



## Major Projects Authority Project Assessment Review (PAR)

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## 1. Executive Summary

- Made considerable progress since last PAR and Health Check
- One end-2-end plan agreed by all
- Strong leadership in place
- Feels integrated not isolated
  - Teams integrated: policy, IT, Ops
  - Delivery partners integrated, although more to do
  - UC forms spine of DWP's SR15 proposition and embedded in transformation vision
- UC live and rolling out across GB, delivering UC policy
- Evidence indicates positive Labour Market effects
- Good staff and claimant feedback for UC policy and trial of Digital Service
- Digital Service build well managed, integrated, prioritised

## Delivery Confidence Assessment (DCA)

The RT considers the Universal Credit Programme to be Amber.

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

The RT gave considerable thought to the DCA, including considering a higher rating. The RT notes that the Programme is fully aware of the significant issues facing the Programme and is addressing them. However, evidence of successful delivery will not be available until mid-2016 – particularly landing the HMRC transition and demonstrating digital delivery at scale.

## Additional comments from the SRO

"There must be a beginning of any great matter, but the continuing until the end until it be thoroughly finished yields the true glory"

Letter from Sir Francis Drake to Sir Francis Walsingham (1587)

## 2. Scope of the Review

### **Purpose**

1. The Programme Assessment Review (PAR) will review the Universal Credit (UC) Programme activities and progress since the last full PAR in early 2014. The findings from this PAR, along with the conclusions of the Major Projects Review Group (MPRG), will inform advice to the Chief Secretary and Secretary of State, culminating in a Treasury Approval Point (TAP) in November 2015 aligned with SR15.
2. The PAR will consider the new Outline Business Case (OBC) and review the status of the Programme in light of the OBC and the level of delivery confidence at this *Improve Efficiency* stage in the project's agile lifecycle. This will include Strategic Design and Transformation; the delivery approach; Transition and Migration strategies and plans; and how the Programme's Test and Learn approach is enabling delivery of Transformation based on evidence and experience.

### **Scope**

3. The scope of the PAR will be as follows:
  - i. An overall assessment of the deliverability of the UC programme; which would include an assessment of:
    - a. The Transition and Migration schedule;
    - b. The Digital Service – including the various test phases;
    - c. Commentary on DWP's ability to manage interim operating models to deliver the Target Operating Model and End State Service;
    - d. Stakeholder engagement.
  - ii. An assessment of whether the Programme is delivering (and will ultimately deliver) its strategic aims (including reduced fraud and error; administrative savings/vfm; increased labour supply); which would include an assessment of:
    - a. The Live Service in the context of progress made against delivering the agreed plan and the benefits set out in the SOBC;
    - b. Test and learn evaluation approach – the extent to which end outcomes and UC Transformation drive design, planning and delivery;
    - c. The reliability/accuracy of the Digital Cost Model; to understand the scope for further efficiencies;
    - d. Overall appraisal of the Outline Business Case, including cost/benefit analysis of the high level plan and wider assessment of the delivery approach and progress to date, and achievement of the economic benefits:
      - Is the programme flexible and responsive to policy changes?
      - Is there an acceptable approach to validating outcomes in a realistic, timely manner, with rolling evaluation and monitoring of plans to ensure the policy is delivering the strategic intent and other CSFs?
      - Is there alignment with wider DWP 2020 Transformation plans and approach?
  - iii. An assessment of the Programme Management; which will include an assessment of:
    - a. Planning and dependency management;
    - b. Governance/Decision making/financial management;
    - c. Contingency and risk management;
    - d. Capacity and capability.

### 3. Summary of Recommendations

No	Recommendation	Criticality	Do by when?
1.	Programme to agree on requirement for production of subsequent IOMs and handover to Operations.	Medium	End Dec 2015
2.	Programme to shift towards transformation programme management.	High	Apr 2016
3.	Programme to refine internal and stakeholder communications to communicate a clear and compelling narrative about UC.	Medium	Feb 2016
4.	Programme continues to work closely with HMRC to remove any doubt and uncertainty about plans to move Tax Credit debt to DWP from April 2016.	High	Apr 2016
5.	Programme should agree clear decision points with HMRC between now and April 2016 to ensure both DWP and HMRC are aligned fully on plans to deliver key milestones and mitigate any risk.	High	Apr 2016
6.	UC to complete the national roll-out of Live Service, using it as the foundation from which to evolve the Digital Service.	High	Apr 2016
7.	Clarify responsibilities, governance and resources across the DSC and UCDS teams.	High	End Dec 2015
8.	The digital, technology and security functions should ensure that skills, knowledge and lessons learned are retained and communicated to the rest of DWP as part of the Department's wider transformation.	Medium	May 2016

