Update on the reshaped UC plan following contention

Summary:

- An Infrastructure and Project Authority (IPA) Health Check held in mid September gave the Programme an Amber assessment of delivery confidence in the reshaped UC plan;

- Progress against Second and Third line Transition Readiness recommendations demonstrates that the Programme is on track to continue roll out in October 2016; and

- We are working closely with HMT colleagues to manage the DEL affordability risks (in 2018/19 and 2019/20) as part of the Autumn Statement discussions.

We wrote to Programme Board (PB) on 14th July to outline the reshaped UC plan following contention. We committed to return in September to provide an update following the IPA Health Check and detailed impacting with delivery partners and key stakeholders over the summer.

The purpose of this paper is to:

- Share with Programme board details of the impacting work that has taken place over the summer and confirm the reshaped UC plan is deliverable (see Annex A);

- Outline key risks and provide assurance that they are being effectively managed (see Annex B)

- Provide an update on the financial position, noting that DWP faces a DEL funding gap in every year of the Spending Review period, and the revised UC rollout plan adds an additional £261m (best estimate) DEL pressure across the Spending Review period, which is not feasible for the Department to absorb. (see Annex C);

- Provide assurance that control processes are robust (see Annex D);

- Provide an update on the progress made against the recommendations from the Second and Third Line Review of Transition Readiness, demonstrating confidence to continue rollout from October 2016 (see Annex E); and

- Provide an update on the outcomes of the IPA Health Check which gave the Programme an Amber assessment of delivery confidence in the reshaped UC Plan (see Annex F). In particular:
The plan was considered to be a good one, with buy in, strong relationships, particularly with Operations. The issues raised in the recent second line review around scalability and non-functional requirements of the system (NFRs) were viewed as being gripped, if not yet resolved. Showing progress here on that review, gave the IPA team confidence about the future likelihood of success;

- We scored strongly on leadership and quality of the team as well as relationships within Government. Our candour was commended with a feeling that there was honesty in discussions. Whilst there were difficult issues to confront the positive open environment led the review to conclude that issues would be successfully resolved; and

- Their main area for improvement was in the definition, of what they call the Minimum Viable Product, of our scaled service in July 2017. They felt we needed to do more to set out what that would provide so that we, and particularly Operations, could make a judgement about go or no-go next year. They acknowledged we had interim Operating Models for May 2016 and 2018 but felt we needed one for 2017. We fully accept this recommendation.

**Next steps:**

- Ensure affordability risks are effectively managed through discussions with the Department, HMT and OBR as part of the Autumn Statement; and

- Take forward the IPA Health Check recommendations.

**Decision:**

Programme Board are asked to:

- Note the outcome of the IPA Health Check which gave the Programme an Amber assessment of delivery confidence in the reshaped UC plan;

- Note the progress made to meet the recommendations from the Second and Third Line Review of Transition Readiness; and

- Endorse the reshaped UC plan; and

- Note the ongoing discussions with HMT colleagues to manage the DEL affordability risks.

