



Major Projects Authority Project Assessment Review (PAR)

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Programme or project: Universal Credit

Organisation: Department of Work and Pensions

Senior Responsible Owner (SRO) Howard Shipley

Programme/Project Director (or equivalent) Ann Harris

Business Case stage reached: Outline Business Case (OBC) - Reset

Decision/approval point this report informs: MPRG Panel

Review dates: 3rd June to 7th June 2013

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Previous review: February 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>

1. Executive Summary

Delivery Confidence Assessment (DCA)

The delivery confidence of the programme/project at this point is: **RED**.

The PAR Review Team are unable to deliver a new delivery confidence assessment due to insufficient evidence available at this stage of the reset. The Review has been conducted three weeks after the arrival of the new SRO which has not afforded the Programme sufficient opportunity to complete the necessary products to demonstrate affordability and deliverability.

We have seen positive indications that the Programme is working towards addressing the key recommendations arising from the reset and the previous PAR review. The Reset is acknowledged by all as having provided a necessary pause and opportunity to re-think. However whilst the Blueprint has provided a valuable platform going forward much remains to be done in terms of detailed planning to take it forward and timescales remain challenging. There are a number of key challenges which need to be gripped and overcome.

2. Scope of the Review

1. The purpose of this PAR review, which take place at the end of the 3 month 'reset' period is to consider:
 - a. **How well DWP have responded to the PAR recommendations, specifically whether the key objectives of the 'reset' work have been met, including:**
 - i. Develop a UC Blueprint, which will steer the Programme and engender coherence across the UC Programme.
 - ii. Develop a coherent transition plan, consisting of a critical path, effective risk management processes and plans, all of which will be informed by clear performance management information.
 - iii. Establish clear accountabilities within the leadership team, and set in place actions to address the critical capability and capacity gaps identified by the PAR in a number of areas, including IT Architecture, delivery and supplier management and working with delivery partners.
 - iv. Review the actual and forecast expenditure and put in place measures to control expenditure. This will include a particular focus on supplier management, covering IT, commercial, contract management and contract finance.
 - b. **The work carried out by the 'reset team', (to be carried forward by Howard Shiplee) has delivered the required 'turnaround' to provide sufficient levels of confidence on plans for overall delivery, affordability and value for money, to allow for decisions on the next phase of activity.**

Scope

2. The PAR will inform a follow up meeting of the MPRG on the 20th June. MPRG will consider DWP's plans for getting the programme back on track and whether there is a clear pathway for translating the Blueprint and Transition Plan into a deliverable service. It will also assess progress made in establishing clear plans for realising the benefits, an appropriate evaluation approach based on clear measures of success, an improved understanding of the cost implications (and assumptions on which these are based), affordability and value for money of the programme, and the options and trade-offs considered.
3. The PAR and subsequent MPRG will need to be satisfied regarding the following:
 - (i) Is there a deliverable programme steady state 'Blueprint', with labour market outcomes at the centre and financial controls in place? This should address the key questions: "what is the shape of the steady state and how will DWP do business differently?" How well are labour market outcomes integrated into the approach? This means more people entering, remaining in and progressing in sustained employment; increasing their earnings, reducing the welfare bill and increasing tax revenues, as well as delivering the wider societal benefits associated with work. The Blueprint should steer the Programme and engender coherence across the UC Programme.
 - (ii) Are there clear programme plans and a critical path setting out how this Blueprint will be delivered, including mapping key dependencies? The Transition Plan should consist of a critical path, effective risk management processes and plans, all of which will be informed by

clear performance management information. There should be clarity over the range of options under consideration and their associated impacts / trade-offs.

(iii) Is the Programme affordable? As a result of the 'reset work', significant changes to the UC solution, delivery approach and transition plan are now required which means that a Full Business Case needs to be developed on an entirely new premise rather than merely adjusting the current business case which is predicated on assumptions and a migration plan which are no longer tenable. It will take several months to develop detailed migration plans and therefore only a high level Business Case document will be available for the PAR. The key question is "Do DWP plans demonstrate that the overall policy can be maintained within the existing cost envelopes?" This means that, at a minimum, costs should not rise above the current in-year AME forecast and DEL projections, and the SR10 envelope (any costs beyond the SR10 period will form part of future spending review (SR) discussions). The PAR team will review the direction of travel of the Business Case. This will include the costing of high level migration scenarios which should provide an indication of whether the overall policy can be maintained within the existing cost envelopes. Assumptions and sensitivities underpinning the costing should be clearly set out.

