Cabinet Office

Major Projects Authority
Project Assessment Review (PAR)

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Programme or project:	Universal Credit
Organisation:	DWP
Senior Responsible Owner (SRO)	Howard Shiplee
Programme/Project Director	Ann Harris
Business Case stage reached:	Strategic Outline Business Case (SOBC)
Decision/approval point this report informs:	MPRG Panel
Review dates:	10-14 February, 17 February, 21 February, 24-25 February and 3 March 2014
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Previous review:	PAR 10th June 2013

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About this Report

This report is a snapshot review of a programme or project, reflecting the conclusions of an independent Assurance Review Team. It is based on information from project documents reviewed and from interviews carried out within a short timeframe (normally over 3 to 5 days) and is delivered to the Senior Responsible Owner for the programme or project at the conclusion of the review.

This Project Assessment Review was arranged and managed by:

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More information about the Major Projects Authority, and guidance for central government bodies on the requirements for integrated assurance and approvals from April 2011, is available from:
http://www.cabinetoffice.gov.uk/content/major-projects-authority

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1. Executive Summary

Delivery Confidence Assessment (DCA)

The delivery confidence of the programme/project at this point is: Amber Red.

Areas of concern

We recognise that until the announcement of the November Ministerial Oversight Group decision on 5 December 2013, the Programme did not have a formal post reset mandate, and that there was effectively a hiatus in programme planning between June and November.

This has had a knock-on effect to the timing of delivery, both for Live Service and particularly Digital, given the challenges being faced to transition from GDS expertise to DWP digital capability.

We have not found a single coherent integrated plan or a clear Target Operating Model.

There is little progress on the latter stages of the plan covering the areas of migration and transition.

Key decisions around core architecture and re-use have not been made.

There are governance issues around assurance of progress on digital, although all agreed that this should be the optimum solution.

Strong leadership is required and there is considerable work to do to improve morale.

The Digital End State development has developed a plausible plan for the '100', but there is still considerable work to be done, even to prove viability and affordability of the new approach.

Live Service has rolled out to the Pathfinder offices, but has not yet addressed serious issues raised in previous reviews.

There is no programme contingency plan should Digital End State fail to deliver.

Areas that are working well

The Review Team has seen evidence of improvement in the state of the Programme since the last PAR.

The Review Team found universal support for the UC policy, from the senior leadership, through the team and at the front line. Anecdotal evidence from claimants was also enthusiastic.

The Review Team found universal recognition across the leadership and the team that UC was now seen as a Transformation Programme and not an IT Programme. This appears to have fundamentally changed the way the work is being approached and to have led to far greater integration within the team and with the wider DWP (no more 'Fortress UC') and stakeholders.

Challenges around capability and capacity are being addressed.

There is active re-engagement with HMRC and LAs as critical partners.

The Digital team have developed a plausible plan for the '100'.

The Claimant Commitment has been rolled out nationally, and 20,000 advisors retrained.

A multi-disciplinary team (DWP and GDS) designed and built a proof of concept between June and October.

Additional comments from the SRO

Universal Credit is a very large, complex programme. The Review Team conducted a significant number of interviews and reviewed huge volumes of documentation to the best of their ability but the time allowed for the review was too short. To do this justice, a two week review would have been more appropriate.

In light of this, I am of the view that some of the documentation inevitably was not able to be scrutinised as thoroughly as it might have been and that may have had an impact on the review team's perception of some aspects of the programme's work. The Target Operating Model is a good example – while the TOM is not yet complete, there has been substantial progress made in defining the layers of the model and the high level descriptions of the interim operating models yet the review team felt that this was not visible to them.

The delivery confidence assessment and recommendations are within the overall expectations of this programme particularly since we are still at a level of immaturity in our detailed planning because it is not yet 8 weeks since the programme plan was approved.

Ann Harris, UC Programme Director (agreed with Howard Shiplee, UC SRO)

2. Scope of the Review

Universal Credit PAR (February 2014) – Terms of Reference

Purpose

1. The Project Assessment Review (PAR) will review the Universal Credit Programme post reset following agreement by the Ministerial Oversight Group (MOG) to the high-level plan in November 2013. The findings from this PAR, along with the conclusions of the Major Projects Review Group (MPRG), will inform advice to the Chief Secretary and Secretary of State, culminating in a Treasury Approval Point (TAP) in March.

2. This TAP will consider the new Strategic Outline Business Case (SOBC), including clarity of strategic intent, the delivery options and integrated proposition to learn from UC live running to deliver the digital end-state service, including consideration of the transition, migration and test and learn strategies. This will inform decisions on contracting for expansion to families and the preferred rollout timetable.

Scope

3. Evaluation of the test and learn approach, including the justification for limited expansion of scope and controlled volumes to inform design, build and delivery of the final Target Operating Model and End State (digital online) Service:

   i. Is there an effective approach to evaluation and learning from limited expansion (couples/families) and extension (Northwest of England)?

      - Assessment of progress in 'stabilising' the Live Service, particularly the ICT build and operational changes required to support the preferred rollout timetable, and how expenditure and claimant volumes are being kept to the minimum necessary to generate the required learning.

      - Does the proposed evaluation of the test and learn approach enable a disaggregation of the overall policy to understand the impacts of different elements of UC (claimant commitment, conditionality, etc) on labour market outcomes?