**Timing:** Programme Board meeting 22nd September 2016
## The Reshaped UC Plan - Impacting

<table>
<thead>
<tr>
<th>Area</th>
<th>Impacting outcome</th>
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</table>
| Policy           | • We are on track to deliver the key Legislative milestones to support Welfare Reform delivery from April 2017  
                  | • We continue to seek opportunities to support efficient delivery, in particular the Child Limiting and Social Sector Rent/Local Housing Allowance Cap policy changes                                                                                                                                                     |
| Product Development | Welfare Reform features have now been included in the backlog:  
                      | • Phase 2; Automation of Limited Capability for Work removal and removal of housing for 18-21 year olds (manual solution)  
                      | • Phase 3; Automation of 1st child premium removal, Child Limiting post April 17 (manual solution) and Gateway for 3 or more children families                                                                                                                                                     |
| Live Service     | Release 12 has been developed to:  
                      | • Deliver the functionality needed for Welfare Reform changes from April 2017  
                      | • Improve capacity for managing the higher new claim volumes as a result of contention  
                      | • Enable a more robust, viable and sustainable service to maintain technical stability, optimise efficiency savings and minimise error                                                                                                                                                        |
| Operations       | • A People and Locations working group supports the detailed long term planning necessary for successful UC roll out  
                      | • A full schedule of office by office Transition plan has been developed to ensure robust controls are in place  
                      | • Deployment of Fixed Term Appointments, short term contracts etc in use as appropriate and discussions are ongoing with HMRC and DWP directorates to ensure we make the most of all available resource                                                                                                                                 |
| HMRC             | • HMRC continues to support this approach, subject to funding arrangements  
                      | • We will continue to work closely with HMRC to manage key risks in particular the HMRC transfer of people and buildings to UC Operations                                                                                                                                                         |
| Local Authorities | • We wrote to all Local Authority Chief Executives on 20th July, announcing the reshaped plan and the Jobcentres that would be part of Phase 3  
                      | • We are currently impacting with affected LAs at a local level to determine what the delivery of the Housing Benefit (HB) service will look like as claim volumes reduce, specifically for staff retention, attrition rates and the HB Administration Subsidy                                                                                   |
| Managed Migration | • We have gained an additional 12 months to invest in our Managed Migration private beta phase (previously only 3 months); the later start increases natural migration and reduces transitional protection realising additional AME savings and providing contingency in the plan for the first time  
                      | • We continue to look at alternative options which smooth the high peaks that were present at the back end of the baseline plan in order to reduce resource capacity issues  
                      | • Going forward we will continue to shape the optimal migration option                                                                                                                                                                                                                  |
| Financial        | • See Annex C                                                                                                                                                                                                                                                                                                                                       |
Key Risks

A summary of the key risks identified as part of the detailed impacting (above):

People & Estate Capacity - although the reshaped plan allows a longer timeline to recruit and train staff, the ability of operational colleagues to recruit the number of staff required in the right location remains a key risk for the programme. In addition, the department's ability to free up estates capacity to house those people is challenging. Work continues to provide operational colleagues with robust site level allocations for Jobcentre and Service Centre sites. We continue to work closely with the People & Locations Programme to align our plans down to site level including HMRC estate which will transfer to UC.

Affordability – following contention DEL affordability remains one of the programme's top risks. DWP faces a DEL funding gap in every year of the spending review period. The revised UC rollout plan adds an additional £261m (best estimate) DEL pressure across the spending review period, which is not feasible for the Department to absorb. Work is underway to consider further efficiencies within the UC Programme. (see Annex C).

Welfare Reform - some policies such as Limiting the child element of UC Full Service to two children and LHA/ SRS remain challenging to operationalise. The Programme and policy colleagues are working collaboratively to gain consensus and ensure that build requirements are clearly understood exploiting opportunities to support efficient delivery where possible. A Submission has been issued to ministers outlining options for LHA/ SRS simplification.

Moving to Scale - while the reshaped plan allows additional time for the Programme to go to scale from October 2017, the challenge to mature the service sufficiently for the scaling event in July should not be underestimated. The governance structures in place including the monthly Delivery Readiness Group stocktakes using Entry Readiness Criteria will continue to assess the ability of the Programme to sustain delivery through the stages of Transition.
Financial Summary

AME

We have undertaken high-level analysis to assess the impact of contention on the AME position which indicates an additional net AME cost of £1.6bn across the Spending Review period (see below).

Work is ongoing to refine the Universal Credit forecasts and the impact of contention ahead of Autumn Statement. The latest Universal Credit forecasts (Round 0) were shared with HMT and OBR on 16 September. We expect refined contention costs to be shared with HMT colleagues ahead of formal OBR engagement.

<table>
<thead>
<tr>
<th>Cost of comparing option against OBR baseline</th>
<th>10/17</th>
<th>11/16</th>
<th>10/19</th>
<th>11/20</th>
<th>20/21</th>
<th>SR total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>(2)</td>
<td>(83)</td>
<td>(176)</td>
<td>(236)</td>
<td>(271)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL AME impact against OBR baseline (summer Budget)</th>
<th>10/17</th>
<th>11/16</th>
<th>10/19</th>
<th>11/20</th>
<th>20/21</th>
<th>SR total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>(340)</td>
<td>(707)</td>
<td>(552)</td>
<td>(333)</td>
<td>(1,699)</td>
</tr>
</tbody>
</table>

DEL

DWP faces a DEL funding gap in every year of the Spending Review period. The revised UC rollout plan adds an additional £261m (best estimate) DEL pressure across the Spending Review period, which is not feasible for the Department to absorb. This is lower than the original high level estimate of £300m and reflects the investment to realise the £6bn AME savings over the SR.