(iv) Does the Programme represent value for money? Following on from the above, a robust Economic Case must be evidenced which compares the preferred option against other options. UC is a radical and innovative approach to paying benefits to working age people, so there should be evidence that the programme is flexible and responsive to policy changes. This will require an acceptable approach to validating outcomes in a realistic, timely manner, with rolling evaluation and monitoring plans to ensure the policy is delivering the expected labour market outcomes.

(v) Is there the right capability and governance fully embedded into the programme to ensure successful delivery of the revised plans, and is the new CEO fully signed up to, and committed to delivering, these plans? This should establish clear accountabilities within the leadership team, and set in place actions to address the critical capability and capacity gaps identified by the PAR in a number of areas, including IT architecture, delivery and supplier management and working with delivery partners.

(vi) Regarding the Pathfinder, the review is looking for this activity to be well governed and controlled, with a clear articulation of the learning from this early experience and how this will inform, and is being informed by the work on the Blueprint. The review will also require reassurance that the effort on the Pathfinder is not wasted and that there is a clear migration path from the Pathfinder to the Blueprint.

(vii) Evidence of improved engagement with key stakeholders, including HMRC (both Benefits and Credits and Real Time Information) and Local Authorities, with all stakeholders signed up to the Blueprint and Transition Plan. This should include evidence that the dependencies of interdependent programmes are properly defined and being managed.

(viii) Are there clear contingency plans, supported by robust risk and issue management? This should address more than the changes to control costs and include evidence of a revised governance regime that provides sufficient challenge and early warning of significant risks affecting delivery.

(ix) Is there adequate financial management and control? This should include the measures put in place to control expenditure, with a particular focus on effective supplier management, covering IT, commercial, contract management and contract finance. This should also include evidence of changes arising from the independent scrutiny of contract management and a breakdown of the utility of the spend to date.

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3. Summary of Recommendations

Ref	Recommendation	Report Section/s (where more detail can be found)	Criticality Urgent/High/Medium/Low
01	The Programme should, in discussion with HMT, consider development of mini business cases for discrete elements of work as appropriate and linked to funding approvals.	Section 5 Business Case & Affordability	Urgent
02	There should be single Data and Service Delivery Models which act as the standard across the programme.	Section 5 Programme Reset and Outputs	Urgent
03	There should be a nominated "business" owner for each of these models (recommendation 2).	Section 5 Programme Reset and Outputs	High
04	There should be wider access to the relevant set of original blueprint documents	Section 5 Programme Reset and Outputs	Urgent
05	The UC Programme should take appropriate assurance and validation on the Blueprint aspects of the Strategic Intent Document and associated programme management documentation.	Section 5 Programme Reset and Outputs	High
06	Strategy and Policy specialists must be embedded within the delivery programme.	Section 5 Programme Reset and Outputs	High
07	The SRO's requests for key resources and skills should be met in a timely manner and with flexibility.	Section 5 Activity to take Reset Forward	Urgent
08	The Programme should develop a compliance matrix documenting how current and planned activity maps against the recommendations made by previous PAR and during Reset	Section 5 Activity to take Reset Forward	Urgent
09	A Non-Executive Director with the right commercial and digital experience should be appointed to the UC Programme Board	Section 5 Governance	High
10	Whatever approach is taken, there should be a risk based options assessment of all procurement vehicles or contractual arrangements, coupled with independent assurance of the commercial and procurement strategy	Section 5 Commercial & Supplier Management	High
11	The Programme should establish a milestone for Pathfinder migration as part of the "100 day" plan	Section 5 Pathfinder	Urgent

4. Additional comments from the SRO

As the newly appointed SRO, I have already written to HMT and colleagues to make clear that the current review was ill timed in view of the fact that only three weeks had elapsed since the delivery of the Blueprint. A more useful timing for this review would have been three months after the completion of the re-set work giving me time to document and drive forward a detailed delivery plan. This is a position that I believe the review team share.