      - How will the Live Service inform the development of the End State Service and is there a clear migration path from the Live Service to the End State Service, supported by analysis of the limits to expansion of the Live Service (e.g. technology, operational or claimant volume tipping points)?

   ii. Commentary on DWP's ability to manage interim operating models to deliver the End State Service:

      - Assessment of the End State Service progress, including planning, costs for delivering the digital build, and the commercial approach .

      - Is there a clear deliverable description and understanding of the End State Service with labour market design at the centre, including business transformation requirements, and evidence of how changes to interim operating models will be managed and when contingency arrangements might be implemented?

      - Is there a plan to ensure the right level of capability and capacity to deliver the MOG-agreed plan from live service enhancement to end state service? Particularly, are appropriate actions being

taken to ensure capability and capacity is in place to support digital delivery, IT architecture and supplier management?

- Are labour market outcomes integrated in the design and build approach, e.g. more people entering, remaining or progressing in employment; increasing earnings?

4. Assessment of the Programme SOC, including cost/benefit analysis of the preferred high level MOG agreed plan and wider assessment of other delivery options, and achievement of the economic benefits:

i. Assessment of Value for Money and Affordability

- Given the agreement of the Ministerial Oversight Group, does the Strategic Outline Business Case set out comparison of the delivery options and understanding of the associated impacts/trade-offs?

- Has the migration approach as agreed by MOG been adequately considered to indicate whether it is affordable and deliverable, with plans in place to build assurance over time; and what contingency arrangements are in place if costs (AME in particular) increase?

- Is there evidence that the programme is flexible and responsive to policy changes that might arise?

- Is there an acceptable approach to validating outcomes in a realistic, timely manner, with rolling evaluation and monitoring plans to ensure the policy is delivering the labour market outcomes and other CSFs?

5. Review of the deliverability of the programme, with a particular focus on the next phase (April to November 2014) and if there is adequate planning across all phases of the programme to provide confidence that the 2017 date for delivery is achievable:

i. Commentary on Governance, Capability and Decision Making

- What is the programme team's approach to ensuring holistic management of the end to end Programme, and are there clear accountabilities in the team to provide sufficient challenge and early warning of risks?

- Is there effective governance and are there clear accountabilities within the leadership team to provide sufficient challenge and early warning of risks, supported by quality MI?

- Are appropriate actions being taken to ensure critical capability and capacity in place including leadership, digital delivery, IT architecture and supplier management?

- Is there adequate financial management to control expenditure, with a particular focus on effective supplier management, covering IT, commercial, contract management and contract finance?

ii. Assessment of UC Planning

- Post reset is there a clear, agreed, high-level, end to end programme plan setting out how this programme will be delivered, including mapping of key dependencies?

- Are the immediate programme team and other DWP business areas signed up to, and committed to delivery and are there clear agreed contingency arrangements, supported by robust risk and issue management?

iii. Review of Stakeholder Engagement

- Are key stakeholders, including HMRC (both Benefits and Credits and Real Time Information) and Local Authorities, appropriately engaged and signed up to delivering the MOG agreed, high-level plan?

- Are the dependencies of interdependent programmes, including the Fraud Error and Debt Programme and UC Security Design and Delivery properly defined and being managed?

Timing

6. The PAR will take place 10th–14th February. There will be an additional activity to review the Digital Delivery Plan on 25/26th February (plan not available until 24th February). The PAR team will review this (and if necessary conduct additional interviews) to provide an addendum to the PAR report covering this assessment. The PAR will inform a meeting of the MPRG on the 12th March.

Delivery Confidence Assessment

7. Since the Digital Delivery Plan will not be available during the PAR, the PAR report will not contain a Delivery Confidence Assessment. This and the associated narrative will be completed after the PAR team review the Digital Delivery Plan.

Review Approach

8. The first day of the PAR will include a workshop with the UC team, with the review divided into five key work strands:

   i. Document review of the information requested by the Review Team (including the Programme Business Case);

   ii. Interviews with key officials/ministers, scheduled in advance – although additional interviews may be required;

   iii. Visit to the Hammersmith JCP to understand how the practicalities and challenges of delivering the Live Service;

   iv. Time spent with the Victoria Street team to assess progress with delivering the End State Service; and,

   v. Review of the End State plan within the integrated UC delivery plan (February 24th 2014).

3. Summary of Recommendations

Ref	Recommendation	Report Section/s (where more detail can be found)	Criticality Urgent/High/Medium/Low
01	Develop one integrated plan, including migration and transition alongside the agile development.	6.3	Urgent
02	Finalise and communicate the Target Operating Model.	6.3	Urgent
03	UC should mitigate the operational risk and ensure value is secured from the Live Service rollout. The Review Team urge the Department to consider seriously the extent and expansion of rollout required to test the policy intent through *test & learn* and inform the digital end state in a vfm way, within the scope agreed by MOG.	6.3	Urgent
04	Establish baseline metrics and Management Information outflows.	6.4	Urgent
05	Re-engage with the Behavioural Insight Team, across Live Service and Digital.	6.4	Medium
06	The baseline and metrics for Labour market improvement are set.	6.4	High
07	For Digital development to continue to plan, the re-use issue needs timely resolution.	6.5	High
08	Set a go/no go review point, by the Programme Board, after the end of the 4th sprint.	6.6	High
09	Set an independent, external review point before deployment of the 100 and each successive phase.	6.6	High
10	Define more detailed, measurable success criteria for each phase.	6.6	Urgent
11	Develop, document and agree with Programme Board a programme level contingency plan should the agile development fail.	6.6	High
12	Recruit a full time leader for the Digital End State team.	6.7	High
13	That UC change their approach to HMRC and Local Authorities from stakeholder management to co-production with Delivery Partners.	6.8	High

4. Summary of the Programme or Project

Background and context

Following several senior leadership changes in the autumn of 2012 and a Major Projects Authority (MPA) Programme Assurance Review (PAR) in January 2013 a recommendation was made for David Pitchford, then the Executive Director of the MPA, to be appointed as the Chief Executive of Universal Credit for a 13 week review of the Programme's delivery plans to establish whether the Programme remained viable – and put in place a blueprint for the end state UC service.