### 4. Summary of the Programme or Project

#### 4.1 Aims & Objectives

The objectives of Universal Credit are to:

- increase labour market participation, reduce worklessness and increase in-work progression;
- support people moving into work by aligning their experience of UC to the world of work;
- modernise the delivery of welfare benefits by providing an easy to use, simple service;
- reduce fraud and error, improve administrative efficiency and provide value for money to the taxpayer; and
- provide an effective safety net that recognises the needs of claimants, reduces poverty and ensures fairness.

## 4.2 Table of key milestones

Treasury Approval Point	November 2015
Digital Service Improve Efficiency Phase Complete	November 2015
Digital Service Make Scalable Launch	November 2015
Live Service Singles expansion complete	April 2016
Digital Service Make Scalable Phase Complete	May 2016
Live to Digital Service Transfer Commences	May 2016
Transition Commences	May 2016
Managed Migration Test	October 2016
Managed Migration Proof of Concept Complete	November 2017
Live to Digital Service Transfer Complete	June 2018
Transition Complete	June 2018
Managed Migration (JSA/IS/HB) Commences	July 2018
Managed Migration (JSA/IS/HB) Complete	June 2020
Managed Migration (ESA/Tax Credits) Commences	January 2020
Managed Migration (ESA/Tax Credits) Ends	March 2021
End of Project	2021

## 5. Detailed Review Team Findings

### 5.1 Leadership & Programme Management

#### Strong Team

The Programme has made significant progress in building a strong Senior Leadership capability since the time of the last Programme Assurance Review in February 2014.

It is clear that the SRO, Programme Director and senior leadership team have a grip on the management of the UC Programme. The team has been structured deliberately to integrate policy, technology and operational accountabilities in a way that has created improved confidence for delivery of the UC vision to create a system where being in work is more beneficial than being on benefits.

The SRO has been instrumental in creating a leadership team unified behind clear objectives to implement improved and quality services to claimants.

The Programme has a rich blend of experience, expertise and skills and co-locating the UC product development team with subject matter experts and operations in the Victoria Street site is creating a joined-up team ethic that brings coherence to product development and delivery. Agile development is now more integrated with policy and operational delivery.

The SRO has made a clear distinction between his own role: to oversee the programme as a whole and its relationship with senior managers within the wider DWP, Ministers and with external stakeholders; and that of the Programme Director and other UC Senior Leaders, which is to focus on the technical management of the Programme e.g. planning, financial, risk and dependency management. This has created headroom for the Programme Senior Leadership team to give their full attention to the delivery of key milestones in the plans and increased confidence in delivery.

#### One E2E Plan

The Programme has agreed a revised plan with Ministers, which is now based on a 26 month transition schedule that includes simultaneous Live to Digital Service transfer. Transition begins in May 2016 and ends in June 2018, with migration of stock between July 2018 and March 2021. The revised plan is clear and achievable, although not without significant challenge and risk. It balances the need to secure value for money and to realise the UC economic benefits, whilst being alive to

the need to manage complex delivery risks. The plan forms the spine of DWP's SR15 proposition and is now embedded in the vision for the transformation the department and how it manages its business.

The new plan and supporting interim and target operating models reflect a refined programme and strategic approach to delivery of UC services, with clear scope and prioritisation of digital UC as a strategic solution for DWP transformation. The UC Programme is aligned to one plan and a single strategic direction.

The RT reviewed the Strategic Intent Document (April 2015) and the Outline Business Case (September 2015). The RT saw the Target Operating Model (describing the UC service as it will be in steady state in 2020) and the full Interim Operating Model (IOM) for the start of the Transition phase (describing the evolution of the UC service as it is rolled out to increasing numbers of claimants and claimant groups). There is work to do to decide upon and create IOMs for subsequent dates e.g. around the start of migration.

There is more work to do to flesh out the IOM into detailed plans, both in untested policy areas (e.g. self-employed) and in detailed design (e.g. role of the Work Coach, changing role of delivery staff). The RT saw business design principles categorising claimants into 6 cohorts with differently shaped channel support e.g. intensive work search claimants may need f2f interventions; for light touch claimants, phone coaching may be sufficient. This balance of the most appropriate channel strategy needs to be worked through, and will evolve through the Test & Learn process.