As stated, the review team have not been able to brigade sufficient evidence to provide a clear delivery confidence assessment for the programme and therefore, given the transparency policy, it is inappropriate for this review to make ANY assessment which will later be published. Instead, it would be appropriate for the review team to recommend a rerun of the review of the re-set work, and DWP response at an appropriate time as suggested above, when more evidence of how the programme is to be delivered will be available.

There are a few points outside the 'findings of the PAR' themselves which I wanted to make:

The scope of the review and lines of enquiry were agreed prior to me taking up post. On re-reading these, I am concerned in particular about the statement at 1b of the purpose of the review. This suggests that 'the work carried out by the 'reset team' has provided sufficient levels of confidence on plans for overall delivery, affordability and value for money to allow for decisions on the next phase of activity'. The report as drafted does not confirm whether it agrees with this statement or not. I contest strongly that unless refuted, the assumption will be made that the programme is in good order and can proceed at pace. Plans are not sufficiently well developed to do so.

The Strategic Intent Document (SID), which the UC programme initiated, will annex some of the more relevant sections of the blueprint documentation to ensure that there is a clear line of sight between the work of the re-set team and that of the programme.

Restrictions placed on the wider circulation of the blueprint documents were not made by me or the UC programme. The decisions made to constrain circulation to a wider audience are creating greater difficulty for UC's relationship with our delivery partners. The Business Partner Council (BPC) is a recommendation from the re-set team to help 'govern' the programme in partnership with others but this does not include any representation from Local Authorities so does not address this important relationship. The BPC is not a governance body, it is simply a way of working (albeit quite effective and will be continued) within which information is shared between UC and HMRC/HMT and CO. Importantly, I have already agreed with the Local Government Association (LGA) that they will propose a representative of Local Authorities to sit on my reconstituted programme board. I have also made clear to the LGA that I support their proposals to set up the LGA Partnership Forum for UC which will include representatives from Local Authorities and the devolved Administrations.

In view of these comments, and bearing in mind the need for pace following the re-set work which has been discussed during the review, I do not consider a more detailed response on individual 'findings' is necessary but I will reflect on their relevance in taking my plans forward.

Howard Shiplee

9 June 2013

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5. Summary of the Programme or Project

Background and context

UC is the centrepiece of the Government's policy on Welfare Reform based on a commitment made in the Coalition Agreement and through public consultation. It will have a wide ranging impact on the payment of benefits to both unemployed and in-work individuals, with significant changes to claimant and staff interactions and processes.

In February 2013 a PAR and MPRG were held which identified a number of fundamental issues with the delivery of UC. The MPRG recommended that the programme should be paused, giving DWP a period of 3 months to address the risks and issues, which were affecting successful delivery. Ministers subsequently agreed that the Pathfinder pilot activity could proceed. This would enable a shared view to be formed across government on an end-to-end solution for the implementation of the UC programme, including what follows the Pathfinder.

Immediately following the MPRG in February, David Pitchford (Head of the Major Projects Authority) was appointed as the interim CEO of UC, to "re-set" the Programme and respond to the recommendations made by the PAR team and MPRG, including the development of a Blueprint and Transition Plan. These documents set out the details of what needs to be achieved to deliver the end state and how DWP will get there, covering 4 areas: *Business Architecture, IT Architecture, Business Security Architecture, and online where appropriate.*

In May 2013 Howard Shiplee (former CEO Olympic Delivery Authority) joined DWP as DG for Universal Credit delivery and is responsible for delivering the Blueprint.

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6. Detailed Review Team Findings

BUSINESS CASE AND AFFORDABILITY

Business Case

The previous Business Case (Jan 2013) was based on a pre-reset delivery approach and technical platform. Following delivery of the Blueprint and Transition plan it has been recognised that there is a need to completely refresh the business case to reflect the new service based approach. At the time of this PAR, the Programme is in early stages of developing detail of new delivery approach based on the Blueprint and Transition Plan. We understand some outline papers have recently been developed and are out for validation by HMRC but these were not provided to us. We therefore cannot comment on affordability or value for money.