During early summer of 2013, the National Audit Office undertook a value for money study and published a report "Universal Credit: Early Progress" in September 2013. This was considered at a Public Accounts Committee hearing which led to a range of recommendations, published on 7th November 2013, for the UC Programme to take forward.

In response to these events, the Programme took receipt of the high level blueprint document from the 13 week review, appointed a new Senior Responsible Owner and leadership team, reviewed design and delivery options and Programme governance and presented delivery proposals to a Ministerial Oversight Group (MOG) meeting on 20th November 2013.

Subsequently, a written Ministerial Statement was laid on 5th December, announcing a new delivery approach which focuses on mitigating risk to the delivery of an end state online digital service by adopting a *test and learn* approach to progressing rollout of UC in a safe and secure way. In summary:

- As part of the wider transformation in the development of digital services, DWP will develop the work started by the Government Digital Services (GDS) to test and implement an enhanced online digital UC service, capable of delivering the full scope of UC and making provision for all claimant types;

- Meanwhile, DWP will expand current live services and develop functionality so that from summer 2014 the Department progressively starts to take claims for UC from couples and, in the autumn, from families. Once safely tested in the ten UC pathfinder areas, DWP will expand geographical coverage to more of the North West of England. This incremental approach is designed to drive continuous improvement of the live service built on experience and evidence, test the policy impact and leverage feedback. This will inform the design and build as DWP refines UC and elaborates interim operating models towards the end state digital UC service.

On this basis the Chief Secretary to the Treasury approved funding, subject to conditions, to November 2014, for the next stage of the Programme, and now reflected in the Programme's plans for delivery and new Strategic Outline Business Case – which this PAR has assessed ahead of the HM Treasury Approval (TAP) point in March/April 2014.

Aims and objectives

The objectives of Universal Credit are to:

- increase labour market participation, reduce worklessness and increase in-work progression;

- support people moving into work by aligning their experience of UC to the world of work;

- modernise the delivery of welfare benefits by providing an easy to use, simple service;

- reduce fraud and error, improve administrative efficiency and provide value for money to the taxpayer; and

- provide an effective safety net that recognises the needs of claimants, reduces poverty and ensures fairness.

The overall Economic Case for Universal Credit is significant - £26.7bn (£34.7bn undiscounted) set against overall one-off investment costs of c£1.9bn.

Key Milestones

What	When
Expand live service to three more sites, taking UC to ten sites	April 2014
Start claims from couples	June 2014
Start claims from families with children	September 2014
Expand in more of the North West of England	From July 2014
100 test: learning about the core	October/November 2014
End State Service 1,000 test: proving integration	Spring 2015
End State Service 10,000 test: proving security and scalability	Q4 2015
All new claims in GB to be for UC	2016
Remainder of claimants moved onto UC	2016-17
Remaining ESA claimants move to UC	After 2017

4. Financial Data

Whole life cost of full programme: £18.078bn
(NB: Based on preferred option, See Notes at end)

Start Date: Oct 2010   **End Date:** March 2024

Overall budget profile:

	Total	Pre 2011/12	11/12	12/13	13/14	14/15	Post 2015
R DEL	£1,332m	£3m	£46m	£174m	£142m	£667m	£300m
C DEL	£317m	£-	£56m	£138m	£13m	£110	£-

See Notes at end

Project costs approved/to be approved in the Business Case:

	Total	Pre 2011/12	11/12	12/13	13/14	14/15	Post 2015
R DEL	£2,848m	£3m	£46m	£174m	£155m	£366m	£2,103m
C DEL	£284m	£-	£56m	£138m	£9m	£58m	£22m

See Notes at end

Procurement Action

UC currently is not undertaking any large scale OJEU procurement. Currently they are using existing DWP frameworks, other government frameworks and/or using G Cloud/Digital Services Frameworks to provide services/support as appropriate.

Contractual commitments already in place with suppliers:

See attached Table

Termination options, risk and cost of termination, other risks impacting settlement

See attached Table

Planned future contractual commitments

See attached Table

5. Detailed Review Team Findings

6.1 Introduction

The Review Team has seen evidence of improvement in the state of the Programme since the last PAR.

The Review Team found universal support for the UC policy, from the senior leadership, through the team and at the front line. Anecdotal evidence from claimants was also positive.

The Review Team found universal recognition across the leadership and the team that UC was now seen as a Transformation Programme and not an IT Programme. This appears to have fundamentally changed the way the work is being approached and to have led to far greater integration within the team and with the wider DWP and stakeholders.