**Recommendation 1: UC Programme to agree on requirement for production of subsequent IOMs and handovers to Operations.**

A very strong theme emerged around "sticking to the plan". The Programme team has worked hard to develop a clear direction that moves UC from live to digital service, adopting a controlled and phased approach that mitigates risk and increases the chance of successful delivery. There is a question about the pace and scale of delivery after the transition period, but DWP is confident it has the capability and capacity to manage the roll-out of the digital service.

There is some concern that the plan is changed by the SR15 settlement in November, as this would increase the risk to meeting key milestones between now and 2020, as well as impact on realisation of benefits.

Work on Migration has only just commenced, having been deliberately scheduled to allow focus on Transition. The RT could not therefore assure the plans for Migration noting they are being considered by the Programme Board November 2015.

**Well Managed Programme**

There is evidence, both in terms of documentation and feedback from interviews, that this Programme is managed effectively and efficiently. The dashboard presented to the Programme Board is clear and informative, making it easier for the Board to make informed decisions based on choices and good management information.

The rigour applied by the Programme Director to the financial management of the Programme is particularly noteworthy.

The UC Programme has a number of key dependencies on internal and external systems that require active management. These interdependencies are necessary to add capability and scale to UC. DWP's Internal Audit issued a report on 5th October 2015 making specific recommendations to the Programme on dependency management: to ensure dependency management standards and 'maturity milestone assessments' are applied routinely and across all dependent systems; and to ensure contingency plans are developed for each dependent system or service. These

recommendations were accepted by the Programme and are due to be actioned by the end of November.

There is evidence to support a grip on dependency management of systems and this should be extended to ensure the same rigour is applied to non-IT strategies and programmes e.g. on workforce change and locations.

The RT saw entry criteria for the commencement of Transition, and exit criteria for each digital development phase. The RT saw evidence of a Programme Management & Control framework.

The RT reviewed the Digital Cost Model, which, for the first time, links service improvements through to operational costs, and hence the effect on FTEs. This is a major piece of work, and the team is to be congratulated.

## **5.2 Culture & Change Management**

The split of Implementation from Digital Service has improved detailed planning. There is evidence of liaison between Implementation and Operations.

However, the RT has a concern that the scale of people change may have been underestimated. DWP is successful at rolling out new policies. But UC is different – it is transformational and will require fundamentally different ways of working.

The RT saw evidence of workforce planning at a detailed level e.g. for Job Centres and Digital Service Centres, covering roles and grades. The RT heard that training to date, for Live and Digital, has been 'outstanding'. Staff feedback was positive. The RT heard of communications roadshows explaining the UC policy and promoting the benefits of the digital service.

However, the RT was surprised not to hear of concerns from staff, and Unions, about the scale of the potential change to working practices as UC moves towards a "24/7 Amazon model". The RT notes that contracts for new staff include flexibility. And the RT accepts that the detail of operational models has yet to be finalised.

This Programme has moved on from rather a fixation on Agile methodologies (the Agile tail wagging the digital dog), to a technology enabled programme providing a Digital Service. The RT considers that it is now time for the Programme to evolve and recognise a further shift towards being a transformation programme, with a major change management brief.

**Recommendation 2: Programme to shift towards transformation programme management.**

## **5.3 Governance & Decision-making**

The consistent message presented to the RT is that Universal Credit is now at the 'heart' of the Department, in building tools and creating a culture for claimants and staff that will enable the DWP 2020 vision and operating model.

The business delivery and cultural change introduced through Universal Credit will have far reaching implications, not just for the Department but also across Government. As a result, the Department's strategic governance and delivery arrangements have been designed to ensure continued alignment between Universal Credit delivery and Departmental strategy. The RT heard that the interface and associated accountabilities between the Programme, Business Transformation Group, and Technology Group are clear and operating effectively. The Programme is a member of the Department's Business Design Authority (BDA), which is 'the guardian' of the 2020 vision within the Business Transformation Group. Experts from Business Transformation



Group and Technology Group are embedded in the Programme, and have accountability for driving the agile delivery methodology and for the development of the security and technical architectures.

Whilst it is clear that the strategic governance arrangements reflect the importance and influence of Universal Credit as a driver of the Department's transformation, there is more that the Programme needs to do, to share this message and to 'sell' the service across the wider delivery community.

