA. While Neil Couling favoured a narrow focus on the readiness of the digital service to be rolled out to 30 Jobcentres in July 2017, the IPA also reviewed progress in implementing wider recommendations made in its September 2016 HC. Signing off the report two months after the review, Neil Couling noted that reviewing a programme the size of UC in a two day period was “very difficult” and noted that it can come with an “urge to make superficial, pseudo-definitive point of time judgements and simplistic recommendations”. He said the IPA deserved “credit for attempting to swim in these shark-infested waters”. It was not clear why such an important review was only afforded two days. The next and most recent review, the September 2017 HC, focused solely on readiness to move to scale at the behest of the Department. It was explicitly agreed between the DWP and IPA that it could not consider whether:

- previous IPA recommendations had been acted on;
- UC would achieve its business case; or
- UC was delivering its policy intent.

43. Recent IPA reviews of the UC programme have been linked to specific scaling events or business case processes. Delays in the programme have meant delays in oversight. The October 2015 PAR recommended the next round of formal assurance take place in Spring 2016. In the event, due to delays in the rollout, it was postponed until a HC in September 2016. The March 2017 AAP expected a PAR, to inform decisions on the full business case (FBC) for UC, in September 2017. The FBC was, however, delayed and is not expected until March 2018. The HC of very limited scope was conducted instead.

---

133 IPA, UC Project Assessment Review, June 2013, p8
134 IPA, UC Project Assessment Review, February 2014, p4
135 In the event, it was 29 Jobcentres.
136 IPA, UC Assurance of Action Plan, March 2017, p2
137 IPA, UC Assurance of Action Plan, March 2017, p4
138 IPA, UC Health Check, September 2017, p4
139 IPA, UC Project Assessment Review, October 2015, p16
140 IPA, UC Assurance of Action Plan, March 2017, p18
141 IPA, UC Health Check, September 2017
44. The Government’s approach to oversight of major programmes is flexible, enabling each review to be tailored to the circumstances. This has its advantages, but it has made tracking the progress of UC more difficult. Key concerns moved in and out of scope, at the behest of the DWP programme team, and some important recommendations were not followed up in detail. We were surprised to learn the latest review, which considered the readiness of the digital service for accelerated rollout in late 2017, was explicitly excluded from considering whether previous IPA recommendations had been acted on, whether UC would achieve its business case, and whether it was delivering its policy intent. Furthermore, delays to the UC business case process mean that by the time of the next PAR, the UC programme will not have been subject to that level of IPA assurance for over two crucial years of its development. We expected UC to have been subject to more recent IPA oversight.

Business case and transparency

45. Major programmes follow a three-stage process for securing business case approval and funding from the Treasury. The first, the strategic outline business case (SOBC), was approved after some delay in September 2014. The programme had also reached this stage in 2011, before returning to square one with the reset in 2013. The second, the July 2015 outline business case (OBC), was approved in November 2015, informed by the positive October 2015 PAR. This secured funding for the programme until the end of 2017. The third stage, the full business case (FBC), has not yet been submitted. Since December 2017, the programme has been funded by the Treasury on an ad hoc basis, with the latest extension being until April 2018. The Department expects the FBC to be approved in March 2018.

46. The July 2015 OBC forecast net benefits of UC of £27.1 billion. It did not, however, incorporate substantial policy changes made to UC in the November 2015 Spending Review and Autumn Statement. By the time it was approved, it was out of date. Since then improvements have been made to the design of UC, including at successive Budgets, and the programme has been further delayed.

47. The business case includes gains to society of £12 billion from increased employment and £16 billion from redistribution (as people on lower incomes value a given increase in income more than those on higher incomes). Both those figures are highly sensitive to small changes in underlying assumptions. The DWP’s latest employment impact research, published in September 2017, showed that, compared to a control group of comparable Jobseeker’s Allowance (JSA) claimants, people on UC were four percentage points more likely to have been in work at some point within the first six months of making their claim. That compared with eight percentage points in the Department’s

