Major Projects Authority
Programme Assurance Review (PAR)

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Organisation: DWP
Senior Responsible Owner (SRO): Terry Moran
Programme/Project Director (or equivalent): Malcolm Whitehouse
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Review Team Leader: Faith Boardman
Review Team Members/s: redacted
Departmental Review Team Member: redacted
Previous review: November 2011
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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.

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
1. Executive Summary

The Universal Credit programme (UC) has made good progress over the last 4 months in a number of important areas.

- The primary legislation is now in place (with little amendment), and preparations for the complex Regulations are well in hand (with a realistic expectation that the detail of these may be argued over rather more).

- The programme continues to benefit from strong Ministerial and official leadership; and it has much improved its overall governance, programme and risk management over the last few months consistent with a programme of this size and complexity (although - as would be expected with a programme of this size - there will continue to be a need to constantly reinforce active risk management at all levels).

- There has been a clear improvement in the programme’s understanding and engagement with Local Authorities (who are now rightly viewed as delivery partners); and the programme has also strengthened (and better systematised) its overall communication capacity and external stakeholder management function. We would encourage it to build on this base over the next few months to explore what contribution Third Sector organisations and bodies like Housing Associations may be able to make to support individual claimants through some of the transformational elements – such as Channel Shift and monthly budgeting.

- The resourcing needs of the programme have rightly been given HR priority (for example to use interims to cover some key skill needs) and its capacity has grown. Additional specialist resources have also been brought into the Fraud and Error and Cyber Security projects that are important dependencies for UC. But UC remains 37% below “complement” and this will remain a serious risk area for some months – during which it expects to recruit significantly (once the wider Departmental reduction processes have concluded) but will need to expend considerable effort on recruitment and induction.

- Relations and confidence levels around the HMRC’s Real Time Information dependency continue to be good and on track.

- Leap 3 has ended (although not yet been signed off), and overall relations with (and between) all the IT suppliers continue to be good, despite some inevitable tensions around the current negotiations to move the commercials from “time and materials” to a more “agile” basis. IBM have been appointed to the important “integration” role and this should enable a better assessment to be made over the next few months of these challenges and wider IT dependencies (for example, with corporate DWP systems).

- The programme has recently developed an Assurance process that is fit for the special requirements of an “agile approach”, and should be capable of providing assurance about the quality of the IT.

- The programme has concluded a comprehensive “Elaboration” exercise that has fleshed out – and revised – the phasing and high level plan for the first six months with the full agreement of Ministers (who remain exceptionally well-focused on the need to secure safe delivery). The overall effect is expected to reduce the impact of risks around the IT build; and to provide more flexibility and greater opportunities to use contingencies (such as staff action and work-arounds); and to manage the rate at which claimants are “migrated” to Universal Credit, should these prove necessary. The Review team feels that this overall approach is sensible, given the scale of UC and its many dependencies. It has provided the programme and the Permanent Secretary with confidence that DWP has a range of options that it can flex to ensure that UC remains within its SR10 and SR14 limits - this should be clarified during the refresh of the Business Case (for sign-off in July).
But the programme remains inherently high risk and complex, with some key elements still “behind the curve”.

- There remain serious capacity issues that cannot be met fully for several months (allowing for the induction process)
- The delivery milestones for Leaps 4 and 5 remain “challenging”, with the remaining “unused” part of the contingency that was originally built into Leap 5 now much reduced. The programme has demonstrated that it is focused on actively mitigating risk by moving beyond the position during last November’s PAR (where it was for good reasons focusing on delivering Leaps 1-5) to one where it is actively planning for significant later releases. We continue to regard this as evidence of prudent and proactive Programme management. But because of the importance of the enabling IT, the November 2011 PAR recommended that the March 2012 PAR should include a deep dive into the IT. In the event, we were not able to undertake that due to the focus required on Fraud and Error/Cyber and so cannot comment in as much detail as we would like on the outcomes from Leap 3, or on the scale of the remaining IT challenges. We recommend strongly that IT should be a major focus for the next PAR.

- For good reasons, the programme has felt like an IT and legislative programme to date and it is now at a “tipping point” where it has recognised the need to move more into the “transformational” and “business change” spaces. Because of the scale of change that UC is tasked to deliver, there is (a probably inevitable) confusion outside the programme about whether UC is designing Universal Credit or the Department. Interviewees from both DWP and HMRC “business as usual” areas consistently wanted the programme to be “more porous” and to provide them with more detail and engagement around what the future operations and processes will be, and the implications for staff and estates. This type of concern is often found at this stage – but it has been exacerbated by the programme’s capacity issues and by the fact that it has only recently been able to communicate its high-level Target Operating Model that can form the basis for much more detailed discussions with Business Managers, and this will be further helped once the programme is able to announce the site(s) for the pathfinder and first phase locations after local election purdah.

- The SRO has rightly highlighted the need to clearly establish from the outset what the culture will be for the new service, and to design (and build in from the outset) the “human capital” requirements – in terms of skills, behaviours, values, engagement, reward etc. There is a good level of confidence that HR will deliver the (complex) quantitative requirements around staff numbers, grades and locations. But the review team shared the SRO’s concern that resources need to be found now to design and progress these key qualitative issues so that these can also be taken account of in the testing within the pathfinder and first phase.

- The Business Case was not able to be signed off by Treasury and the OBR before the Budget deadlines, and it is important that the work on the refresh that is due for July is fully and properly tested with closer and more effective engagement between HMT and DWP. The review team’s judgement is that there have been some issues and shortfalls by both DWP and HMT to date, and that it will be equally important for each to ensure that there is (1) a closer regular dialogue (which enables HMT to regularly test and understand the detail of movements in the figures); and (2) that concerned senior individuals take full advantage of the opportunities provided by the programme to attend workshops and discussions around strategically important aspects.

- Significant dependencies have been identified on Fraud and Error and the Cyber Security programme – both of which are also High Risk and complex. We were asked to undertake a Deep Dive on both, and make a number of detailed observations and Recommendations in section 5(E). Overall, we think that both remain “behind the curve”, and we have a low level of confidence about whether either (and Fraud and Error in particular) will be ready for the pathfinder in April 2013. We therefore recommend that the programme give early consideration to what contingencies/re-
planning may be needed in that eventuality – and what steps need to be taken to improve the risk rating of the Fraud and Error programme.

- There are also continuing uncertainties around the speed and potential for existing JSA claimants to move to "on-line" before UC, and we provide the detailed figures on recent performance and trends.

We recommend that a further PAR be carried out either in late July (around the Business Case), or in September. We understand that DWP's preference would be September as they expect to be reviewed by the NAO in July and August. The timing and coverage of the next PAR should enable it to include a Deep Dive around the main IT build – which we were not able to look at in any depth during this review because of the concerns around Fraud and Error, and to focus on preparations for the Pathfinder and start-up.