The period following the February 2013 PAR, and continuing until 5 December 2013, was clearly very challenging for all concerned. There is evidence of poor behaviours and morale, and progress suffered. We recognise that until the announcement of the November Ministerial Oversight Group decision on 5 December 2013, the Programme did not have a formal post-reset mandate, and that there was effectively a hiatus in programme planning after the construction of the reset Blueprint, between June and November. The Programme did however make progress with the implementation of the claimant commitment nationally, rolling out new digital technology in Jobcentres and designing and building the digital proof of concept. This has had a knock-on effect to the timing of delivery, both for Live Service and particularly Digital, given the challenges being faced to transition from GDS expertise to DWP digital capability.

We recognise that, formally, the Programme is back at SOBC stage.

The Review Team has focused on the period following 5 December 2013.

In summary,

- The Digital End State development has developed a plausible plan is in place for the '100', but there is still considerable work to be done, even to prove viability and affordability of the new approach.

- Live Service has rolled out to the Pathfinder offices, but has not yet addressed serious issues raised in previous reviews. While this is not intended to be other than a Pathfinder, the Review Team notes that the current system is unsuitable and unscaleable for further rollout beyond the scope of the MOG agreement.

- There is no agreed contingency plan should Digital End State fail to deliver.

6.2 Planning for Transformation

The Review Team did not see a single, coherent, holistic plan across the UC Programme. We saw numerous sub-plans, and a selection of high level Gantt charts. We recognise that considerable work is underway and that a single overall plan is being developed. We recognise that some inputs, such as the HMRC plan, will not be available for a few weeks. However, at the time of the Review, a single plan was not available. It was therefore difficult to take a judgement on the deliverability of the overall Programme.

We did not see an end to end Target Operating Model (TOM) or any completed Interim Operating Models (IOMs). We saw a theoretical '11 layers' model for the design of the TOM. We could not garner a clear vision of the TOM from interviewees. This 'story' needs to be clearly and compellingly articulated.

We saw no detail on migration plans. Even the timing and scale of migration was unclear, with the Live Service running for between 1 and 4 years and covering 30,000 - 200,000 people. It was not clear how many people would be included in a rollout to the North West.

We saw no detail on transition plans. There was some dissonance on tasks to be transferred between HMRC and UC which needs to be resolved.

Recommendation 1: UC to develop one integrated plan, including migration and transition alongside the agile development.

Recommendation 2: UC to finalise and communicate the Target Operating Model.

6.3 Live Service

Current Live Service

The first Pathfinder went live with UC in April 2013 and there are 9 sites operating the Live Service. Detailed planning and preparations for the implementation of a further site is underway and is on schedule to go live on 7 April 2014, bringing the total number of sites operating the Live Service to 10. The current live operation facilitates the processing of single, simple claimants new to UC. From the point of view of the new claimant, they are able to file an initial claim on the GOV.UK portal. Although the initial interaction for the claimant is both limited and one-way (only gathering data), the early indicators from customer feedback suggest that the policy has been well received. The system currently manages around 5,000 live claims, although around 8,000 have passed through.

Having rolled-out to 9 sites, the Review Team is confident in the DWP's ability to roll out to additional locations. However, the Review Team saw that the implementation of the system is resource heavy; we saw indications that 1.7 times as many agents are required. We also heard anecdotal evidence that coaches are dealing with 1/3 the number of claimants, compared to JSA, although we accept that the UC policy has designed a greater level of interaction between coach and claimant. Within Jobcentres, informal feedback from agents has been quite positive, although use of the system is effectively limited to additional data capture.

However, the 'heavy lifting' happens in the Service Centres that are processing the claims. They have had to institute many workarounds (e.g. paper desk aids, custom Excel and Word templates), and informal clerical MI captures to overcome extensive system gaps and limitations. This impacts both customer experience, service delivery quality and audit trails/ overall auditability.

So far, only minor bug fixes have been made to address some processing errors, identified through 100% pre-payment check. Further funding has been secured to address some of the fundamental gaps in the cohesiveness of the application. However, while this is not intended to be other than a Pathfinder, the Review Team notes that the current system is unsuitable and unscaleable for further rollout beyond the scope of the MOG agreement.

Future Live Service

The next step in enhancement to the Live Service is to incorporate couples by the summer of 2014. This is already at an advanced stage of both development and planning, although further clarity around the basic understanding of what constitutes a couple (and how that might be verified) was not clear at the time our review was conducted. We have subsequently been told that additional work has been done to clarify this issue.

The existing service for single claimants is now planned to grow into more of the North West at the same time as the couples functionality is tested in a smaller subset of sites before that, too, is subsequently rolled out into more of the region (followed later in the year by the families functionality).The number of sites to be included by the end of this stage has been reduced from the original MOG proposition of all 91 Jobcentres to 68. The Review Team welcome a more measured approach to expansion and urge UC to consider seriously how this will inform the digital end state in a vfm way.

The purpose of rollout to further sites and claimant groups is both to test the policy impact of UC and to inform development of the Digital solution. The introduction of couples and families will grow the caseload of UC claimants and will add complexity – this represents a significant delivery challenge. The timetabling of rollout of new cohorts, particularly families, is not aligned with the development of the

digital solution. As such, the Review Team questions whether enough is being done to mitigate the operational risk and ensure value is secured from the further rollout.

Recommendation 3: UC should mitigate the operational risk and ensure value is secured from the Live Service rollout. The Review Team urge the Department to consider seriously the extent and expansion of rollout required to test the policy intent through *test & learn* and to inform the digital end state in a vfm way, within the scope agreed by MOG.