142 NAO, Universal Credit: progress update, HC (2014–15) 786, November 2014, para 7
143 NAO, Universal Credit: early progress, HC (2013–14) 621, September 2013, p40
144 Letter from Neil Couling to Meg Hillier, 18 October 2017
145 PAC, Nineteenth Report of Session 2015–16, Universal Credit: progress update, HC 601, para 1
146 Letter from Neil Couling to Meg Hillier, 18 October 2017. Flexibilities were also introduced for adjustments to UC to be made by devolved administrations in Scotland and Northern Ireland.
147 IPA, UC Health Check, September 2016, para 5.4.1. This works the other way around too - a given loss of income is felt more keenly by people on lower incomes.
149 DWP ad hoc research report no. 53, Universal Credit Employment Impact Analysis, September 2017 (based on claims made between July 2014 and April 2015).
previous analysis, published in December 2015. The those analyses, however, only covered single, unemployed claimants without dependent children. It quite possible that the employment impact of UC for people with more complex circumstances, who may face greater barriers to work, will be different. The then Secretary of State told us in November 2017 that the DWP “remain committed to producing robust comparative analysis of the employment impacts of Universal Credit” for couples and families. Neil Couling told us that it was “entirely possible” this would be available in early 2018. In the meantime, the employment component of the business case remains highly uncertain. The NAO cautioned that “this uncertainty is magnified” because the distributional benefits of UC are closely correlated to its employment benefits.

48. The DWP has consistently been unable or unwilling to share statistics with us regarding the functioning of UC. Similar concerns were evident in the IPA reviews. In his sole comments on the September 2017 HC, Neil Couling quoted the Living Bible: “If you wait for perfect conditions, you will never get anything done”. Mr Couling told the Chair of the PAC that UC “still represents a value for money programme” and that, in any revision of the business case, its net present value “will remain substantially positive”. In scrutinising the UC programme from the outside there is, however, a danger we are being asked to take too much on faith.

49. In the eighth year of the programme, a full business case for UC has yet to be submitted. There is a need for robust statistical analysis to show whether the improved employment outcomes revealed in previous impact studies have been maintained for more complex claimant types. The effects of a slower rollout timetable and delays to automation on projected efficiency savings are also far from clear. Public, parliamentary and governmental scrutiny of this major reform would be better served by a more transparent approach by the Department. Given its confidence that the programme is on track, the DWP would also benefit from greater openness.

Future of Universal Credit

50. The UC policy changes announced in the November 2017 Budget were major improvements which we hope will make a big difference to the lives of many claimants. UC is still far from perfect and we will continue to consider how policy can be best improved. The IPA reports provide insight into the interaction of policy objectives with the challenges of running a huge change programme. While the UC programme has come a long way since it was reset in 2013, some of its biggest challenges—such as delivering an automated online service on a national scale—are still to come. Examining those concerns will form an important part of our ongoing work.

---

150 DWP ad hoc research report no. 28, Estimating the Early Labour Market Impacts of Universal Credit: updated analysis, December 2015 (based on claims made between July 2013 and September 2014).
151 Letter from David Gauke to Frank Field, 13 November 2017
152 Oral evidence on Universal Credit rollout, Wednesday 18 October 2017, HC 336, Q163
153 NAO, Universal Credit: progress update, HC (2014–15) 786, November 2014, para 1.18
154 See, for example, Work and Pensions Committee news story, 18 October 2018
155 For example, the February 2014 PAR was “surprised” by a labour market performance measures and a lack of statistical evidence on the effects of UC. See IPA, UC Project Assessment Review, February 2014, p14–15.
156 Ecclesiastes 11:4. IPA, UC Health Check, September 2017, p7
157 Letter from Neil Couling to Meg Hillier, 18 October 2017
Conclusions and recommendations

Introduction

1. The Government has complied with the instruction from the House of Commons. (Paragraph 2)

2. There is a statutory procedure for determining whether the PARs should be published. We consider it proper that the Tribunal makes that decision. (Paragraph 6)

The progress of the UC programme

3. By 2013, the UC programme was on the brink of complete failure. It is to the Department’s credit that it has brought it back from that brink. The programme is now run more professionally and efficiently with a collective sense of purpose. Rolling out the live service nationally and developing a digital service in-house are substantial achievements. UC continues, however, to face major challenges. (Paragraph 26)