Approvals

The Programme is expecting to seek a view from CST in early July 2013. We did not see documentary evidence but understand from interviews that intent is to provide papers supporting request for (a) ongoing programme team and blueprint delivery work costs and (b) continuation and expansion of the current pathfinder from October 2013 based on progression toward wider geographical spread and increase in claimants. Suppliers have written to Cabinet Office to say that further investment is required even to go to 17,500 claimants.

The current approval of up to £27m is for live support for the entire IT build, deployed in the four pathfinder sites, until March 2014 with arrangements for a break point or contract to cease in at any appropriate time if the pathfinder does not continue. The actual costs negotiated for the contract were £22.5m following detailed and joint DWP/CO negotiations with suppliers. Any expansion of the Pathfinder beyond the four sites would require further negotiations to take place to confirm whether there were any additional costs to be incurred. The PAR team consider this would be questionable in terms of value for money and would need to see any further costs incurred on Pathfinder justified from a value for money perspective. Refer also to our later comments on Pathfinder in terms of the advisability of extending the Pathfinder beyond the first four sites.

The GDS team is currently funded from the pot for "exemplar transactions"; however we understand that arrangements for a level of recharge to the Programme will be put in place and the position will need to be kept under review.

Basis for Funding Decisions

There is evidence that the allocation of fixed annual budgets to the programme has led to undesirable effects. To match the Agile delivery model, there should be a corresponding budget agility where a number of factors should be considered within "mini" business cases encompassing discrete iterative deliverables where appropriate and with particular reference to IT related matters. These factors would cover:-

- The basis for funding decisions
- Capacity for change/improvement
- Commitment to spend (through discretionary funding decisions enabled throughout the year, based on benefits, leading to on-time enablement of beneficial work)

- Use of funding (i.e. funding used to the full when allocated to move the programme forward)
- Exceeding budgets (reported at the time it becomes apparent, enabling better control of financial risks)
- Benefits delivery (aligned to the ability to deliver)
- Risk assessment (based on the state of the programme in its incremental delivery)

One approach would be to identify a budget range for each discrete project or key delivery area. The bottom end of that range would be the minimum viable product and essential capabilities are delivered, and the upper end is the maximum that Government is willing to allocate for that project. This approach would only work where the resource markets are sufficiently developed and fluid to enable appropriate resources to be obtained when required; this is simply a matter of degree, even in fairly difficult resource markets, the idea of a limited budget range stands up. As a minimum it would improve culture of financial control and transparency in that budgets do not have to be defended in order to maintain them, which a fixed annual budget or total programme annual budget would.

RECOMMENDATION: The Programme should, in discussion with HMT, consider development of mini business cases for discrete elements of work as appropriate and linked to funding approvals.

PROGRAMME RESET AND OUTPUTS

Blueprint

There is consensus that the reset period was necessary and useful. At Ministerial level the Blueprint has been welcomed.

The Blueprint itself is a series of related documents including high level definition of concept, Business, IT and Security Architectures to support the new strategic intent of UC. Level 0 and 1 business processes have been developed in addition to high level business requirements which now will form the basis of the next phase of delivery to support the architectures. Included within the Blueprint binders are a series of high level artefacts including a Transition Plan and Capacity and Capability Models that will also form the basis for detailed work in the delivery phase. We found some evidence that the both the architectures and the related artefacts are being taken forward.

There are however a number of areas that the PAR team are concerned were not as well developed as we would have liked to have seen at this stage. In addition we found evidence of some misunderstanding about what to expect from the Blueprint, with many of those interviewed expecting it to be in at a stage that would immediately allow direct delivery. We understand that this was due to the ambitious time allowed for the reset work. Our areas of concern are principally the Data Model, which is the cornerstone of the future service design, and the Service Delivery Model. It is essential that the development of these two models be taken forward at pace, to avoid risk of re-work during the "Discovery" phase. Owners for these models must be nominated.

Recommendation: There should be single Data and Service Delivery Models which act as the standard across the programme.

Recommendation: There should be a nominated “business” owner for each of these models.

The Blueprint was developed using input from DWP and key stakeholders such as HMRC but PAR team concerned that some other key stakeholders were not included, principally the local authority voice as key delivery partners. Following approval and delivery of the Blueprint circulation and visibility has been heavily restricted (initiated by the authors) and many of those we interviewed whom we might have expected to have read some/all of it had not done so. For the full benefits of the Blueprint to be realised we feel that it now needs to be more readily available to the wider programme and stakeholder community particularly sections I,J and K, even if this means removing sensitive material.