**Recommendation 3: Programme to refine internal and stakeholder communications to communicate a clear and compelling narrative about UC.**

Where there is a mutual dependency on the delivery of outcomes, there is also joint membership of Programme Boards. The RT saw evidence that this arrangement has for example, enabled critical dependencies, including delivery of the debt solution, to be fully understood and supported the reprioritisation of features and delivery milestones. As a member of the People and Locations Programme Board, the UC Programme is in a position to share requirements and to assess the delivery and operational impact of associated strategies. The RT heard that joint membership of Programme Boards is serving to ensure strategic alignment.

There is a strong link with the Department's Strategy and Policy Group, with policy experts embedded in the Programme as members of the UC Business Design Authority and as strand leads for layers of the Interim Operating Model (IOM). This arrangement has created a line of sight between policy, design and operational delivery (DQ). The RT heard that the close working and clear accountabilities have enabled policy to be tested, and have created a responsive environment where legislation has been changed (and quickly) to facilitate delivery. There is also evidence to indicate that these arrangements are enabling the scope of the Programme to be managed through Ministers.

It is clear that the formal governance arrangements within the Programme have also been strengthened. The RT heard that there is appropriate challenge around delivery through the Programme Board, which continues to be chaired by a strong and effective non-executive director. Membership of the Programme Board comprises Director Generals, attendance is consistent and access to the right information has enabled effective decision making. It is also clear that an informal knowledge and delivery network has been established, underpinned by strong relationships. The RT heard that Directors meet regularly to discuss issues and challenges and to support each other in enabling delivery. The strength of the relationships means that the escalation of issues, via the Programme Delivery Executive or Programme Board, is a rare exception and solutions are being implemented rapidly and effectively.

This no longer feels like a programme dominated by a fixation on the agile methodology, or being run by technologists. There is a more holistic approach, with a healthy level of discussion around trade-offs: priorities are clearer, dependencies have been understood, entry and exit criteria have been set, red lines for delivery of digital service products have been agreed.

Whilst not a decision-making forum, the regular Accounting Officer stocktakes provide the opportunity to understand delivery challenges and to provide support to drive performance. Those interviewed confirmed that the enabling governance and decision-making forums, including the Programme Delivery Executive, Transformation and Planning Group, Business Design Authority and Technical Design Authority, are operating collectively to direct and manage delivery of the Programme. There is strong support and challenge around financial control, with finance business partners fully engaged with key governance forums including the Business Design Authority and Programme Board.

Those interviewed confirmed that the interface with DWP Operations is also effective. As a key delivery partner, all operational impacts of Universal Credit have and continue to be assessed and there is appropriate representation on relevant governance forums. The delivery framework has

been strengthened by creating an interface between the design and development, implementation and Operations. The RT heard that this has served to reinforce the fact that this is a single Programme. The governance and delivery framework are clearly aligned in aiming to land some of the cultural and business process learning through 'live service', whilst preparing to scale the digital service.

The RT saw evidence to indicate that the governance arrangements are enabling the Programme Board and key stakeholders to test the quality and pace of delivery, and to assess whether plans are robust. The interface with Technology Group has for example provided the opportunity for the independent assessment of plans and delivery of the technical architecture. Embedding experts (both agile and technology) within the Programme has created an effective delivery model, ensuring that the Senior Responsible Officer and Programme Director have access to the right capability to support delivery. The structure of the Programme Board enables independent challenge around technical and business delivery and creates clear accountability.

## **5.4 Business Case and Benefits**

### Policy Intent

UC Policy intent is already being delivered through the Live service.

Over 112,000 people are claiming UC. There is evidence that it is having a positive impact: early evidence indicates that UC claimants are 7% more likely to be in work, earning c£100 more than JSA in first 120 days.

Feedback from Test & Learn indicates that claimants, and staff, are positive about the new policy. Live service is already delivering key elements of the model, including the Claimant Commitment and Work Coaches.

There is evidence that the Test & Learn approach is effective, with the agile development approach facilitating improvement at an unprecedented rate. On balance, the RT heard that the agile methodology was now seen as an advantage because of its ability to react quickly

In some areas, the UC programme will have to wait until roll-out has reached critical mass before it will be possible to test robustly. The behaviour of claimant cadres could affect system design and policy implementation.

Going forward, new claimant groups will be introduced at scale - couples, families, self-employed, the disabled - and new policy areas will be tested e.g. childcare rules, fraud and error, where risk appetite has yet to be established.

### Benefits realisation

The core assumptions for benefits realisation are that:

- The net benefits figures is £27.2bn (undiscounted) and NPV is £20.3bn driven by increasing employment by c250k, through a smoother taper and improved incentives, simplifying welfare, with increased conditionality
- Efficiency (automation and digital service) will reduce costs by 400m pa, and FTEs by c10,500
- Improved control of Fraud & Error will save £2.4bnpa
- Controlling AME welfare costs and increasing the additional number subject to conditionality by c1m

The main cost/benefit drivers are channel shift (digital & automation), verification and transaction risking.