<table>
<thead>
<tr>
<th>Delivery Confidence Assessment</th>
<th>Amber/Red</th>
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<tr>
<td>The UC programme has proactively addressed a number of key risks over the last four months and has significantly strengthened some key programme management aspects. But there remain a range of substantial issues and uncertainties that will require continuing prudent and active management.</td>
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2. **Additional comments from the SRO**

Overall I am grateful for and accept the balanced assessment of the findings. I welcome the recognition of the strengthening of the programme management and the progress made since the last review. It is clear that with such a complex and large programme will constantly have to manage proactively the many issues, dependencies and related relationships across Government. These place demands on the programme. I nevertheless believe, despite the issues identified here, that the progress made so far is strong evidence of how the programme team can tackle demanding and complex issues and do that successfully going forward.

Terry Moran
3. **Summary of Recommendations**

The programme should address the recommendations through normal governance processes, assigning a priority and action owner to each as appropriate.
<table>
<thead>
<tr>
<th>Ref No:</th>
<th>Recommendation</th>
<th>Critical/ Essential/ Recommended</th>
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<tbody>
<tr>
<td>01</td>
<td>Recommendation 1: The next PAR and related Internal Audit need to test that this improving focus on active risk and issue management is effective (and commensurate) at all levels across the programme, both strategic and operational.</td>
<td>Essential</td>
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<tr>
<td>02</td>
<td>Recommendation 2: The Programme should use the opportunity provided by the further work on the Business Case over the next 3 months, to strengthen the focus on embedding Benefits Realisation throughout the Programme’s activities.</td>
<td>Critical</td>
</tr>
<tr>
<td>03</td>
<td>Recommendation 3: We recommend that DWP continue to give the staffing and skills needs of Universal Credit and its associated projects high priority. The Programme must actively monitor and manage resource utilisation and availability on an ongoing basis and take swift action to plug identified gaps, and to develop on-going and robust succession planning around key skills and personnel.</td>
<td>Critical</td>
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<tr>
<td>04</td>
<td>Recommendation 4: We recommend that the Programme increase its inclusion of HMRC staff (particularly around the areas of Fraud and Error and Business Change) as part of transitioning to delivery and implementation over the next 3 months.</td>
<td>Essential</td>
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<tr>
<td>05</td>
<td>Recommendation 5: The Business Case milestone plan should be shared at all levels with HMT and OBR as soon as possible. This should include a clear timetable for senior engagement; against which key players from all areas can be held to account for their level of personal engagement in the necessary detail.</td>
<td>Essential</td>
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<tr>
<td>06</td>
<td>Recommendation 6: We also encourage the Programme to confirm (as part of the work on the Business Case refresh over the next 3 months) that all costs for known changes to existing corporate IT systems have been captured, and/or to identify these separately in order to support the management of these additional dependencies.</td>
<td>Critical</td>
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<tr>
<td>07</td>
<td>Recommendation 7: We recommend that the programme satisfies itself that satisfactory arrangements exist to ensure that policy colleagues and Ministers are fully aware of the timescales and costs of any IT programming changes that may be required to take account of policy concessions that may need to be made at short notice during the passage of the Regulations.</td>
<td>Essential</td>
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<tr>
<td>Recommendation</td>
<td>Text</td>
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<td>08</td>
<td>Recommendation 8: We recommend that the programme rigorously oversees the embedding of the new assurance regime over the next 3 months, and the next PAR and Internal Audit should review the impact and working of the new assurance regime. Critical</td>
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<td>09</td>
<td>Recommendation 9: We recommend that the programme ensures that any additional costs and requirements that are established by the current work on integration are fully reflected in the refresh of the Business Case and critical path; and that next PAR and Internal Audit review the approach to integration, and the progress made in identifying potential contingencies should significant challenges emerge from that work. Essential</td>
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<td>10</td>
<td>Recommendation 10: We recommend that any issues and costs around the data quality of claimant information on existing systems be clearly identified in time to be taken account of in the current refresh of the Business Case. Essential</td>
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<td>11</td>
<td>Recommendation 11: We recommend that the minimum fraud and security requirements that need to be in place for the Pathfinder and the Go Live date should be clearly defined and agreed as soon as possible, and that a Contingency Plan needs to be developed to de-risk the potential impact of delays in these key dependencies on these 2 key phases of the UC implementation. This may well have an impact on resourcing and on the timing and coverage of the Pathfinder in particular (depending on the level of manual intervention needed.) Critical</td>
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<td>12</td>
<td>Recommendation 12: We recommend that a specific plan for addressing all the elements of staff fraud across UC should be drawn up over the next 3 months. Recommended</td>
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<td>13</td>
<td>Recommendation 13: We recommend that specific mitigations are put in place within 3 months for the other risks and issues identified in Paragraph 5.26, and that progress on them is reported regularly to UC. Critical</td>
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<td>14</td>
<td>Recommendation 14: We recommend that the programme urgently identifies the appropriate skills and resource necessary to prepare a high-level design for the culture (behaviours, values, attitudes and skill sets) that will be required for the new organisation in time for these to be consistently embedded from the outset in the detailed designs of job roles, training and communications, “branding”, terms and conditions and leadership style of the programme as it moves into implementation and business change phases. Critical</td>
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<td>Recommendation 15: We recommend that work to develop and communicate the Target Operating Model is prioritised over the next 3 months to ensure that it can inform both the relevant IT and user requirements but also the wider communications with staff in DWP, HMRC and Local Authorities, and closer engagement with senior managers in the current Businesses.</td>
<td>Critical</td>
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<td>16</td>
<td>Recommendation 16: We recommend that the Programme Board continues to monitor the ongoing risk levels around the IT and timing (identified in paragraphs 5.34 and 5.35) proactively and closely; and that the next PAR and Internal Audit prioritise reviewing the progress and quality of the IT development; and any further adjustments that may prove necessary to the Critical Path.</td>
<td>Critical</td>
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<tr>
<td>17</td>
<td>Recommendation 17: We recommend that the programme takes an overall “stock-take” of the progress and interventions around intermediate channel shift in partnership with the current Business in time for any conclusions to be fed into the refresh of the Business Case.</td>
<td>Essential</td>
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**Critical (Do Now)** – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately.

**Essential (Do By)** – To increase the likelihood of a successful outcome the programme/project should take action in the near future. [Note to review teams – whenever possible Essential recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

**Recommended** – The programme/project should benefit from the uptake of this recommendation. [Note to review teams – if possible Recommended recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]
4. Summary of the Programme

Background and context

Delivery of the Universal Credit remains Strategic Reform Priority 1 for DWP and is the centrepiece of the Government's policy on Welfare Reform. Universal Credit aims to reduce complexity in the current means-tested system and to address systemic issues that act as disincentives for claimants to move off benefit into work. It will be the biggest single change to the welfare system for 50 years, and is designed to produce a change in cultural attitudes to work, and to ensure that more people are better off in work.