Recommendation: Wider access to the relevant set of original documents should be made available.

We understand that the Programme is developing a Strategic Intent Document (SID) to capture key elements of the Blueprint as well as act as the Programme PID. We are concerned that where the Blueprint aspects are concerned this could dilute the full intent of the Blueprint.

In order to ensure and maintain a clear line of sight from the January 2013 PAR through the Blueprint and David Pitchford’s recommendations through to the SID and the new business case, there will need to be appropriate assurance and validation carried out on the SID Blueprint aspects as well as on associated programme management documentation.

Recommendation: The UC Programme should take appropriate assurance and validation on the Blueprint aspects of the SID and associated programme management documentation.

Strategy and Policy engagement is critical. Reducing complexity and ensuring alignment with all other strategic and policy development activities across DWP and other key delivery partners, is essential that delivery matches policy intent.

Recommendation: Strategy and Policy specialists must be embedded with the delivery programme.

ACTIVITY TO TAKE FORWARD THE RESET WORK

The new SRO has only been substantively in post for 3 weeks, bringing with him a refreshed energy and experience that the PAR team believe are essential to moving the programme forward. It is also noted that the SRO has an excellent track record and is already engendering respect, is well thought of and referred to as a “breath of fresh air”. The environment in which the SRO operates and delivers this complex programme, which includes a significant political dimension, must be supportive if the Programme is to succeed. We have been told that UC is the number one priority for DWP; however, there is evidence that this is not necessarily applied in a consistent manner throughout the Department, with instances such as delays in the provision of essential resources.

RECOMMENDATION: The SRO’s requests for key resources and skills should be met in a timely manner and with flexibility.

It is acknowledged that further planning and analysis is required to produce a plan and business case in which the SRO and approval bodies can have confidence.

Whilst there the PAR team have seen evidence of considerable programme activity, and that there is a 100 day plan in development, there is still not a fully formed team in place nor is there yet clarity about what will be delivered and when, as well as how this will contribute to taking the UC programme forwards. The PAR team feel that this is contributing to the perception in some quarters that the momentum has slowed since the reset finished.

RECOMMENDATION: The Programme should develop a compliance matrix documenting how current and planned activity maps against the recommendations made by the reset.

UC is essentially a cross government programme in terms of its impacts and contributions and needs to be able to function with autonomy if it is to succeed.

There is an embryonic "multi-disciplinary team" being set up in premises in Victoria Street adjacent to DWP to allow secure communications to key departments, to undertake the "discovery" phase of the new UC service aligned to the output of the Blueprint. We understand that the initial "discovery" phase is due to complete in October 2013 and our understanding of the output is a more detailed design which will inform the procurement/delivery approach to get to a live service at the end of 2014.

Whilst we believe that this is the right approach, there is a risk that it could become disconnected from the operational delivery and strategic policy or perceived as such by the wider department. The SRO is cognisant of this and is making efforts to mitigate this risk and maintain a business transformational approach.

This autonomous model is used successfully elsewhere in public sector e.g. ODA. The PAR team strongly feel should be adopted for the whole UC programme to allow total focus on delivery and mitigate the risk of the wider DWP environment distracting from that focus.

In parallel with the development of the new business case decisions are required on the order in which UC will be rolled out to claimant groups. This has a significant impact on other delivery partners, including HMRC and Local Authorities, on the sequence of development and on the return on investment.

We have seen a high level list of indicative outputs anticipated from the 100 day plan to be delivered end of August 2013. It is not possible from this for us to be confident that there is a common understanding of when a definitive delivery plan and business case can be produced.

In producing the 100 day plan, the SRO should ensure alignment with the activity being undertaken by the multi disciplinary team which points to October 2013 which the SRO will wish to review in detail to ensure plan meets the SID requirements.