### Channel shift

The UC plan describes a journey moving claimants from F2F interactions to a digital service. Assumptions on channel shift are built on data from a number of sources, both private and public sector. The RT considers that they appear reasonable: JSA is currently running at 90%, in the digital trial, 99% completed their claim on line.

Modelling of online channel usage was robust drawing on multiple sources. The RT notes however that a 5% lower shift will create a £17m reduction in NPV.

There is further work to consider interventions to encourage the use of digital, from communications and nudge techniques, to engineering the operational structure to facilitate online interactions (and discourage other channels). Further thought is needed here, drawing on Test & Learn. But the Programme will also require a policy steer on the level of support appropriate for more vulnerable groups.

### Verification

Verification is a major driver for Operations staff cost base. If claimants cannot access the system online, this will materially increase F2F requirements.

Plans for GDS Verify assume 90% compliance for UC. The UC TOM makes the core assumption that the GDS Verify solution will be available, and facilitate 90% compliance.

However, the RT heard feedback that confidence in this solution being available is very low. Further, there is wider pan DWP discussion ongoing about what levels of verification are required by DWP from Verify, and what is appropriate to individual welfare programmes

If Verify is not suitable, and additional F2F verification is required for UC, this will have a material effect on the business plan. Further, claimants' willingness to identify online has not yet been tested at scale.

The Programme is therefore making a more cautious assumption of 40% online verifications. And there is work ongoing on an alternative solution using Government Gateway. This might take c2 years, but the timeline aligns with volume requirements.

### Transaction risking

The Programme needs to develop to scale before evidence based decisions can confidently be made about how to create a risk profile for checking fraud and error and where to rely on automated/digital processes. This risk appetite will be assessed by the Programme and discussed with Ministers.

Policy options, such as flexibility around conditionality, are also being considered.

The Programme is taking a measured, controlled approach to roll out of the Digital Service. This seems to be a sensible approach. If all goes well, the RT considers that it might be possible to speed up roll-out.

### Contingency

Contingency for UC is within the single Plan – there is no alternative Plan B to do something completely different, nor is there the intention to continue with an unaffordable Legacy/Live Service solution. Instead, the UC programme has modelled alternative scenarios within the envelope of the agreed plan. Contingency questions are now framed not about whether a digital service will be rolled out, but around at what pace and scale.

The UC Programme is aware of the key variables in delivery. The RT has considered the following scenarios:

Extend roll out to 32 months	=	NPV drops to	£18.5bn
Shorten timeline to 23 months	=	NPV rises to	£21.8bn

Delay digital service roll out by 6 months	=	NPV drops to	£18.0bn
36 month roll-out & 6 months digital delay	=	NPV drops to	£17.4bn

Under any of these scenarios, UC still delivers a healthy ROI.

## 5.5 Stakeholder Engagement

Stakeholder engagement is much improved. This is easier now that the Programme is clear on its delivery plan and is able to communicate with stakeholders more freely about key milestones and product delivery.

There is a newly formed External Relations & Orientation team that is building an integrated communications and engagement plan. This team is working with internal and external stakeholder groups, governing bodies and communications and Programme Delivery teams to ensure a coherent approach to managing relationships and targeted communications campaigns.

This is already proving to be effective: a recent assessment of these relationships was rated Amber/Green by the Stakeholders themselves.

### HMRC

The relationship with HMRC is much improved. Senior managers from HMRC are integrated into UC Governance at every level.

There remain some key issues for HMRC that the Programme will need to address:

- Progress on nailing down the staffing moves from HMRC to DWP is not as fast as HMRC would prefer. The overall numbers and locations are agreed but detailed plans (who moves and when) are proving difficult to finalise. This is a priority for HMRC as it is about to communicate with staff on significant changes to locations as part of its own transformation agenda;
- HMRC continues to be nervous about debt recovery and the plan for DWP to accept the Tax Credits debt (£6.4bn) from April 2016. The UC programme is confident the changes necessary to implement Tax Credit Debt Recovery will be delivered by the agreed date. There is a need to reassure HMRC that this change is on track to be delivered within the agreed timeframe;
- There is work to be done to cleanse the debt portfolio, and ensure clear allocation of liability to claimants before transfer to DWP;
- While confidence was expressed that IT work for April 2016 would be completed on time, there was less confidence about work intended for January 2016;
- There is a question about whether sufficient attention is being given to the overall customer experience/customer journey for claimants making the transition from tax credits to UC, which is important given that tax credits claimants form such a large percentage of the UC total.