6.4 Maximising the learnings from the Live Service

Operational Improvement

There is a requirement to provide timely, business-led operational information, including data feeding into improvements of the Live Service design, in order to ascertain value for money for the investment in operational continuous improvements.

Although the Live Service has been running since April 2013, the management information available is thin and poorly designed. In particular, it is hard to see evidence of service improvements, either over time, or per claim/agent etc. Although agent anecdote in Jobcentres is that the system is better for them and for claimants, we had difficulty in gleaning statistical evidence from the measures that we saw. Job Centre and Service Centre employees are compiling their own MI in the absence of information being logged or supplied by the system. Even basic call performance logging is being manually recorded.

The Review Team considers that metrics should have been available from Day 1 of Live running. This would have strengthened the financial controls and planning for UC. We saw no baselines, no targets and no trajectories. We understand that work is being done to baseline cost per claim and to track a decreasing trajectory, but this was not available at the time of the review.

We note that the establishment of a reporting capability and associated Programme Management Information strategy is an outstanding internal audit priority 1 recommendation since September 2012 and is required by Treasury to release further funding.

Recommendation 4: Establish baseline metrics and Management Information outflows.

Demonstrate response to policy and inform End State development – Test & Learn

Test & Learn from the Live Service is designed around the necessity for large scale, randomised controlled studies of claimant responses to different aspects of the policy. The Review Team were told that each cohort requires a minimum sample of 10,000 people to be statistically significant and to satisfy the Office for Budget Responsibility (OBR).

There are many policy issues/intent yet to be tested or resolved. In particular, more work is required to understand the most effective levers, including the sanctions regime, to achieve policy intent.

We have seen the early plans for structured learning, although this is not yet fully in place. We have also seen some evidence of informal networks resulting in feedback loops between the Live Service and Digital.

Further, the Review Team has seen the 'Hard List', and some evidence of prompt resolution of issues with Ministers in Digital development.

The Review Team found some dissonance on how useful learnings from the Live Service would be to the Digital solution, given the profoundly different approaches and the misalignment of timing of the Live cohort launches (particularly, families).

There is a growing understanding, and appreciation, of 'nudge' theory within the Programme, currently focused on the 'end state' development, but with far wider possibilities. Ultimately the success of UC will be driven by getting people back into work and making work pay. Nudge techniques can have a

fundamental influence on behaviours both with the digital service but also with current paper and face to face channels.

Recommendation 5: Re-engage with the Behavioural Insight Team, across Live Service and Digital.

The Review Team was surprised to find that Labour Market Performance measures are still be finalised for both the short and long term.

Recommendation 6: The baseline and metrics for Labour market improvement are set.

6.5 Overall UC Architecture and re-use

A high level technical architecture is in development by DWP IT for UC. Further, there has been considerable discussion over the past few months over what could be re-used for Digital.

The extent to which the current Live Service IT can be re-used is not concluded and needs to be resolved to inform further progress on the Digital End State. This issue should be resolved; either with decisions being made to set a framework for the digital development, or agreeing to delay/keep areas open. Analysis undertaken by PWC suggested that a significant percentage of the software could be reused and this has been further explored by DWP IT and the Cabinet Office. We saw/heard estimates of the possibility for re-use ranging from 0-80%. The Department and UC need to work through a clear process of conscious decision-making that is not dominated by dogma, and focuses on suitability for purpose for the end state.

Recommendation 7: for Digital development to continue to plan, the re-use issue needs timely resolution.

6.6 Digital End State

The Review Team has seen the plan for the development of the digital 'end state' solution (24 February 2014). Considerable work has been done to scope the end state solution for the '100' and to identify the resources required and to understand integration requirements with dependent external and legacy systems, infrastructure and security. Work builds on the proof of concept, however a substantial proportion of the team developing the 'end state' work is new.

Nevertheless, detailed planning and stabilisation of assumptions still needs to be done, and a more solid picture will only emerge after the first 4 agile sprints have been completed (early June). At that point, velocity and integration decisions should be better understood, and a view on deliverability of the current plan can be more confidently made.

Recommendation 8: Set a go/no go review point, by the Programme Board, after the end of the 4th sprint.

Recommendation 9: Set an independent, external review point before deployment of the 100 and each successive phase.

Recommendation 10: Define more detailed, measurable success criteria for each phase.

There are major risks that need to be addressed:

- IDA – We understand that the GDS IDA Programme will not be available for the '100', and a date at which it will be available remains unclear. We understand that the current plan is for the team to develop an interim solution.

- Resourcing remains critical, although we note substantial focus on this issue. It appears that the full team will not be in place before April.

- Claimant journey audit / management information needs to be built in to the software from the beginning, rather than bolted-on clerically (as in current Live Service).

- Lack of clarity around the build/re-use of existing components from Live Service. Whilst this will not affect the '100' rollout, it must be addressed in time for the '1000' development.

- Some critical infrastructure decisions must be made by May 2014 in order to meet the long lead times to be in place for the phased launches.

- Integration with a strategic cloud-based architecture is an area in which DWP has little experience.

- Integration with dependent systems may require significant resource.

- Affordability of the digital solution, long term, remains to be codified or proven. UC assume that it will design to live within its business case allocation. It is not yet clear whether this will deliver value for money

While there is contingency built into the development of the '100' and the '1000', there is no overall programme contingency should the agile development fail.