DWP is the single government department responsible for the delivery of Universal Credit – which will also affect all claimants who currently receive Tax Credits. It will create a single modern benefits system, offering a predominantly on-line claimant experience. The new service will replace a number of working age benefits, and also tax credits. It will be linked to the Labour market systems, and needs to be work focused, easy for claimants to use, secure, reliable, and to make support more flexible and accessible.

It relies on the successful development of a major IT system, the managed migration of up to 12 million individuals from a wide range of benefits systems, and the successful introduction (to time) of HMRC’s Real Time Information Programme, and of the DWP’s IRIS and Cyber Security Programmes. It will entail significant reconfiguration of existing DWP and HMRC staff and Estates, and the establishment of a new overarching organisation, drawn from both DWP and HMRC, that will eventually allow for significant reductions in staff numbers and costs.

Key Aims and objectives

It aims to transform the attitudes to work and “job-readiness” of many claimants by providing them with more of the skills, attitudes, financial incentives and better management of their finances that many employers require from staff. It shifts the focus from benefit purposes from the individual to the household.

The Programme has planned a phased delivery approach between 2013 and 2018, beginning with a Pathfinder in April 2013, followed by the first phase of bringing new claimants into it from October 2013, which will be followed by the phased migration of existing claimants from other systems thereafter. Together with the RTI and the Fraud and Error and Cyber Security programmes, it also aims to significantly reduce the £5.2 billion in benefit and tax credits overpaid due to fraud and error in 2009/10, and to guard against the opportunities from emerging external threats such as cyber crime. The developments planned for those areas will also have wider implications/applicability for other areas of Government.

It will also cover substantial benefit areas that are currently the responsibility of Local Authorities (Housing Benefit) and (following the last PAR) the programme has recognised the need to work closely and flexibly with Local Authorities to take account of their varying practical implementation requirements, their capabilities to support some aspects of the new system at the local level, and their knowledge and relationships with diverse local communities and employers.

The programme aims to deliver within tight DEL and AME constraints. It is currently preparing a further iteration of its Business Case by HMT and the OBR in July 2012. Given the number of claimants who will depend on UC, one of its key aims is to ensure an orderly migration that maintains the stability of the benefits system.

Delivery will entail significant workforce and estates changes, and the SRO has rightly highlighted the need to establish an appropriate (and different) “culture” for the new organisation and its staff from the outset in order to support a radically different customer experience. It also aims to support that by encouraging more JSA claimants to go on-line before the switch to UC. It is now at a “tipping point" where it increasingly needs to focus on business change and implementation.
5. Detailed Review Team Findings

The findings are presented against the Terms of Reference to which they relate.

A) Overall Status Update on actions from November 2011 PAR

5.1 We found that the Programme had responded positively to the recommendations and comments made by the November PAR and Internal Audit Reports, and the subsequent meeting of the MPRG; and that they have made significant progress overall on implementing the recommendations and actions from these. These Reports and Recommendations were mutually supportive, and the Programme has sensibly looked at them as a whole. Annex B contains the detailed progress summary provided to us by the Programme on the current state of play on all the recommendations from the last PAR, Internal Audit and MPRG. This shows that the large majority of actions have either been closed or completed, and that the Programme Board regards the majority of those that are still outstanding as “On Track”. We verified a sample of the data in Annex B against the written material and interviews, and found that these assessments were generally accurate - although in some cases the quality and effectiveness of the Programme’s response can only become evident over time.

5.2 The main outstanding exceptions relate to 3 items that the Programme have flagged up as continuing to be amongst their Top Issues/ Risks. These are:

- The need to develop an outline scope and plan for an alternative Target Operating Model Work on developing an outline TOM is underway, and the Programme expects to share this with Business users in DWP and HMRC shortly. We think the discussions around that should be used to address the need for greater engagement and ownership with the Programme that was expressed by many of the “Business” managers we interviewed. We would expect it to enable significant acceleration of the design of business products, roles and staffing structures and implementation. But at present, our feeling is that this modelling and engagement remains “behind the curve”.

- The need to rapidly fill a number of key programme posts and resourcing needs has been addressed in part but significant gaps remain, and are not likely to be filled for a further 2-3 months because of the consequences of the wider Government HR processes around the significant savings required in DWP’s central headcount.

- The last MPRG “remained unconvinced that the 50% on-line take up target will be achieved by October 2013, and emphasised the need for the work that is underway to increase the JSA on line to be used to support the UC take-up assumption.”

5.3 These 3 are covered in more detail below. In addition, it should be noted that this PAR team was not able to look at the quality and progress of the IT build (and particularly of LEAP 3) in as much detail as had been envisaged by the recommendation in the last PAR that we should provide an independent assurance on these aspects – because of the greater urgency currently placed on reviewing UC’s important dependencies around Fraud, Error and Security.

B) Programme Management and Resourcing

5.4 The last PAR and Internal Audit Reports highlighted a number of significant remaining weaknesses in the Programme Management, and Governance, which were being exacerbated by a serious Resourcing shortfall. The review team consider that overall programme management arrangements have been strengthened significantly since the last PAR review. We again found good evidence that strong, engaged
and effective leadership is being provided by both the SRO and Ministers; and we continue to regard that as a major strength of the programme. The overall governance arrangements now seem better bedded in, and there is now a more shared understanding of the remits and structures of the Boards and Groups; although some stakeholders still felt that they would like more input to the agendas, and more of a strategic overview of the main components and progress rather than longer agendas and papers – and we think that it would be helpful for the Programme Board to review how best to meet the varying needs of board members.

We found evidence that an active and increasingly effective programme management office (PMO) is now in place. The PMO was seen to be facilitating a number of improved programme management disciplines across the programme as a whole including planning and control, risk management and support to the various governance mechanisms across the programme.

The review team saw a range of programme documentation including a high level critical path, a stage plan, leap schedule, critical roadmap, risk and issues logs, end to end milestone plan, business case and stakeholder and communication plans. Interviewees referred to these documents and they appear to be being used actively (at least by the central programme team to support their co-ordination and control responsibilities).

The last PAR made recommendations to further improve the risk management process across the programme. In response to this, the programme has continued to develop and embed its approach to identifying and managing critical risks, including learning from external sources of best practice (Cranfield). The review team found that the majority of those interviewed were aware and focused on addressing the key programme risks and issues. This indicates that risk and issue management is being actively used at least at a strategic level within the programme. As the programme moves further towards implementation the programme need to ensure that this focus on risk and issue management is effective at all levels across the programme, both strategic and operational.

5.5 Given the scale and complexity of the Universal Credit Programme, our assessment is that programme arrangements are now fit for purpose overall; and that this supports an improving level of confidence in the programme’s overall ability to manage what remain significant risks. The challenge going forwards (given the increasing level of detail that the programme is going to need to get into as they move towards implementation of the pathfinder), will be the ability to be able to maintain effective oversight and control of plans and risks, without creating significant burdens on those involved in the detail of the programme implementation.

**Recommendation 1:** The next PAR and related Internal Audit need to test that this improving focus on active risk and issue management is effective (and commensurate) at all levels across the programme, both strategic and operational.