The previous PAR (March 2014) recommended that UC changed its approach to HMRC from stakeholder management to co-production with Delivery Partners. This remains ongoing and should be addressed as a matter of priority.

**Recommendation 4: Programme continues to work closely with HMRC as full Delivery Partners to remove any doubt and uncertainty about plans to move Tax Credit debt to DWP from April 2016.**

**Recommendation 5: The Programme should agree clear decision points with HMRC between now and April 2016 to ensure both DWP and HMRC are aligned fully on plans to deliver key milestones and mitigate any risk.**

### Local Authorities

Similarly, the relationship with Local Authorities has improved. The inclusion of the CEO of Islington Local Authority on the UC Programme Board is an important step to improving the relationship from a practitioner's perspective and developing a much deeper understanding of the impact UC will have on operations at a local level.

The RT heard feedback that Local Authorities believe the UC Programme is now more credible, due to improved leadership of the programme, more open communications, increased certainty of plans, and evidence of Live roll-out.

The Programme has improved its understanding of the need to think about tailoring UC services to fit with different Local Authorities that range from large City to much smaller District Councils. Recognition that Local Authorities are not homogenous is an important step in improving the relationship with the Programme, and to facilitate negotiations. A tonal shift of relationship towards treating LAs as Delivery Partners would be helpful.

There is uncertainty on the terms and conditions to support any movement of people between Local Authorities and DWP as a result of moving Housing Benefits into UC. The RT did not think this should be the subject of a formal recommendation as it strays outside the terms of reference for this PAR. However, the RT considers that this needs to be addressed as a risk to the programme.

## 5.6 Live Service

UC is being delivered live to single unemployed claimants across the country, and couples and families in the NW. It is now live in half of all Jobcentres (400), and rolling out at c15pw. This covers over 50% of Local Authorities. National roll-out is planned to be complete by April 2016.

The RT recognises that the original intent for Live Roll-out was to de-risk against the Digital Service and to benefit from Test & Learn. For the latter, sufficient scale has been achieved. The cost of completing full roll-out is c£50m, against the £350m spent so far.

- The RT considers that there are a number of strong arguments to continue the national roll-out:
- AME benefits from claimants on the new policy, and early efficiency gains, are estimated at c£100m
  - National roll-out will evidence scalability and deliver a stable unified platform across the estate
  - Staff are enthusiastic about the new policy: stopping activity will damage credibility and motivation with staff and claimants
  - Roll-out gives the opportunity to work more widely with delivery partners, particularly the LAs: stopping would damage credibility
  - Realistically, the disruption risk of ceasing roll-out, and cost of de-commissioning, would be greater than the cost.

On balance, the RT considers that the benefits of continuing are greater than stopping, and that this issue should be closed out.

**Recommendation 6: UC to complete the national roll-out of Live Service, using it as the foundation from which to evolve the Digital Service.**

## 5.7 Digital & Technology

The digital development within UC has made clear progress since the last PAR. The team visited the development team at 10 Victoria Street (10VS) and saw evidence that the team understood the policy intent, with product owners from a policy background in the team to strengthen the link.

The team could describe the link between each epic story and the policy, and understood the need to balance the agile methodology and the hard deadlines associated with the ability to move from the test and learn phase to make the service scalable, and to mesh with dependent DWP, and HMRC, systems. There seemed to be sufficient flex in the backlog to cope with incoming demand without compromising the priority feature list, but as volume of feedback scales the team should give particular focus on making sure they do not lose sight of strategic intent.

#### Digital Methodology

The development team has robust ways of applying the agile methodology. They have clear acceptance criteria for each story, which includes input from policy and operational colleagues as well as technology and security. The line through from the operational cost burners held by Transformation and Planning Group, through to epic level stories, story groups, stories and then through to the delivery of those stories is open and well documented.

The team still has not fully matured its ability to accurately size incoming stories, and is dealing with this uncertainty by building heavy contingency into each estimation exercise. Current planning is for a team larger than should be required. While this is a way of preventing under resourcing / complacency in the amount of work still left to do, the team should look at agile coaching to make sure they are estimating as accurately as possible.

The team has added lines to their 'motherwall' around systems integration and feedback loops, and is tagging user stories to show system or operational dependencies and hard deadlines. This is admirable and the team should be recognised as a centre of best practice in government in this area.