As forecast UC DEL expenditure to September 2017 is broadly consistent with HMT draw down approval (£750.1m compared to £747m) there is no need to request additional approval at this stage. A Full Business Case for Universal Credit will be provided in Autumn 2017 to seek approval for the UC programme costs after September 2017.

Whilst it has not been possible to completely isolate the impact of contention, the fundamental reasons for extra cost remain valid:

- Additional IT investment is needed for the Live Service and there is a risk more could be needed;
- The Product Team are needed for longer to deliver the additional scope. These costs are offset by the deferral of managed migration where the bulk of the cost falls outside the SR;
- Deferral of Transition & Migration coupled with manual delivery of some Welfare Reform has the largest impact i.e. the caseload on the costly Live service continues to build and we need to run legacy for longer;
- Transition to the Full Service, which is less costly to operate than both Legacy and UC Live Service, moves to the right;
• The cost comes in the form of extra people and these require recruitment, training, estates space and IT, hence the departmental overhead borne outside the UC Programme; and
• Re-prioritisation of the backlog.
Control Processes

To ensure progress is effectively managed we will:

- Develop and agree with key delivery partners Programme entry criteria for each phase of Transition, setting out required levels and metrics of operational efficiency, service development and operational readiness to assure we can proceed safely and securely with roll out;

- Ahead of formal approvals to proceed to the next phase of Transition the Programme will continually assess progress against entry criteria and in particular through regular stocktake sessions with Delivery Readiness Group and key partners. Issues identified will be managed to resolution through the Implementation Control Centre supported by programme governance. In particular we will undertake early assessments against the criteria to commence scaling event in July 2017 and ramp up from October 2017 with first formal assessment scheduled for February 2017. Additionally assessments will be supported by further 2nd and 3rd line assurance readiness reviews with timings to be determined; and

- We have strengthened our process for aligning service development with forecast cost and resourcing for the service to ensure we can understand future implications of prioritisation changes. Additionally, we are developing our channel shift approach to understand the customer requirements to allow us to plan the most efficient and effective service for claimants, driving the most efficient cost of delivering the service.

Plans and approach for the next phase of the Programme are now developed and agreed with key delivery partners with key milestones established and controlled within fully integrated Programme Plans.

<table>
<thead>
<tr>
<th>Description</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commence Phase 2 Transition</td>
<td>October 2016</td>
</tr>
<tr>
<td>Transition rollout Schedule Published</td>
<td>November 2016</td>
</tr>
<tr>
<td>Full Service Phase 2 development complete</td>
<td>January 2017</td>
</tr>
<tr>
<td>Commence Transition Phase 3</td>
<td>February 2017</td>
</tr>
<tr>
<td>Scaling Readiness Assessment</td>
<td>February 2017</td>
</tr>
<tr>
<td>Strategic Appointment Booking System</td>
<td>March 2017</td>
</tr>
<tr>
<td>Full Service Phase 3 development complete</td>
<td>April 2017</td>
</tr>
<tr>
<td>Work and Welfare Reform changes implemented</td>
<td>April 2017</td>
</tr>
<tr>
<td>Transition scaling event</td>
<td>July 2017</td>
</tr>
<tr>
<td>Commence Phase 5 Transition</td>
<td>October 2017</td>
</tr>
<tr>
<td>Transition Complete</td>
<td>September 2018</td>
</tr>
<tr>
<td>Live Service Transfers complete</td>
<td>December 2018</td>
</tr>
<tr>
<td>Managed Migration regulations</td>
<td>October 2017</td>
</tr>
<tr>
<td>Start Managed Migration Public Betas</td>
<td>January 2019</td>
</tr>
<tr>
<td>Start Managed Migration</td>
<td>July 2019</td>
</tr>
<tr>
<td>Managed Migration completes</td>
<td>March 2022</td>
</tr>
</tbody>
</table>
Second and Third Line Review of Transition Readiness – recommendation update