5.6 One area that the review team highlight for consideration is ensuring that an appropriate focus on benefits realisation is embedded through the programme. There was a very clear recognition at the strategic level of the need for the programme to live within its cost limits for SR10 and SR14; and we understand that substantial work on identifying and embedding benefit realisation into the programme has been undertaken within the PMO and that the Benefit Realisation Plan sits within the Business Case. We understand that all benefit owners have now been identified, all benefits defined and benefit measurement definition is underway, as set out in the milestone plan covering benefit realisation. But we did not hear an equivalent focus on benefits realisation from other interviewees (for example when discussing work that will feed into the Business Case or individual work-strands); and overall, at this stage, there did not appear to be the consistent and significant wider focus that will be needed at all levels of the programme to ensure that the benefits to be delivered from Universal Credit are actively managed throughout the programme management activity. It is anticipated that the detail underpinning these benefits will also be of
considerable interest to both the Treasury and the OBR in re-examining the Business Case; and the work planned on that should assist the Programme’s aim of embedding benefits realisation at all levels.

Recommendation 2: The Programme should use the opportunity provided by the further work on the Business Case over the next 3 months, to strengthen the focus on embedding Benefits Realisation throughout the Programme’s activities.

Programme Resources

5.7 Interviews confirmed that the UC has a strong leadership team who are well respected by, and visible to, key stakeholders and partners across DWP and government. A high level of energy throughout the programme is also evident which is effectively harnessed to support delivery; but which the SRO recognises brings with it some risk of “burn-out” over a long and complex programme. There is a heavy investment in the skills and knowledge of key post holders and we would encourage the Programme to progress the intended development of supporting succession plans quickly, to minimise the acknowledged risks of executive burnout and loss of critical expertise. Although the Programme leadership is well seized of these potential problems, their focus at present is (rightly) on building up resources to a basic level, and we saw little evidence that concrete progress has yet been made to establish mitigations for these problems over the next 2 years.

5.8 Following the Corporate Centre Review, the Programme has a 37% overall shortfall in staff in post resources. This issue is rightly one of the key drivers behind the current Programme self-assessment of “Amber/Red”. Standard recruitment channels have proved sub-optimal, and we support the contingency arrangements that have already been taken to recruit interim personnel to key posts to partially mitigate this currently red rated risk. The Programme is actively pursuing the solution to other resource gaps through a promotion route and expects many vacancies to be filled by the end of May. There will then be a period during which a sizable number of newcomers will need to be absorbed and brought up to speed, and the programme will need to devote time and energy to ensure that all staff are fully aligned with the programme’s aims and plans, and working culture. The programme is currently expressing confidence that the Programme self-assessment will be able to move from “Amber/Red” to “Amber” once these vacancies are filled. In our view, that is a judgement that can only be made once those resources are fully in place and have had time to bed in – and it will also need to be informed by continuing progress on a number of other key aspects. But we support the need for the programme to be given as much short-term staffing priority as possible (along with those projects that it is dependent on (such as Fraud and Error and Cyber Security).

5.9 The Programme will need to continue to actively monitor, direct and control recruitment over a long period. A continued focus on effective resource planning is also important to ensure that the effects of future staff turnover can be quickly identified and resolved. Future recruitment will be required on an ongoing cyclical basis, and it will remain critical that effective induction is provided to maximise the speed of engagement and productivity of new staff. We understand the Programme is currently developing induction packages and processes.

Recommendation 3: We recommend that DWP continue to give the staffing and skills needs of Universal Credit and its associated projects high priority. The Programme must actively monitor and manage resource utilisation and availability on an ongoing basis and take swift action to plug
identified gaps, and to develop on-going and robust succession planning around key skills and personnel.

5.10 Particular attention must now turn to the specialist skills needed to implement UC, specifically in relation to the area of Cyber Defence. The “Commander” and “Chief Of Staff” posts in the planned Joint Security Operations Centre are recognised as critical, and we support the need for all options for recruitment to be actively explored in order to obtain the right experience for these highly specialist roles (which do not currently reside within the Department).

5.11 The Review Team considers that the Programme team and the Pathfinder would both benefit from greater inclusion of HMRC staff as soon as possible in order to provide and enable a broader cross-fertilisation of ideas and a deeper understanding of HMRC customer behaviours to inform the development of the detailed UC customer journey. HMRC customers will form nearly half of the UC base; and the experience of other instances (such as Child Support) where DWP’s customer base has been extended to cover a much wider spectrum of taxpayers have revealed significantly different cultures and customer expectations. Taking advantage of this early opportunity will also support further development of the current partnership approach.

Recommendation 4: We recommend that the Programme increase its inclusion of HMRC staff (particularly around the areas of Fraud and Error and Business Change) as part of transitioning to delivery and implementation over the next 3 months.

C) Scope - Affordability/Business Case

5.12 The Review Team found a strong focus on affordability at senior levels and a clear commitment to, and belief in their ability to deliver UC within the SR10 and SR14 cost envelopes. A number of interviewees also expressed confidence in the range and effectiveness of the supporting “levers and dials” which will be available in live running, such as migration choices, to manage the AME expenditure in real time. We think that this will need to be unpacked and explained in more detail as part of the Business Case process, since these will also impact on the speed with which the transition to the full UC “offer” to claimants can be implemented.

5.13 The Business Case is currently being refreshed, and final Treasury approval is needed in early July to support the ongoing delivery of UC to agreed timelines. DWP has developed a detailed milestone plan to support the approvals process with Treasury and the OBR - which is clear, understood within DWP, and believed to be achievable but challenging. If implemented fully, it is capable of providing much improved opportunities for regular dialogue with HMT and OBR at all levels (and - importantly - of enabling them to see the reasons and timing of figures that will inevitably change and move as more work is done.) Whilst we found evidence of improving relationships at the working level between the Programme and HMT, concerns were raised about the level of engagement at more senior levels in the details underpinning the Business Case. Whilst we understand the multiple pressures on the time of senior colleagues in HMT/OBR (particularly during the run-up to the annual Budget), in our view, it is essential that sufficient senior time is invested (over the next 3 months) into personally engaging with the detail underpinning the figures in the Business Case. In our judgement, further detailed work and goodwill is required - on all sides - in order to enable the discussion to move beyond the current (potentially unhelpful) stage of generalised concerns and worries; so as to achieve a clearer shared view of the concrete costings and the balance of risks and
benefits. The milestone timetable developed to support HMT and OBR engagement is helpful and it needs to be shared with all parties as soon as possible to engender commitment and to serve as a lever to improve engagement. The demands on the limited time and capacity of a critical programme like UC are many, and it will be important that the all parties make the most of the scheduled opportunities to engage.

Recommendation 5: The Business Case milestone plan should be shared at all levels with HMT and OBR as soon as possible. This should include a clear timetable for senior engagement; against which key players from all areas can be held to account for their level of personal engagement in the necessary detail.