Governance, Leadership and Capability

Governance

During the reset period the governance arrangements was suspended. These are being reconstituted by the new SRO, though concerns have been expressed that this had yet to bed down. Whilst it is too early for the PAR team to take a view on this, one mitigation would be the

use of a Non-Executive Director (NED) on the UC Programme Board. Use of a NED on the UC Programme Board would provide support for the SRO and the programme delivery team. It would also supplement the building of key capabilities within UC areas, such as commercial and procurement, improving the quality and consistency of management information, and digital delivery focus. (Ref: Lord Browne of Madingley, Government Lead Non-Executive, 2nd Annual Report, 6th June 2013). This would bring a fresh perspective, in addition to the critical friend group recommended by the "Pitchford" recommendations (Ref: Report to the Prime Minister and Ministerial Oversight Group on Universal Credit, 9 May 2013). One avenue of sourcing a digital capability would be through GDS's access to the Digital Advisory Board.

Recommendation: A Non-Executive Director with the right commercial and digital experience should be appointed to the UC Programme Board

Leadership

The SRO and his Programme Director's leadership and their focus on delivery needs to be mirrored across the wider DWP senior leadership. The "Pitchford" report made a key recommendation about new ways of working (Recommendation 4) and it is essential that everyone associated with the programme at all levels embraces this. Moving forwards the programme should be unhindered by legacy decisions, so that they are not hampered and can make objective decisions on getting the required momentum to deliver.

The history of the Programme together with the necessary hiatus caused by the reset has resulted in a loss of morale amongst the existing programme team. The new leadership recognise this, however the PAR team feels that urgent action needs to be taken to re-energise and motivate these staff.

This is the biggest and most far reaching DWP business change programme and needs to be aligned with all other DWP change programmes. At this point we have no visibility of a discrete dedicated role at a sufficiently senior level in the Department to deliver the DWP change agenda.

Capability

There is recognition across and external to DWP that there are capability gaps in the programme, and an over reliance on the skills of a few key individuals (Ref: NAO Common Causes of Failure). Key posts/capabilities identified to the PAR team were:-

- Supplier Management
- Business Architect
- Commercial/Procurement
- Technology (intelligent client) and DWP legacy systems knowledge
- PMO
- Agile (the scope of this includes delivery, business change, assurance, PPM and commercial aspects)

These have been previously identified both within the PAR, the Blueprint and the "Pitchford" recommendations. We note that the capability gap is currently being addressed by GDS and there are discussions with client side consultancy providers. The current arrangement with GDS

is due for review at the end of October 2013 after the discovery phase. There is an expectation that DWP will over time develop in-house digital capabilities with the support of GDS.

We note that there has been recent considerable progress in the way that security is embedded within and across all elements of UC. This aspect is fully aligned with the direction of travel from the Blueprint.

We have made a recommendation in this report that the SRO should have requests for skills dealt with in a timely manner. This includes allowing flexing of the standard engagement conditions should it be necessary where the essential skills are scarce.

Commercial and Supplier Management

In devising the new procurement strategy it is important that the focus isn't solely on a "modernised" ADEP Framework, but that consideration should be given to more accurately reflect the wider government procurement strategy for IT and increased use of SMEs.

In building commercial capability in DWP to support this different approach to procurement and supplier management, consideration should be given to the complexity inherent in a more diverse supply chain. A clear understanding of the agile approach being used, where appropriate, by the programme must be there on both client and supplier sides. A contract drawn up using a "traditional" mindset or approach would encourage counter-productive behaviours in an agile delivery model.

The risks of the cost estimates being wrong, due to the high-level nature of requirements at the tender stage, could be mitigated via contractual arrangements. For example, a fixed price contract could be issued at the "discovery" phase, with a ballpark figure, or best guestimate for further development to Alpha. After the "discovery" phase the ballpark figure could be re-estimated with the additional knowledge and become a fixed price for the rest of the development to project end or the next one or two increments. An issue with this approach is that work may have to be re-tendered, or suppliers will load with contingency to cover their own risk, but this could be factored into the commercial and procurement strategy.

Recommendation: Whatever approach is taken, there should be a risk based options assessment on all procurement vehicles or contractual arrangements, coupled with independent assurance of the commercial and procurement strategy.

As a consequence of the previous PAR, PWC were commissioned to undertake an investigation (Ref: Universal Credit Programme Financial Management – Initial Findings, April 2013). In implementing the recommendations from the PWC report, DWP should take account of the resource and skill implications to fully realise the issues that need to be addressed e.g. Contract Finance and the necessary IT skills.