2nd Line Assurance Review
Headline
Recommendations May 2016

August Update
# Headline Recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Owner</th>
<th>Action Manager</th>
<th>Review date</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation 1: The Programme should complete the process of reviewing Operations and People Preparation products and plans in Tranche 1, ahead of confirming readiness for Tranche 2.</td>
<td>Anthony Briginshaw</td>
<td>Kit Collingwood-Richardson &amp; Helen Shaw</td>
<td>Sep-16</td>
<td>Oct-16</td>
</tr>
<tr>
<td>Recommendation 2: The Programme must undertake improvements to automation, operational efficiency and continued performance of the system – organised through the Implementation Control Centre, to sustain delivery confidence as volumes build, reporting to Programme and Operational Executive Teams.</td>
<td>Janice Hartley</td>
<td>Julie Lindsey</td>
<td>Sep-16</td>
<td>Oct-16</td>
</tr>
<tr>
<td>Recommendation 3: The Programme as a whole must focus on improving the resilience, scalability, recoverability, security and operability of the Product. The UC Programme leadership need to ensure that the scope, timescales, resources and clear accountability are adequate to deliver quality products run as 24x7 services deployed with adequate Operations preparation and resources to meet the current planned national rollout timescales, delivering the Programme goals and planned business benefits.</td>
<td>Ian Wright</td>
<td>All Directors</td>
<td>Dec-16</td>
<td>Dec 2017 TBC</td>
</tr>
<tr>
<td>Recommendation 4: The Review Team therefore believes it necessary to accelerate the implementation of an integrated Performance Management and MI solution with real-time analytics embedded in the User Interface to prevent tactical/local workarounds becoming engrained in the ways of working; with regular performance reports made available.</td>
<td>Anthony Briginshaw</td>
<td>Kit Collingwood-Richardson</td>
<td>Jan 17</td>
<td>Feb 17</td>
</tr>
<tr>
<td>Recommendation 5: The Review Team recommends the Programme schedules a checkpoint (October 2016) to assess the overall progress and performance of the Transition Phase including the end-to-end Operations service to identify any gaps (products, operations, MI, people readiness, change planning). This should also seek to provide assurance that the expected pace of further rollout can be achieved with acceptable and manageable risks and is affordable within the business case.</td>
<td>JP Marks</td>
<td>Paul Mckeown</td>
<td>Sep-16</td>
<td>Oct-16</td>
</tr>
</tbody>
</table>
Recommendation 1

**Recommendation:** The Programme should complete the process of reviewing Operations and People Preparation products and plans in Tranche 1, ahead of confirming readiness for Tranche 2.

**Review date:** Sep 2016  **Due date:** Oct 2016

**Owner:** Anthony Brigginshaw

**Action to address recommendation**
- We are piloting a shorter initial training in the north west in August, results in September. We are reviewing and redesigning all UCFS guidance to ensure it meets transformation goals. This includes making modules shorter and more based on real-life scenarios. We are also putting guidance into the UCFS service so it is accessible to agents at the point of need rather than attempting to teach it all up front.
- WIFI is being rolled out to UCFS sites in line with the operational rollout schedule, to enable multimedia as part of our learning strategy. We are recruiting a designer to look at learning channels and media.
- Design patterns and products are being shared with the wider department to spread best practice and lessons learned.
- Work Coach accreditation being explored, people products are subject to full quality review.
- Operations started to roll out a leadership 'Boot Camp' to ensure leaders across Service Centres and Jobcentres have the skills to deliver the vision and lead through a transformational change. This is part of a robust plan to ensure that leaders can ensure staff have both Digital and UC capability and can deliver the service to customers. A leadership route way is currently under development.
- DRG / TPG and Operational Transformation Group in place to monitor readiness to move through phases of transition.
- New Implementation Control Centre (ICC) featuring CIL process in place with feedback loops.
- New management support process in place leading ICC.
- HR are conducting a review of the current UC Full Service organisation that will pick up what is actually happening in Ops vs what the IOM proposes so that we can use that to inform the updated structure for the end of transition IOM. Expect completion by end of September.
Recommendation 2

Recommendation: The Programme must undertake improvements to automation, operational efficiency and continued performance of the system – organised through the Implementation Control Centre, to sustain delivery confidence as volumes build, reporting to Programme and Operational Executive Teams.

Review date: Sep 2016  Due date: Oct 2016

Owner: Janice Hartley

Action to address recommendation:
- The new ICC has been set up to monitor and capture issues during the live roll out of the Full Service during each phase - Service stability and key measures being developed and tracked leading up to scaling up. Weekly reporting through PDE governance and weekly stand ups have been organised to ensure all colleagues and stakeholders are kept abreast of progress/issues.
- Performance Framework has been developed
- Benefit Realisation steering group in place and overseeing delivery of benefits in line with performance KPIs.
- Heat Map and Heat Map working group in place to identify and monitor impact and scale of issues.
- Deloitte review of ICC complete – recommendations to PDE in September.
Recommendation 3

Recommendation: The Programme as a whole must focus on improving the resilience, scalability, recoverability, security and operability of the Product. The UC Programme leadership need to ensure that the scope, timescales, resources and clear accountability are adequate to deliver quality products run as 24x7 services deployed with adequate Operations preparation and resources to meet the current planned national rollout timescales, delivering the Programme goals and planned business benefits.