5.14 The Review Team did not have sufficient time to undertake a “deep dive” on Business Case costs and affordability. We accept that the nature of Agile development, coupled with the 6-month time lag between refreshes, leads to an inevitable and understandable misalignment between the Business Case assumptions/costs and the latest thinking and design principles. Interviewees confirmed that there were continuing needs to firm up costings for IT and security to reflect the anticipated shift in current assumptions.

We noted the detailed work of the recent PAR of the Fraud and Error programme and the available figures on Cyber Security. We also noted the work that has begun with HMRC around the alignment of costings and timings with the RTI programme. Universal Credit will also depend upon a number of corporate enabling IT systems for aspects of functionality and administration, and we were potentially concerned to not find any figures around the costs (and timescales) of the amendments to these that will be required. (See also paragraphs 5.21 and 5.22 below on integration and migration from existing “client-facing benefit” systems) We understand that there are costs for interfaces in the budgets which will be refined against emerging plans for the interface work (that did not commence in the last financial year due to permissible spend constraints).

Recommendation 6: We also encourage the Programme to confirm (as part of the work on the Business Case refresh over the next 3 months) that all costs for known changes to existing corporate IT systems have been captured, and/or to identify these separately in order to support the management of these additional dependencies.

5.15 We received good assurance that the figures will allow for the foreseen financial affects of the detailed policy decisions that will be required when finalising the detailed provisions in the draft Regulations. Planning on the Regulations is well advanced, and the policy team are confident that the timetable and financial envelopes can be met albeit that timescales remain very challenging. However, it is thought by Ministers that there is an increased risk that unforeseen and last minute amendments and concessions on detailed provisions may become necessary during the Parliamentary process. And IT providers were concerned that future policy changes resulting from the work to develop supporting Regulations or as a result of last minute trade-offs/haggles to smooth the path through the House of Lords could also impact anticipated IT development costs and timescales. They raised with us the need to ensure that policy colleagues fully understand not just the relative Benefit costs of changes, but also which potential changes should be avoided because they would require a disproportionate amount of programming rework to the IT systems. This could include rework for code for completed Leaps, and/or changes affecting the delivery of future Leaps. Whilst these costs cannot realistically be quantified in advance, we would encourage IT colleagues to share current thinking with policy colleagues and to identify areas to avoid when making trade-offs because of the impact on IT build costs and practicalities. We were assured that this approach is part of DWP’s normal way of supporting the passage of legislation. But we think that Ministers may
encounter additional last minute pressures because of wider factors out-with the ambit or control of DWP and that special care will therefore be needed.

Recommendation 7: We recommend that the programme satisfies itself that satisfactory arrangements exist to ensure that policy colleagues and Ministers are fully aware of the timescales and costs of any IT programming changes that may be required to take account of policy concessions that may need to be made at short notice during the passage of the Regulations.

D) IT Delivery

5.16 The review team were not able to look in any detail at the quality and progress confidence around the products being delivered; nor at the progress towards sign-off of Leap 3. In terms of overall progress against the scheduled plan, the review team understand that leap 3 User Interface (release 5 and 6) is now complete.

5.17 We found that perceptions regarding the ongoing use of the ‘Agile’ approach were consistently positive amongst interviewees. Individuals felt that whilst taking such an innovative approach on such a large and complex delivery programme held inherent risks, that overall the UC programme had developed the Agile model effectively to meet their needs – albeit with modifications. It was recognised that taking an Agile approach could not be done solely on the IT areas of the programme, and as a result a number of other areas are also adapting to take an more agile approach, principally the business implementation and policy development aspects of the programme. The programme’s improved programme management also provides greater assurance than at the time of the last PAR that DWP will be better able to plan and monitor progress and contingencies. Nevertheless, it remains of concern that Leaps 4 and 5 remain at amber.

5.18 DWP’s relationship with the IT suppliers appeared to be positive at a strategic level, and the inevitable tensions around the current negotiations around moving from a “time and materials” basis to more agile commercial arrangements appear to be being managed. Of equal importance, the relationship between the major suppliers appeared to be one of partnership with an attitude of ‘we all succeed or fail together’. In both cases, that is consistent with what the November 2011 PAR found. Given the level of integration and connectivity between the different elements of the programme, the review team were pleased to see evidence that this collaborative spirit had continued over the last few months.

5.19 The review team did not have an opportunity to provide a detailed perspective on the quality of the products being delivered, but were pleased to see the recent developments in assurance for product specification, design, delivery and testing. On paper, these procedures appear apt and potentially robust. Whilst it is encouraging to see that this process has been put in place, as the UC programme moves forward and gets further into the detail, it is going to be essential to ensure that this assurance process is being robustly deployed. Without such a process in place there is a real risk that significant re-work could be required if products that are continually being developed and iterated through the agile process do not meet the policy intent.

Recommendation 8: We recommend that the programme rigorously oversees the embedding of the new assurance regime over the next 3 months, and the next PAR and Internal Audit should review the impact and working of the new assurance regime.
5.20 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 stages of implementation. This may however be seen to have the effect of pushing the riskier and more complex issues further down the line. We were assured by the Programme that to the best of their knowledge that is not the case. The review team would question the degree to which the UC programme has built in necessary contingency for this risk shifting effect within its plans. We understand that some contingency is built into all releases within Leaps 4 and 5; that there is a remaining “general” contingency of 20K man-days in Leap 5; and that a number of significant IT aspects can be shifted into later releases. But we have not been able to test the trade-offs between this and manual work-a rounds or time-scales in any depth.

5.21 IBM has now been appointed to the important role of integration; and attention is beginning to turn more towards managing the interfaces between UC and other systems, and the necessary “managed migration” of existing claimants from legacy systems. We understand that the IBM is currently scoping the challenges facing interfacing the various systems. Given that we understand that there are at least 7 interfaces that are required for day one go-live of the pathfinder, it may be that this work needs to be accelerated on better understanding the interfacing challenges. Given the scale and number of those systems, we consider that this work could potentially identify a number of significant issues, and the Programme needs to start to identify potential contingencies should these challenges arise.

Recommendation 9: We recommend that the programme ensures that any additional costs and requirements that are established by the current work on integration are fully reflected in the refresh of the Business Case and critical path; and that next PAR and internal audit review the approach to integration, and the progress made in identifying potential contingencies should significant challenges emerge from that work.

5.22 We understand that the approach to migration of claimants has recently been approved at Ministerial level and that this will result in the first claimants of Universal Credit being new claimants who are unemployed. This means that migration of existing claimants data may not be the focus of the pathfinder and that should minimise the potential for such issues to impact on the pathfinder or the first stage of go-live. But the review team found little evidence that the scale and/or cost of any data cleansing (that may be required in later phases of migrating existing claimants) has been considered and planned.

Recommendation 10: We recommend that any issues and costs around the data quality of claimant information on existing systems be clearly identified in time to be taken account of in the current refresh of the Business Case.