The team has a strong relationship with the Sutton JSP. As UCDS rolls out further, Sutton staff and digital team members will be working closely with newer sites to share learning.

When the digital service scales, however, there needs to be a different feedback mechanism, since personal relationships currently being used to take feedback will not be possible at scale. The team needs to work on that scaling mechanism for feedback from operational staff, since their insight during rollout could have material impact on the quality and maturity of the service and its costs.

#### Technology & Security

The role of technology and security, both within the wider Programme and within the digital development team, is well articulated and documented. The approach to the overall risk profile of the digital service is mature, including the use of ethical hacking, data analytics to foresee threats and strong architectural practice. This is best of breed for government.

The digital service is cloud hosted and there are plans to use multiple hosting providers in order to de-risk the scale of digital deployment given future volumes. The team aims to have this move completed by next spring; given procurement timescales, the team should now push at these plans to make sure they are realised in time for the "make scalable" phase.

There has been robust performance testing of the existing infrastructure, which indicates sufficient capacity for the volumes anticipated up to Jan/Feb 2017; however, given the above plans to change the hosting arrangements, the team should now look to draw together the various strands of planning to give a single view of how the service will scale to meet demand.

#### Digital Service Centre

The DSC has moved into the UC programme, with strong strand leadership. The RT did not see documentation which describes in detail the rollout plans for DSCs and the interplay between DSC and JSP when UC has reached full rollout. The DSC workstream is still relatively new, and the DSC team should now work on clear plans in this area.

The split between the functionality being built by the UC digital team and that being procured/configured by the DSC team appears muddled. The RT was assured that this split would not jeopardise the design intent to have UCDS as a single user experience for operational staff, but did not see clear documentation to back this up. This should now form a priority for both teams.

**Recommendation 7: Clarify responsibilities, governance and resources across the DSC and UCDS teams.**

Digital & Technology Capability & Capacity

The RT observed an engaged digital team at 10VS, which is reflected in their low churn despite a 50/50 contractor to civil servant ratio, which often brings high turnover.

The technology and security functions are equally engaged, and understand the scale of the challenge. The team has recruited key people from the private sector to meet the unprecedented security challenge within the digital service, and these members of staff understood both the scale of the challenge and their role as ambassadors in communicating the lessons learned from UC to the rest of DWP.

There are plans to increase the current digital team size from 180 to around 230-250. The RT heard anecdotally why this was necessary, but could not match those plans up to the development lifecycle, which indicated that the majority of the work to mature functionality was to be done in the short to medium term. The digital team should ensure that pace is sustainable for the team while not over-recruiting simply because of the desire to accelerate.

There is currently a c 50/50 contractor to permanent split in the staffing base in 10VS, with a low churn rate. There are plans to increase the ratio of civil servants in the mix with the dual aims of ensuring stability in the staffing base and retaining domain knowledge and learning. The RT saw clear plans in the technology and security functions to meet these aims, including the targeted retention of key staff recruited from the private sector

**Recommendation 8: the digital, technology and security functions should ensure that skills, knowledge and lessons learned are retained and communicated to the rest of DWP as part of the Department's wider transformation.** If it does not compromise pace, the teams should also strive to share learning across government.

Location

Given the plans to continue to increase scale, and the 10VS lease coming to an end, there are plans to move the development team from that building. The RT understands that no decision has been made about whether the team will be co-located with UC or DWP digital. Whatever the decision; there will be inevitable disruption in the team when it moves which may impact productivity. The Programme should carefully monitor the critical path for delivery to ensure the move doesn't affect key releases.

## 5.8 Commercial Management

Direct supplier spend on the UC programme is relatively small at c£30mpa. The RT heard evidence that the team is working in a new, flexible way. It acts as an 'Intelligent Client' function, drawing together commercial, operations and finance staff, and reaching back to wider DWP category management teams as appropriate. Work is now let in smaller, more controlled lots with clearer outcomes, and is closely monitored. A more robust approach to supplier management is already delivering value.

The UC commercial team also manage the recharge relationship with HMRC around the work required to deliver closure of the tax credits scheme, and the allocation of claimant debt. This is

some £30mpa. Feedback indicated a positive and practical relationship between the departments' technology teams.

### **5.9 Future Assurance**

The Review Team proposes that the next formal assurance should take place in Spring 2016.