Recommendation 11: develop, document and agree with Programme Board a programme level contingency plan should the agile development fail.

6.7 Governance

Governance structures

The Programme has made significant progress towards the development and implementation of strengthened and streamlined governance and assurance arrangements. Those interviewed felt that the newly constituted Programme Board was effective and moving from strength to strength under the leadership of the non-executive Chair. Membership was felt to be appropriate and of sufficient seniority to support constructive challenge and debate and to inform effective decision making and progress monitoring. However, there were concerns about the lack of management information to inform Board members. This is discussed in Section 6.4 above.

The creation of the three new Design Authorities (Technical, Business, and Security) was welcomed in order to address the growing volume of detailed decisions that need to be taken. This was seen as addressing an issue, previously noted, of decisions being pushed too far up the chain, and hence too much reliance on the Executive Team. However these bodies are new and have not been tested in practice.

The Programme has a well-established position in the wider DWP and cross-government governance and decision making framework, with direct accountabilities to the DWP Portfolio Management Committee and Portfolio Board. The Programme is also accountable, via the DWP Accounting Officer, to the Ministerial Oversight Group and Ministerial Change Delivery Committee. The DWP Executive Team is also actively engaged with and fully supportive of the Programme and is clearly committed to supporting and enabling delivery. Revised Terms of Reference for the Programme Board demand far greater input from ET functional areas.

Programme Leadership

SRO: The Programme has had to cope with multiple SROs, and thus a lack of consistent leadership. The current SRO has been on sick leave for two and a half months, across a critical period, and the Programme has, in our view, suffered from the absence of leadership, although the Executive Team has stepped up to fill this gap. We note that the current SRO has a fixed term contract ending in March 2015: the programme will therefore undergo another leadership transition.

Programme Director: retirement planned for 2014. This is a critical role. The Review Team congratulate the Programme Director for the way in which she has stepped up in the absence of the SRO. However, we consider that, not surprisingly, this dual burden has been unreasonable.

The DWP Head of Security has also been acting as interim head of the Digital End State. Given the criticality of both these roles, this situation should be resolved.

Recommendation 12: Recruit a full time leader for the Digital End State team.

6.8 Stakeholders

The Review Team recognise the challenges in keeping stakeholder relationships active over the planning hiatus, while decisions were being made. Since that date, we have seen evidence of re-engagement, and this has been well received. It is evident that the Programme has worked hard to build and maintain stakeholder relationships which were understandably fractured during and after the reset period when the ability to share information was constrained. Partners were positive about the relationships and progress.

There are still some major policy and system design issues to address, and the reset and re-planning period has compressed the timetable for resolution and implementation.

For HMRC, critical issues include the transfer of debt, the closing of tax credits for the North West, the possible total transfer of tax credits and the responsibility for employer relationships. The HMRC elements of the plans will not be included fully until end March 2014. It is recognised that the plans for migration activity in April 2016 and April 2017 do not need to be fully concluded at this point. However the Review Team is concerned that the Tax Credits release in January 2015 is not yet well defined.

There are some complex design issues around the migration from housing benefit administered by Local Authorities to housing costs administered by UC. We have seen evidence of considerable thinking around the policy implications, but little on the operational consequences. We heard evidence of a real hunger from Local Government to be involved in trialling couples and families in particular to ensure lessons are learned about the wider support model as well as the more obvious processes. The Local Support Services Framework (LSSF) is seen as a very positive development for Local Government. There is still uncertainty around funding for this initiative and it is advised that care is taken to work through the development of the LSSF.

We suggest that more work is needed to engender an effective relationship which will be critical to ensure joined-up delivery and planning arrangements.

Recommendation 13: That UC change their approach to HMRC and Local Authorities from stakeholder management to co-production with Delivery Partners.

6.9 Security

It is evident from both the interviews and the documentation that significant progress has been made in the area of Security. The work done during the Reset period has been built upon and the Programme is strengthening its team of specialists.

The focus of the work is towards the digital solution, rather than the current Live Service. The absence of a functional security architecture for the Live Service is not being addressed by this work, and the Live Service cannot be extended nationally without fundamental changes to its security arrangements.

There remain some significant challenges in the implementation of a safe and secure service and this should remain a key focus of senior management attention.

6.10 Capability and Capacity

Morale

The Review Team has seen the latest staff survey from October 2013. We recognise that this was undertaken during a very challenging time for UC. This uncovered serious concerns in several areas; notably bullying, harassment and discrimination; learning and development; performance management; and the lack of direction and plans leading to leadership issues.

The Review Team has not seen detailed plans to mitigate these concerns. We understand a further survey is due shortly which should see improved results.

Recruitment

The Programme has some 500 people working on it, having reduced from around 1,000. Largely we understand that most posts are filled. We understand that a full staffing plan is available but have not seen it.

There are however two key areas where significant recruitment is required in the short term

Security: the current complement of 20 requires doubling by March. We understand that recruitment is underway and have been assured that this is under control and on track. We understand that this group will be formally moving out of the Programme to the digital directorate from the new financial year.

Digital: the digital team are facing not only the challenge of recruiting scarce and expensive skills in a buoyant market, but the requirement to replace the GDS resource. This has destabilised the team and its work programme, with a negative effect on morale. However, the Review Team has seen evidence that posts are being filled, and that every effort is being made to support recruitment. Specifically, the Cabinet Office has relaxed controls around external recruitment of interims through the Contingent Labour One framework and will be working with UC to improve the service from Capita. Longer term, resource is being built through the DWP Digital Academy: we understand some 100 people will go through it during 2014.