E) Fraud, Error and Security Elements

Overview:

5.23 At the time of the last PAR (beginning of November 2011) the UC programme had only very recently appointed additional expertise and capacity in both fraud and error and security (including cyber). Concerted activity on the design and requirements has therefore only started in the last few months.
5.24 The cyber attack aspect is a key risk to the programme and the identification of threats including a recently completed UC specific Threat Assessment by CESG is well articulated and the design proposal appears to be robust in its mitigation. It relies on three key suppliers working together in collaboration to provide ‘best in class’ in terms of cyber defence, and a Joint Security Operations Centre (JSOC) to ensure constant collation of intelligence from a variety of sources combined with analysis capability and senior decision-making capability. It is acknowledged that these cyber defences need to be fully in place from day 1 of the Pathfinder and that fraud and error intelligence and operation needs to be part of the JSOC. The systems will be required to cope with exceptionally large and complex sets of data and ranges of customers and to be built in place to tight timescales. The review team therefore accepts that DWP’s overall approach appears to be the most practical and most likely to deliver successfully. Although this is an exceptionally demanding project, all 3 suppliers have relevant existing expertise and track records.

5.25 The wider fraud and error aspects of the programme focus on the development of IRIS which can be simplistically described as a risk scoring system using business rules based on pulling together known data. This is to be supported by a Fraud Investigation Service where the emphasis is on putting investigative resources at the front end when the claimant first applies rather than chasing the money after fraud has been discovered. The fraud and error end to end business process has just been documented and gives a much clearer picture of how the approach will work. The personal information involved will be of a sensitive and personal nature and there would be clear potential risks of data misuse from any outsourced service – for which Ministerial and Accounting Officer “accountability” could not be passed. Any shortfalls or delays would also put the programme’s main timelines at risk.

Entry to the system relies on a number of external Identity providers giving the initial identity assurance of the claimant. Here some 80 potential providers have been identified and an ITT is imminent (end April).

Security accreditation is being addressed by involving CESG to augment the DWP Accreditation Team and treating it as an ongoing and incremental process rather than something which happens at the end of the development.

There is acknowledgment that the fraud and security issues should be treated together rather than siloed; this is to be welcomed.

Potential Issues Identified:

5.26 These include:

- A clear dichotomy of views exists about the progress and potential readiness of the fraud and security solutions particularly in respect of Pathfinder. Some interviewees are more comfortable that the programme is now on track, whilst others are concerned that the solutions will not be in place in time. Some of this may stem from lack of visibility to those not as close to the programme as to the most recent progress; but we think that a number of serious risks remain around the Fraud and Error in particular.

- There is clearly a lot of work to do in a limited amount of time that continues to present a key risk to the UC programme. Management need to focus on ensuring that there are adequate resources in place to put the fraud and security measures in place for the Pathfinder, including resolution of any outstanding funding issues; and to consider what contingency may be needed for the Pathfinder.
• As far as budget is concerned, we believe that sufficient money is available in the short term, but as the requirements are still in the early stages of development it is not clear what the final figures will be. DWP expressed concern that the “drip feed” of funds from ICT Futures may in itself present a risk to delivery as it increases uncertainty; and we agree that it would be helpful to more clearly identify the funding envelope and timing profile.

• The use of three key suppliers working collaboratively on the cyber defence is innovative but also intrinsically high risk, (particularly in view of the Pathfinder deadline) until adequate liaison integration and a collaborative approach between the three is in place. Although all are experienced individually, there will be a need to ensure adequate liaison and integration and a collaborative approach to sharing risk.

• There seems to be a heavy reliance on the senior role responsible for the cyber defence work, and there is no clear succession plan and/or knowledge transfer.

• We understand that, in relation to IRIS, there have been discussions around the merits/risks of using an accredited and trusted specialist supplier versus an outsourced managed service and/or smaller newcomers. Given the inherent sensitivity of the data and the timescales we would support DWP’s assessment that the first presents a significantly lower risk, without incurring any disproportionate or major loss of quality; and we consider that the priority now is to minimise the potential for delays and controversy impacting on delivery of this programme.

• Staff fraud: it is not clear that there is anyone focusing on this holistically within the Programme, although there is ongoing focus on this in the Department. Mitigations exist in the IRIS programme, in the cyber defence but also in the UC Core IT development (access to systems, audit trails etc). A clear set of roles and responsibilities should be drawn up and managed.

• More generally, the overall governance and management accountability for fraud error and security for UC is not clear. There are tensions around what should be ‘owned’ by UC and what are wider departmental issues. These need to be clarified as soon as possible in order to allow the projects to concentrate on the core required to enable UC implementation to proceed.

• The incumbent UC core suppliers have little visibility as yet of fraud and security developments. This should be addressed (now that IBM have been appointed to the UC integration function) as soon as possible to ensure that any critical deadlines for integration of the IT systems are met.

• ID Assurance plans are at an early stage and rely on a number of external Identity Providers. The detailed plans of the relationship and process between the claimant, the provider and DWP need to be firmed up and this needs to be done in consultation with the potential providers.

Some of the assumptions around the external data sharing opportunities need to be tested— for example whether the banking sector will allow their black data to be accessed via the National Fraud Intelligence
Bureau – and we recognise that because the “Hub of Hubs” will not be available, UC is having to build a “welfare hub” and that they are working closely with the National Fraud Authority (NFA) to try to ensure that it conforms to standards laid down by the NFA.

Recommendations:

Recommendation 11: We recommend that the minimum fraud and security requirements that need to be in place for the Pathfinder and the Go Live date should be clearly defined and agreed as soon as possible, and that a Contingency Plan needs to be developed to de-risk the potential impact of delays in these key dependencies on these 2 key phases of the UC implementation. This may well have an impact on resourcing and on the timing and coverage of the Pathfinder in particular (depending on the level of manual intervention needed.)

Recommendation 12: We recommend that a specific plan for addressing all the elements of staff fraud across UC should be drawn up over the next 3 months.

Recommendation 13: We recommend that specific mitigations are put in place within 3 months for the other risks and issues identified in Paragraph 5.26, and that progress on them is reported regularly to UC.

F) Scope and Transformational elements

5.27 Universal Credit is the main vehicle for delivering a Ministerial vision for Welfare Reform which is clearly focused on “Transformational” outcomes.

There will remain an ongoing risk that the practical steps required to “land” a programme of this size and complexity safely will undermine the transformational aspects and objectives.

Several key aspects of this dilemma were visible during this PAR.

5.28 First, the SRO is right to identify that because the staff and managers who will deliver UC on the ground will be drawn from DWP and HMRC, they will import strong “cultural” mindsets, approaches and behaviours from those organisations that will be different from each other, and not fully appropriate to driving and supporting the new behaviours and focuses that Ministers want UC to produce in claimants. The review team agrees with the SRO that it is imperative that more HR and management effort is directed towards the need to establish a new “culture” for the future organisation from the outset as an important mitigation for the risks that flow from this issue.