Review date: Dec 2016  Due date: Dec 2017 TBC
Owner: Ian Wright

Action to address recommendation
- Internal Audit (IA) review of Programme Management concluded in January 2016 with no recommendations proposed – A further IA review is underway and expected to conclude at the end of Oct 2016. This will continue throughout the Programmes lifecycle.
- New ICC created to support deployment and delivery of the Full Service from both a resource and technology perspective
- Several new boards such as the Data Working Group and the Benefits Realisation Steering Group established to better support Ops to ensure smooth transition and effective delivery of the Full Service. Operations fully on board working collaboratively with the Programme.
- UC Full Service Accreditation Review 31.05.2016 “mid-year review” to ensure the formal accreditation (due in September 2016) remains on track.
- PAC recall took place on 21st July and currently awaiting Treasury Minute for any proposed recommendations
- The UCFS application IT Health Check takes place once a quarter, and is focused testing - the remediation’s which are required following an ITHC is then prioritised in the backlog
- Trial underway in Rugby working with the Post Office as an Identity provider and Advisers to make claimants Verify. Early findings discussed but full analysis (root cause) not yet conducted with a further update to be provided to PDE in the future.
- All detailed Technology recommendations have been grouped into themes for action and are being progressed under the leadership of Rob Thompson in Technology.
- An update on the proposed plan to develop the Non-Functional Requirements is due to come to the Programme Delivery Executive early September for agreement.
Recommendation 4

Recommendation: The Review Team therefore believes it necessary to accelerate the implementation of an integrated Performance Management and MI solution with real-time analytics embedded in the User Interface to prevent tactical/local workarounds becoming engrained in the ways of working; with regular performance reports made available.

Review date: Jan 17  Due date: Feb 2017
Owner: Anthony Brigginshawk

Action to address recommendation
- Performance testing review undertaken for start of Transition and plans to undertake further testing are imminent.
- Service Design and Business Analysts work closely with colleagues from across the Programme and Department to incorporate operating models into the design. UCFS has a full, open design assurance function for the approval of features.
- MI is sufficiently mature for summer release sites. Digital will continue to work to be able to expose relevant data sets to measure effectiveness of features around automation. This includes work from data analysts and exploratory research exercises to test effectiveness.
- Dataworks platform moving to Crown Hosting September 2016 to enable more dynamic use of data
- Management information for autumn roll out sites will be presented as a pack based on various sources
- Data and MI is being matured in phases between now and Spring 2017 and this is going to PDE in October
Recommendation 5

Recommendation: The Review Team recommends the Programme schedules a checkpoint (October 2016) to assess the overall progress and performance of the Transition Phase including the end-to-end Operations service to identify any gaps (products, operations, MI, people readiness, change planning). This should also seek to provide assurance that the expected pace of further rollout can be achieved with acceptable and manageable risks and is affordable within the business case.

Review date: Sep 2016  Due date: Oct 2016

Owner: John Paul Marks

Action to address recommendation

- A IPA health check commences on Sep 12th to review the UC’s revised plan specifically on its deliverability and achievability;
- The 2nd line assurance review assuring our readiness to move to scale (Tranche 3) is expected in Summer 2017;
- The Delivery Review Group (DRG) is in place which monitors and reports against our readiness to move to each phase within each Tranche - Operations are fully embedded within this group and governed by PDE;
- We have the Implementation Control Centre (ICC) which has been set up to monitor and capture issues during the live roll out of the Full Service - Service stability and key measures are being developed and tracked leading up to scaling up and is reported weekly through PDE governance;
- Programme currently developing key metrics to support entry criteria and go/no go decisions;
- Del refresh currently underway in light of contention which shows that in 16/17 and 17/18 we remain affordable;
- Funding pressures in 18/19 and 19/20 but these will be resolved as part of the Full business case in autumn 2017;
- To support preparation of moving to scale FS performance framework goes live end of September;
- MI in place with plans to develop and a prioritised backlog over the next 3 – 6 months.
Report to follow.