The UC team recognise that it will take time to reach the optimum balance of interims and civil service staff. The Review Team note plans for a formal knowledge management process.

6.11 Assurance

Work is also underway within DWP Portfolio Management Unit to strengthen and consolidate the "second line of defence" (external to the Programme but internal to DWP) assurance arrangements in response to the findings from the NAO and subsequent PAC hearing reports. Whilst arrangements are not yet fully embedded and operational, the intent for an independent assurance and challenge is clear and welcomed by the Review Team. The Programme Board Terms of Reference are also clear in relation to the functional responsibilities of the individual Director Generals for the provision of independent assurances over the quality and completeness of work relating to their individual specialisms.

Whilst there is evidence that the necessary processes and escalation routes are being developed in some areas, for example finance, it is less clear in other areas including IT and Commercials. An Integrated Assurance and Approvals Plan has been developed and is an annex to the SOBC. This plan is clearly work in progress and will benefit from the addition of more detail relating to the "second line of defence" activity as clarity emerges. However, the Review Team did not find evidence that the assurance process has yet been tested robustly.

We heard some concerns from the assurance community that the Programme needed to make further progress, beyond planning, before it could confidently be assured.

6.12 Approvals

Responsibility for the operation of the ICT approvals process for UC has moved from Cabinet Office to HMT. In practice, the new process appears to be working well, with the turnaround time for clearance reduced to 10 days.

6.13 Commercials/Suppliers

On the Live service, UC has been working with major 'traditional' suppliers. There have been some challenges on the cost and quality of IT delivery and the effective management of suppliers as an intelligent client. The Review Team saw some evidence of improvement, specifically in the use of shorter, more tightly specified contracts and a better understanding of requirements and desired outcomes. However, UC is still constrained because of the historic Framework contracts in place. In particular, a major issue remains with IP.

In the digital arena, UC has more flexibility through the new Cabinet Office contracts.

7. Additional Information for the Major Projects Review Group (MPRG) Panel

ISSUE 1: Planning for transformation

Evidence and findings

No single integrated plan

Target Operating Model undefined and incomplete

Migration plans not developed – scale and timing unclear

Transition plans not developed

Suggested lines of enquiry for the MPRG Panel

Can UC clearly articulate its TOM? i.e. do they know their vision?

Without a single plan how can UC be confident that it can deliver?

Are risks, dependencies and assumptions clearly understood?

ISSUE 2: Value of the Live System

The Live System is currently being delivered, and expanded.

Evidence and findings

Known fundamental issues with the IT systems are not resolved.

Manual, informal processes are keeping the system going.

Resource costs will increase with expansion

No useful management information gathering.

Plans for Test and Learn being developed

Suggested lines of enquiry for the MPRG Panel

How much expansion is required to meet the test and learn objectives?

Could risk and expense be minimised by scaling back Live Service rollout plans?

How useful will learnings from the Live Service be to the Digital solution, given the profoundly different approaches and the misalignment of timing of the Live cohort launches (particularly, families).

ISSUE 3: Delivery of Digital End State

Evidence and findings

Capability and capacity challenges in the team (particularly post-GDS involvement).

Plausible plan developed for first phase, but untested.

More work needed for subsequent phases.

Target Technical Architecture and re-use not resolved.

No Plan B, should digital fail.

Suggested lines of enquiry for the MPRG Panel

When will you be confident that the Digital solution will deliver?

How will the Programme Board assure itself of progress and quality?

How will be Value For Money be demonstrated?

ANNEX A – Progress against previous review recommendations

A consolidated table of progress against previous PAR and Re Set Recommendations is available on request and has been provided to the Review Team, but due to the number of reset recommendations (just under 100) has not been included here.

ANNEX B – Conduct of the Review

The Review Team wish to thank the UC team for their support during this PAR Review. There was a very heavy interview schedule and a large amount of documentation to review. It is fortunate that the Review Team was sufficiently large to cope with this volume of work.

Programme/Project documents reviewed

The following documents were reviewed by members of the Review Team and informed the findings and recommendations in this report:

- UC Business Case
- Business Case Annexes
- Benefit Realisation Plan
- High Level Plan
- PCN
- Pulse Report
- Strategic Intent Document
- Stakeholder Review Presentation
- Assurance of Modelling to support Business Case
- Security Landscape
- UC Programme Assurance Report End of Stage Zero
- UC Financial Controls and Cost Management Programme Controls Handbook
- UC Programme Assurance Report Pathfinder
- Draft Detailed IAAP
- Commercial Strategy
- Commercial Strategy Supporting Evidence
- UC Org Chart
- Risk Register
- Issues Log
- Governance
- Stakeholder and Partner Management Strategy
- Internal Audit Reports
- TORs
- Customer Insight – work and welfare system survey
- Customer Insight – UC Phase 1 debrief
- HMRC Key Transition and Migration Principles
- UC Critical Success Factors
- Portfolio Management Committee gate presentation pack