5.29 At present, the HR focus is very much on “managing the numbers and locations”, in accordance with the normal civil service expectations and approaches. We sympathise with that given the scale of the reductions and moves, and the potential for staff and union concerns. But this has undoubtedly delayed and extended the time already required to meet staffing needs; and we think that more needs to be done (now) to first define/design and then establish - what skills, behaviours, attitudes and values will be needed by staff and managers in the new organisation. We think “designing” and implementing the new organisation’s “human resources” is just as important to the programme’s long-term transformational objectives as is “designing” and implementing the new IT/IS and business processes. “Cultural” change
requires focused effort and leadership over a considerable period and a key opportunity will be missed if these “human capital” issues are not also defined from the outset, and trialled/embedded into the design of the Target Operating Model and the new business processes; and into the early phases of implementation – such as the Pathfinder. It is vital that these “human capital” aspects are not “de-scoped” (or simply “overlooked”) because of the pressures associated with building the enabling technology.

5.30 At present, the programme still feels very much like an IT programme in terms of its focus, budgets, and the skill sets of those involved. The importance of widening its scope and focus to include “human capital” change needs to be recognised as a critical success factor and to be addressed in the upcoming version of the Business Case. We agree with the assessment of the SRO that the impact of the many recent HR changes and reducing staff income may render staff less receptive to change than previously. Experience suggests that aligning staffs’ hearts and skills to large Business change adds greatly to the capacity within the Business to mitigate and manage risks to a Programme of this type without incurring substantial additional costs.

Recommendation 14: We recommend that the programme urgently identifies the appropriate skills and resource necessary to prepare a high-level design for the culture (behaviours, values, attitudes and skill sets) that will be required for the new organisation in time for these to be consistently embedded from the outset in the detailed designs of job roles, training and communications, “branding”, terms and conditions and leadership style of the programme as it moves into implementation and business change phases.

5.31 It will be important that this is developed in close partnership with the existing businesses and business managers in DWP and HMRC, since it will be critical that they actively and consistently promote and prepare the way for the new culture in their current leadership roles within the existing organisations. Many of the “bottom-line” contingencies for the IT implementation inevitably rely on manual “work-around” - and effort put into building that understanding (and excitement) amongst existing benefit/credit staff and middle managers will therefore also increase that potential contingency for the main programme.

5.32 Interviewees from the current Businesses consistently wanted more engagement with the programme and expressed frustration at not yet having seen enough about the basic design of the new Operating Model to be able to start a dialogue with the programme, or to begin the detailed planning and actions that they will need to put in place in the “legacy” businesses over the different phases of the implementation. The programme has (understandably) been concentrating on managing the IT risks by re-phasing etc, but it feels “behind the curve” at this point in terms of its business design and business change functions. It has just produced a high level Target Operating Model, and this could provide an important vehicle for helping the programme to become more “porous” overall in the eyes of those outside it. Given its size - and the huge proportion of current staff and functions that will be changed by it, there is an inevitable underlying tension between whether the programme is designing Universal Credit or the Department/ Front-line.

Recommendation 15: We recommend that work to develop and communicate the Target Operating Model is prioritised over the next 3 months to ensure that it can inform both the relevant IT and user requirements but also the wider communications with staff in DWP, HMRC and Local Authorities, and closer engagement with senior managers in the current Businesses.

We agree with the SRO that the announcements around pathfinder sites that the programme expects to
make in May, should provide a further good opportunity to communicate more widely about Business Change.

5.33 The programme is well focused on the need to develop an on-line Knowledge Management facility alongside the agile build; for the use of both staff and claimants, and we saw an encouraging example of the work and approach to this important Business product.

5.34 The programme has carried out a comprehensive “Elaboration” process since the last PAR/Internal Audit. This has resulted in decisions to significantly re-phase the IT build and implementation; so that it now differs significantly from the phasing envisaged last November. Because of the emphasis on Fraud and Error, we were not able to review the reasons and implications for the changes in any detail. We accept the Programme’s view that the overall impact should be to reduce the risks to IT delivery and the Pathfinder. But we remain concerned that the milestones for Leaps 4 and 5 remain “challenging”, and that the developing work on key IT dependencies continues to show up complications. For example, the IT suppliers highlighted to us the need to ensure proper interfaces and integration between UC and many of the Department’s “corporate systems” (such as payments/debt collection etc).

5.35 We think that the risk levels around the April 2013 start-date for the Pathfinder remain high; and that further implementation issues may emerge from the discussions with the existing Businesses in both DWP and HMRC around the outline “Target Operating Model” and the longer-term configuration of sites etc. We understand that contingency has been built into each Leap, and there remains a further 20K man-days contingency within Leap 5. But this is not huge for a programme of this scale, and may well be required to rectify relatively minor shortfalls. It will be important that the lessons from the Model Office – which we understand is about to start - are reviewed promptly and carefully.

Recommendation 16: We recommend that the Programme Board continues to monitor the ongoing risk levels around the IT and timing (identified in paragraphs 5.34 and 5.35) proactively and closely; and that the next PAR and Internal Audit prioritise reviewing the progress and quality of the IT development; and any further adjustments that may prove necessary to the Critical Path.

5.36 One of the key principles underlying the Transformation objectives for the Programme is Channel Shift. The programme has consistently emphasised the need for the Department to build up to the introduction of UC by increasing the number of on-line JSA transactions - although we understand that this is regarded only as the third (and least important) element of a wider strategy (the two most important elements of which were a compelling service proposition and a business model and culture that puts online help and service at its heart done on line before UC begins to be phased in).

The SRO has underlined the importance of achieving the Universal Credit online targets - which are that there should be 50% of transactions on line from October 2013 rising to 67.5% at the end of the migration period in 2018.

Activity to promote Self service is continuing within Jobcentre Plus and is still framed by the 80% “aspirational” target that had been incorporated in the Automated Service Delivery (JSA) project and the DWP Change Programme that were both stopped on 20 February 2012 at the DWP Portfolio Management Committee.

5.37 The evidence around current performance levels in Jobcentre Plus reviewed by the review team is mixed in terms of trends, and open to different interpretations. Performance in getting JSA transactions
online is currently being measured in 2 ways – the Change Programme Business Case measure (which is based on the volume of customers making a JSA claim online divided by the total volume of JSA claims received in JSAPS. And the MISP Measure – that is based on the JSA claims received in JSAPS divided by the total volume of JSA claims received in JSAPS. We received different views about which of these is the more reliable and apposite figure, and we think that the DWP needs to establish and embed a shared view with the Business, in order to underpin realistic planning going forward.

The Business Case measure stood at 30.4% in Sep 11, 28.1% in Oct, 26.7% in both Nov and Dec; 40.4% in Jan 12; and 33.1% in Feb.

The MISP Measure stood at 16.2% in Sep 2011, 14.2% in Oct, 14.8% in Nov, 14.6% in Dec; 19.7% in Jan 2012 and 17.9% in Feb.