Recurring themes in the reviews

4. The IPA’s call for the “industrialisation” of UC for complex cases and vulnerable customers is an unfortunate choice of phrase. In those stark terms, however, it epitomises the challenges facing the UC programme. To make its promised efficiency gains, it must become a far more automated system. Key areas such as identity verification, however, are currently manual processes for a large proportion of claimants. Delays to the rollout and automation of the digital service reduce projected efficiency savings. In seeking to maximise savings, however, the Department must monitor closely any potential adverse effects on claimants and factor those into its decision making. (Paragraph 33)

5. The IPA has been consistently critical of the Department’s failure to set clear criteria for proceeding to the next stage of the UC rollout. Setting clear performance standards in advance is the best way of ensuring decisions are made objectively. The publication of these would both benefit scrutiny and make it far easier for the Department to explain its decisions. (Paragraph 35)

6. Local authorities are key delivery partners for UC. The programme would have benefitted, and would continue to benefit, from better engagement with them and other landlords, including housing associations. (Paragraph 38)

7. UC is a valuable case study of the challenges in achieving transformational change in government which should be examined by ministers and civil servants planning major projects. (Paragraph 40)

Oversight

8. The Government’s approach to oversight of major programmes is flexible, enabling each review to be tailored to the circumstances. This has its advantages, but it
has made tracking the progress of UC more difficult. Key concerns moved in and out of scope, at the behest of the DWP programme team, and some important recommendations were not followed up in detail. We were surprised to learn the latest review, which considered the readiness of the digital service for accelerated rollout in late 2017, was explicitly excluded from considering whether previous IPA recommendations had been acted on, whether UC would achieve its business case, and whether it was delivering its policy intent. Furthermore, delays to the UC business case process mean that by the time of the next PAR, the UC programme will not have been subject to that level of IPA assurance for over two crucial years of its development. We expected UC to have been subject to more recent IPA oversight. (Paragraph 44)

9. In the eighth year of the programme, a full business case for UC has yet to be submitted. There is a need for robust statistical analysis to show whether the improved employment outcomes revealed in previous impact studies have been maintained for more complex claimant types. The effects of a slower rollout timetable and delays to automation on projected efficiency savings are also far from clear. Public, parliamentary and governmental scrutiny of this major reform would be better served by a more transparent approach by the Department. Given its confidence that the programme is on track, the DWP would also benefit from greater openness. (Paragraph 49)

10. The UC policy changes announced in the November 2017 Budget were major improvements which we hope will make a big difference to the lives of many claimants. UC is still far from perfect and we will continue to consider how policy can be best improved. The IPA reports provide insight into the interaction of policy objectives with the challenges of running a huge change programme. While the UC programme has come a long way since it was reset in 2013, some of its biggest challenges—such as delivering an automated online service on a national scale—are still to come. Examining those concerns will form an important part of our ongoing work. (Paragraph 50)
Formal minutes

Wednesday 24 January 2018

Members present:

Rt Hon Frank Field, in the Chair

Heidi Allen        Ruth George
Andrew Bowie       Steve McCabe
Alex Burghart      Chris Stephens
Emma Dent Coad

Draft report (*Universal Credit Project Assessment Reviews*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 50 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 30 January at 9.15am]
List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee’s website. The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

### Session 2017–19

<table>
<thead>
<tr>
<th>Report Type</th>
<th>Title</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Report</td>
<td>Universal Credit: the six week wait</td>
<td>HC 336</td>
</tr>
<tr>
<td>Second Report</td>
<td>A framework for modern employment</td>
<td>HC 352</td>
</tr>
<tr>
<td>Third Report</td>
<td>Protecting pensions against scams: priorities for the Financial Guidance and Claims Bill</td>
<td>HC 404</td>
</tr>
<tr>
<td>Second Special Report</td>
<td>Self-employment and the gig economy: Government Response to the Committee’s Thirteenth Report of Session 2016–17</td>
<td>HC 644</td>
</tr>
<tr>
<td>Third Special Report</td>
<td>Disability employment gap: Government Response to the Committee’s Seventh Report of Session 2016–17</td>
<td>HC 652</td>
</tr>
<tr>
<td>Fourth Special Report</td>
<td>Victims of modern slavery: Government Response to the Committee’s Twelfth Report of Session 2016–17</td>
<td>HC 672</td>
</tr>
</tbody>
</table>