Whilst we recognise there will be a need for ongoing dialogue with respect to legacy system, there is a risk that the ongoing discussions with legacy suppliers regarding the ADEP Framework will divert critical resources in the short to medium term.

Stakeholder Management

Over the reset period there was limited engagement with some key stakeholders, specifically the Local Authority community, as well as the wider DWP. During the reset work commenced

on a pan government dependency map; This should be taken forward at pace to ensure expectations and delivery plans continue to be aligned.

We note in this regard the Pitchford recommendation to continue and develop the Business Partner Council.

PATHFINDER

The Pathfinder launched on 29 April 2013 and has proven to be successful from the viewpoint of DWP staff and claimants. This learning, together with the outcome of evaluation exercises must be fed into the future UC design and target operating model in a deliberate and structured way.

Pathfinder technology, albeit limited in scope (only 68 out of 406 processes automated) is different to the UC solution proposed in the Blueprint and has been described as “unstable”. Any further investment in the Pathfinder IT solution could be nugatory spend and would be a distraction from the delivery of the future UC service. It is clear that Pathfinder is serving two key objectives:

1. The need to maintain momentum at an operational level; and
2. The provision of valuable learning of the UC processes/procedures to staff and claimants.

Therefore the PAR team considers that there is a strong argument to continue with the delivery from 1 to 4 sites (Ashton, Wigan, Warrington and Oldham) to help develop operational policy and procedures, but no clear justification for expansion beyond this point and a risk that the more the current Pathfinder is extended the more it becomes established in mindsets as “the solution”. The Reset made a recommendation to go to 17,500 claimants and the PAR team suggests that a better way of test these volumes and continuing the learning would be to use tailored pilots, based on the Blueprint way forward. A milestone should be established now for Pathfinder migration to tailored pilots as part of the “100 day” plan.

Recommendation: The Programme should establish a milestone for Pathfinder migration as part of the “100 day” plan.

7. Suggested Lines of Enquiry for the Major Projects Review Group (MPRG) Panel

ISSUE 1: Suitability of Organisational Construct for the UC Programme

ISSUE 2: Pathfinder Future Plans

ISSUE 3: Clear Line of Sight PAR/Blueprint – New Business Case and Delivery Plans

(See separate document)

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ANNEX A – Progress against previous review recommendations

PAR Review February 2013 - DCA RED

Key recommendations	Summary of progress
As a matter of urgency, the SRO develops and communicates a Blueprint to steer the programme and engender coherence and realism across the UC enterprise immediately followed by the development of a coherent programme plan, critical path and realistic risk management.	This recommendation formed the basis of the re-set programme led by D Pitchford. As at the time of the current PAR, the 'blueprint' documentation has provided a high level view of a revised programme delivery plan and critical path.
To intercept a critical risk, the SRO actively manages the timely delivery of programme products for Phase 1 go-live to operations.	The Pathfinder went live as planned on 29 April with all supporting programme products in place.
The SRO contains the scale and complexity in P2, while the UC IT architecture is reconstituted to produce a secure, sustainable, extensible architecture closely aligned with the output of the Blueprint. Co-location of the teams working on both the Blueprint and the reconstituted architecture is essential.	This action has been superseded by the work commissioned on the blueprint and other products. The phased approach is no longer part of the delivery plan.
The SRO establish a co-destiny Business Partner team to lead the deep exploration of business imperatives of each partner, create joint plans, develop and share data and assumptions (MDAL) and mitigate risk. The SRO may wish to consider a separate de-commissioning team.	This work has been progressed as part of the re-set. Recommendations include developing UC for and with operations which is reflected in the programme structure. Work is also in hand to produce an MDAL.
The SRO addresses significant capability and capacity gaps in Business Architecture, IT Architecture, IT Delivery, Commercial, Contract management and PMO teams.	These gaps have been clarified and plans are in hand to fill posts urgently in line with re-set recommendations.
The SRO urgently commissions an internal review of the actual and forecast expenditure and how it is controlled. Critical to this will be gripping supplier management (IT, commercial, contract management and contract finance) effectively.	PWC have undertaken an independent review, produced a draft report and DWP has responded with a draft action plan. Further work has been commissioned from PWC. DWP has established a senior group to oversee the management of suppliers
As a summary of the recommendations above, the SRO should conduct a reality check and a re-think of the entire delivery approach to safeguard the successful delivery of the policy intent.	MPRG paused the UC programme as a result of this and other recommendations. A new delivery approach has since been recommended and is agreed subject to HMT/CO approvals