5.38 In both cases, the trend was slightly downwards in the run-up to Xmas, with a significant "spike" improvement in January, and a rather smaller increase (above the autumn levels) continuing into February. We understand that the January spike relates to a poorer telephone service being available due to a significant spike in the volume of claims compared with the autumn levels. (December claims stood at 63,349, which leapt to 136,349 in January, and continued to be high in February at 95,203.)

5.39 We do not think that these figures are yet sufficient to provide much reliable data about long term trends. There may well be some confidence to be had from the observation that more claimants will go online when faced with a poor telephone service (and post Xmas financial pressures). But we think it is more questionable to take this as an indication that a significant shift is yet occurring in the underlying trend and claimant attitudes.

However, we were also told that this variable is not of major significance to the underlying Business Case – although we were not able to verify this in the time available; and the Programme also need to confirm the financial impact of the potential variables around channel shift (that are stated in the existing sensitivity analysis at table 2.10 of the current business case) in the next refresh of the Business Case.

Recommendation 17: We recommend that the programme takes an overall “stock-take” of the progress and interventions around intermediate channel shift in partnership with the current Business in time for any conclusions to be fed into the refresh of the Business Case.

G) Stakeholder Engagement

5.40 The November PAR drew attention to the significant implications and opportunities around the programme provided by Local Authorities – who at that stage were very dissatisfied with the extent and approach of the programme’s communication and consultation with them. A high proportion of benefit claimants also receive Housing Benefit, and the changes to that regime (and to local job markets and employers) will have significant implications for households, labour market effects and the more transformational aspects of the customer experience. It will also have major practical implications for many local authorities – which they will have to manage as just part of their own change programmes (that have to deliver 28% efficiencies over 3 years).

We were pleased to see the extent to which the programme has now recognised these issues – and opportunities, and are now approaching local authorities more as potential delivery partners rather than
as arms-length consultees. We encourage them to continue that trend. One area in which councils' local knowledge and wider support functions could be of help is in identifying and mobilising local Third Sector organisations to provide "diverse" and local support to help claimants to adjust to the more transformational elements of UC such as channel shift, a better ability to manage household finances, and to increase the hours worked.

5.41 We were also pleased to see the improvements that have been made to the programme's overall capacity and approach to identifying and managing stakeholders—which in November was impacting on valuable senior time more than was necessary given good underlying programme systems in this area. The programme now has in place an adequate data-base and dedicated communications capacity.
ANNEX A - Scope of the Review

The agreed Scope of the Review was confirmed to be:

Status Update and Update on actions from previous PAR – see Annex B

Latest position with IT delivery
- Relationship with supplier
- Quality of products being delivered
- Progress check on Leap 3
- IRIS/interfaces with other systems

Development of the transformational aspects of the programme
- Plans, resources, engagement of the wider department, early stage development (Pathfinder)
- Progress on design based on full user requirements
- Channel shift – maturity of plans, latest progress
- F&E design elements

F&E Design Elements
- Progress on design
- Fit with overall F&E Strategy

Scope
- Elaboration vs scope creep and additional elements being added to the Programme
- Fraud and Error – what needs to be in place before go-live
- Affordability

Resourcing
- Resourcing levels across the Programme with a particular focus on the transformational elements of Universal Credit - Pathfinder
- Resilience within the Senior Team and contingency plans to ensure continuity

Programme Management
- Maturity of plans, including suitability of the critical path and level of contingency
- Impact of slippage
- Risk management processes, including mitigating actions and contingency planning
- Integration with other IT systems
- Alignment with RTI and relationship management
Stakeholder engagement

- In particular, with local authorities

**It should be noted that:**

Because of concerns that had arisen around the March PAR of the Fraud and Error Programme, the Review Team was asked to pay particular attention to examining the critical dependency that the UC programme has on the design and delivery of that programme, and of the Security (Cyber) project; and the Review Team composition was changed accordingly to include private financial sector expertise on these matters. As a consequence, it was accepted that the Review Team would not have sufficient time or specialist IT capacity to be able to independently assess the quality of the IT products delivered to date, or the detailed progress on IT products in Leap 3 and later Leaps – although we did try to assess the reasons and the degree to which the timetable and phasing of the IT build had altered, and the consequences of that for the deliverability and timing of the programme and its benefits.

**ANNEX B – Update on Actions from previous PAR**

PAR action plan.xls
(48 KB)

**Appendix C - Conduct of the Review**

The Review Team wishes to thank the DWP Universal Credit Programme team, the PAR support team, and all those interviewed for their co-operation, support and openness which contributed to the Review Team's understanding of the Universal Credit Programme and of the costs and benefits that helped to shape the outcome of this review.

**Programme/Project documents**

The Review Team was provided with unfettered access to a wide range of documentation that provided a wealth of information relating to the strategy, programme structure, costing, funding and benefits, functional requirements, technical architecture, PPM documents, highlight reports and governance documents.
## ANNEX D: List of Interviewees

<table>
<thead>
<tr>
<th>Name</th>
<th>Role/title</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Terry Moran</td>
<td>Chief Operating Officer and SRO</td>
<td>DWP Operations</td>
</tr>
<tr>
<td>Malcolm Whitehouse</td>
<td>Programme Director</td>
<td>DWP UC</td>
</tr>
<tr>
<td>Karolin Nakonz</td>
<td>Dep Programme Director</td>
<td>DWP UC</td>
</tr>
<tr>
<td>John Michalski</td>
<td>Head of Strategic Sourcing</td>
<td>DWP Finance &amp; Commercial</td>
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<td>Paul MacPherson</td>
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<td>Steve Dover</td>
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<td>Katherine Courtney</td>
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<td>David Lister</td>
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<td>Jeremy Groombridge</td>
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<td>Robert Devereux</td>
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<td>Lord Freud</td>
<td>Minister for Welfare Reform (Lords)</td>
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<td>Richard West</td>
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<td>Ann Harris</td>
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<td>Bob Lovett</td>
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<td>Lyn MacDonald</td>
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<td>Charlotte Wightwick</td>
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<td>Dominic Bracken</td>
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<tr>
<td>Stefan Czemiaski</td>
<td>Dep Director, Implementation Phase 1</td>
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<td>Stephen Banyard</td>
<td>Director, Transformation</td>
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<td>Fiona Gough</td>
<td>Dir General, Personal Tax &amp; SRO of RTI</td>
<td>DCLG</td>
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<tr>
<td>Nicole Kett</td>
<td>Dep Director, Welfare Reform</td>
<td>HM Treasury</td>
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We were unable to interview the following due to illness or other commitments:

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<th>Name</th>
<th>Role/title</th>
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<tbody>
<tr>
<td>Mike Bracken</td>
<td>Head of Government Digital Services</td>
<td>Cabinet Office</td>
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<tr>
<td>John Oliver</td>
<td>Director, Operational Excellence, SRO for Fraud &amp; Error</td>
<td>DWP</td>
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<tr>
<td>Paul Raynes</td>
<td>Head of Programmes and Localism</td>
<td>Local Government Association</td>
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