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## Annex A – Progress against previous PAR recommendations

Recommendation	Progress
Develop one integrated plan, including migration and transition alongside the agile development.	Done
Finalise and communicate the Target Operating Model.	Done
UC should mitigate the operational risk and ensure value is secured from the Live Service rollout. The Review Team urge the Department to consider seriously the extent and expansion of rollout required to test the policy intent through <i>test &amp; learn</i> and inform the digital end state in a vfm way	Done
Establish baseline metrics and Management Information outflows.	Done
Re-engage with the Behavioural Insight Team, across Live Service and Digital.	Done
The baseline and metrics for Labour market improvement are set.	Done
For Digital development to continue to plan, the re-use issue needs timely resolution.	Done
Set a go/no go review point, by the Programme Board, after the end of the 4 <sup>th</sup> sprint.	Done
Set an independent, external review point before deployment of the 100 and each successive phase.	Done
Define more detailed, measurable success criteria for each phase.	Done
Recruit a full time leader for the Digital End State team.	Done
That UC change their approach to HMRC and Local Authorities from stakeholder management to co-production with Delivery Partners.	Ongoing

## Annex B – Progress against previous Health Check review recommendations

Recommendation	Progress
The Board should assure itself that the exit criteria from Make Scalable are measurable and ambitious; and that the Programme further develops dynamic planning (including contingency and fire breaks) for safe and secure delivery of Transition in 2016/17.	Done
The Board should ensure that it is governing and enabling the development of the Universal Credit Programme in a manner aligned with the Government's published governance principles for service development; specifically recognising the importance of dynamic planning ("test and learn").	Done
The Board should provide increased support to the design and development of the UC Digital Service, to ensure that the right capacity and capability are maintained and retained, succession plans are in place, procurement needs are being met and the delivery environment continues to be fit for purpose.	Done
The Board should assure itself that the Digital Service Centre project is prioritising the needs of the UC Digital Service in the capability it is intending to develop and procure for integration later this year.	Done
The Board should assure itself that the Programme is governing development of sufficient non-functional requirements, for inclusion in the UC Digital Service backlog and future plans.	Done
The Board should assure itself that the Labour Market transformation plans continue to develop and are sufficiently ambitious to fulfil the policy intent.	Done

## Annex C – List of Interviewees

The following stakeholders were interviewed during the Review:

Name	Role	Notes
Robert Devereux	DWP Permanent Secretary	Departmental overview DWP Transformation
Neil Couling	UC Senior Responsible Officer	General Programme Overview
Ian Wright	UC Programme Director	Programme Director's perspective
Sir Robert Walmsley	Non-Executive Chair of the UC Programme Board	Programme Board
Nick Lodge	HMRC Director General Tax Credits and RTI	HMRC Transformation and relationship with DWP UC Programme
Shelagh Brown	HMRC UC Programme Manager	HMRC interface with DWP UC Programme
Lesley Seary	Chief Exec LB of Islington LA PB rep	Local Authority Interface and relationship with DWP UC Programme
Kevin Cunnington	DWP Director General, Business Transformation	Fit with broader Departmental Transformation
Mayank Prakash	Director General Technology	Programme Board / Executive Team perspective
Simon Gallagher	HMT Director, Personal Tax Welfare and Pensions	HMT view of UC Programme
John Paul Marks Paul Mckeown	Director Transformation & Planning Director Programme Planning & Assurance	TPG, planning, key dependencies, risk management governance and assurance
Anthony Briggins Lara Sampson	UC Product Development Director/ UC Product Owner	Digital design and build overview, plans. Digital Service to be further evidenced by visits to Sutton and Victoria Street
Janice Hartley	UC Implementation & Delivery Director	Live service position Digital implementation – delivery plans, infrastructure
Myrtle Lloyd	Digital Service Transformation Director	Digital Service Centres – progress and future plans
Craig Eblett Rob Thompson Jon Townsend	UC Technology Director UC Digital Service Technology lead DWP Chief Security Officer	Latest UC technology position and how integration is being managed and ensured.
Mike Driver Ian Haworth	Finance Director General Deputy Director Change Finance for UC	Departmental Finance overview. Business Case, latest costs and movements from SOBC, affordability
Jeremy Kempton Paul Scarborough Paul Mckeown	UC Analysis Division UC Business Case Lead Director Programme Planning & 'Assurance	AME and Economic benefits UC Business Case, cost model evaluation
Noel Shanahan Mike Baker	Director General Operations UC Operations Director	How Operations are delivering UC
Ross James	Labour Market Transformation	Labour Market impacts (including Conditionality)
Maureen	Commercial Representative	Programme Commercial
Julie Pinder		