**Note – Further detail of progress against Blueprint recommendations and earlier PARs are given in 2 separate documents sent with this report.*

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ANNEX B – Conduct of the Review

The Review was carried out at DWP Offices, Caxton House, London between 3 and 7 June 2013. The PAR Team would like to thank Howard Shiplee, Ann Harris and the Programme for their openness and co-operation. Our special thanks to [redacted] for their outstanding administrative support.

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ANNEX C - Programme/Project documents reviewed

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

- PAR Report February 2013
- The David Pitchford Report on Universal Credit to the Prime Minister May 2013
- MPRG Panel Outcome letter 14 February 2013
- Ministerial letter 14 February 2013 to SoS DWP
- Permanent Secretary response to MPRG Panel outcome letter 21 February 2013 to Sharon White (DG Public Spending)
- HMT Outcomes letter 22 March 2013 from Beth Russell to David Pitchford
- Dr Norma Wood note May 2013.
- The Blueprint including Transition Plan
- Required programme capabilities
- Business Transformation Workstream
- H Shiplee's letter to MPRG
- Organisational Structure as of 31/05/13
- Financial action plan (appendix to PWC)
- UC PAR TOR
- UC Strategic Intent Doc (SID)
- SID Comments
- Labour Market Policy
- DWP Internal audit Draft position Statement
- Current IT Assessment against the Universal Credit Blueprint (Malcolm Lowe)
- Existing IT Assets (Malcolm Lowe)
- Financial Action Plan interim report
- Pathfinder Documents.
 - OCC PCS issues
 - MI Dashboard
 - OCC Dashboard
 - Pathfinder evaluation

ANNEX D: List of Interviewees

Name	Role/title	Organisation
Lord Freud	Minister for Welfare Reform	DWP
Francis Maude	Minister for the Cabinet Office and Paymaster General	Cabinet Office
Beth Russell	Director for Personal Tax, Welfare and Pensions	HM Treasury
Nicola Kay	Policy Team Lead	HM Treasury
Liam Maxwell	Chief Technology Officer	Cabinet Office
Bill Crothers	Chief Procurement Officer	Cabinet Office
Tom Loosemore	Deputy Director Government Digital Services	Cabinet Office
Stephen Kelly	Chief Operating Officer	Cabinet Office
Mike Bracken	Director of Government Digital Services	Cabinet Office
Jenny Ashby	Deputy Director Welfare Reform	DCLG
Ruth Owen	Director General Personal Tax	HM Revenue and Customs
Norma Wood	Ex Transformation Director	UC Programme (Reset)
Rachel Taylor	Consultant	Price Waterhouse Coopers
Mark Ripley	Group Chief Internal Auditor	DWP
Robert Devereux	Permanent Secretary	DWP
Sue Owen	Strategy Director General	DWP
Andy Nelson	Chief Information Officer	DWP
Noel Shanahan	Director General Operations	DWP
Steve Riley	IT Projects Director (Universal Credit Business Transformation Director)	DWP
David Smith	Commercial Director	DWP
Ross James	Labour Markets	DWP
Sue Moore	PMU Director	DWP
David Frazer	Director of Information, Governance and Security	DWP
Malcolm Lowe	Chief Technology Officer	DWP
[redacted]	[redacted]	DWP
[redacted]	[redacted]	DWP

Name	Role/title	Organisation
Howard Shiplee	Senior Responsible Owner Universal Credit	UC Programme
Ann Harris	Programme Director Universal Credit	UC Programme
Sarah Cox	Universal Credit Programme Assurance Director	UC Programme
Janice Hartley	Pathfinder Delivery Director	UC Programme
Mike Baker	UC Operations Director	UC Programme
[redacted]	[redacted]	UC Programme
Stuart Proud	Finance Director	UC Programme
Jos Joures	Business Transformation Director	UC Programme
Cath Hamp	Universal Credit security lead	UC Programme