- UC Conference evaluation
- UC Workshop Presentation
- Blueprint
- PWC Report
- Programme Assurance Three Lines of Defence
- Service Improvement Overview
- Solution Centre Summary
- UC Plan on a page
- Test and Learn - Couples
- Test and Learn - Families
- Outstanding Policy Issues
- FAM – Personal Budgeting Support
- LA Cost Based Modelling
- OCC Product Dashboard
- Heatmap
- UC Pathfinder MI
- TOM (both overview and detail (100 pages))
- IT Service Improvements Scope
- UC SLT Pack and Draft UC 14/15 Performance Measures
- UC SLT Pack and Draft UC 14/15 Performance Measures
- Recommendations Spreadsheet
- UC Programme Assurance Office Report 100 days
- Test and Learn Plan
- Test and Learn Paper
- Final Position Statement on UC Programme Financial Management
- Plan/Status update on UC Programme Financial Management
- MPRG Letters
- Programme Board Terms of Reference

- Programme Board Minutes and Dashboard
- Programme Board Papers
- MoG decision: relevant documents and underlying analysis
- Review of PMO
- Proof of Concept Outcomes x 3
- GDS Review of Proof of Concept
- MoG Report
- Staff Survey Results
- Staff Survey Analysis
- Live Service Improvement Overview
- Solution Centre Summary
- LA Cost Base Modelling
- IT Service Improvements Scope
- Communications Strategy
- UC asset impairment note for A Nelson
- UC end state - legacy interfaces
- Live Service slide
- Universal Credit End State Solution Scope, Delivery Plan and Method
- UC Live Service - Automated vs Manual Business Processes
- Claimant Commitment
- MCT Report
- Hammersmith Dashboard
- UC TOM Level
- UC TOM Process Maps
- Resourcing and Financials Pack - IBM
- Project Control Pack - Accenture
- UC Structured Learning
- DIAL Structured Learning
- DIAL FAM
- Business Benefits for MR6 & MR7
- Programme Board Expansion Criteria
- UC labour market performance measures: trialling strategy
- UC Programme Risk Register
- Dependency mapping and delivery partner management
- MOG readout - 20/11/2013
- Stephen Kelly's note to MCO
- UC End State Architecture
- Pulse Report: 28th January – 3rd February 2014
- OCC Dashboard
- Universal Credit and Digital Vacancies
- UC Digital Resourcing
- Timeline for Digital Resourcing
- MI Dashboard 14 October
- OCC Dashboard 18 November
- OCC Dashboard 9 December

- OCC Dashboard 13 January
- OCC Dashboard 3 February
- Awards buildup
- UC – ERG's Position
- UC IDM Status Report
- MCDG Final NW Plan
- UC Performance Measures for 2014/2015
- Universal Credit SLT Presentation Issued 17 January 2014
- SOM Work Breakdown Structure
- DWP Internal Audit Universal Credit: Programme Governance February 2014 Position Statement

Annex C: List of Interviewees

Name	Role/title	Organisat
Iain Duncan-Smith	Secretary of State	DWP
Lord Freud	Minister for Welfare Reform	DWP
Robert Devereux	Permanent Secretary	DWP
Lt General Andrew Graham	Departmental Audit Committee Member	DWP Non
Ann Harris	UC Programme Director	DWP
Janice Hartley	UC Live Service Development Director	DWP
Mike Baker	UC Operational Director	DWP
Karen Gosden	UC Business Transformation Director	DWP
Mark Ripley	DWP Chief Internal Auditor	DWP
Julie Pinder	HR Business Partner to the UC Programme	DWP
Sue Moore	DWP Director of Portfolio Management Unit	DWP
Stuart Proud	Deputy Director Change Finance for UC	DWP
Jeremy Moore	DWP Strategy Director General	DWP
Lawrence Roberts	UC Commercial Director	DWP
Mike Driver	DWP Finance Director	DWP
Dom Brankin	UC Programme Manager	DWP
Cath Hamp	Security Design and Delivery Director & End State Service Director	DWP
Kevin Cunnington	DWP Director General Digital Transformation	DWP
Lara Sampson	UC Product Owner	DWP
Craig Eblett	IT Director for UC Programme	DWP
Andy Nelson	DWP IT Director General & Chief Information Officer	DWP

Name	Role/title	Organisat
Tim Read	UC Delivery Manager	DWP
John Paul Marks	UC Programme Integration and Approvals	DWP
Chris Kent	Working Age and UC Analysis	DWP
Deb Boore	Business Change Transformation Champion	DWP
Beth Russell	Director of Personal Tax Welfare and Pensions.	HMT
Suzanne Newton	HMRC Director RTI Programme	HMRC
Jennifer Ashby	Deputy Director Welfare Reform	CLG
Nick Lodge	Director General Tax Credits and RTI	HMRC
Mark Cope	HMRC UC Programme	HMRC
Dr Matt James	Director of Commercial Advice	Cabinet O
Mark Lyons	Accenture Supply Manager	Accenture
Dr David Halpern	Director Behavioural Insight Team	Cabinet O
Samuel Nguyen	Behavioural Insight Team	Cabinet O
Paul Raynes	Director	Local Gov
Steven Pleasant	CEO	Tameside
Noel Shanahan	Director General, Operations	DWP
Sir Robert Walmsley	Chair of UC Programme Board	DWP Non
Howard Shiplee	Director General, Universal Credit Programme	DWP
Chris Pearson	UC Digital Assurance – Non-Executive	DWP Non

The Team also spoke to colleagues currently delivering UC from Hammersmith Jobcentre Plus and Glasgow and Bolton Service Centres.