

B109P Service Modernisation Programme – Accounting Officer Assessment

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects, and then assess whether they measure up to the standards set out in Managing Public Money. From April 2017, the government has committed to making a summary of the key points from these assessments available to Parliament where it involves a project within the Government's Major Projects Portfolio.

This Accounting Officer Assessment considers the Service Modernisation Programme (SMP), which the Department for Work and Pensions (the Department) launched in April 2022.

Background and Context

SMP was set up to transform the services that the Department provides to around 20 million customers.

Through giving staff the skills and support they need and improving the technology underpinning the Department's service, SMP will bring about a step change in customer experience. The intention of the Programme is to provide modern services which are more accessible and responsive to customer's needs, with higher quality, joined-up and more efficient service delivery and an organisation with the culture and tools to modernise continually from now on. It will do this using 3 main layers of transformation:

- Layer 1 - The Programme's vision is to make the Department's vital services fit for the future, better for customers, and easier for colleagues. 11 different product areas through simplification of policy and processes, and the introduction of customer focused, digitally enabled systems and new channels, allowing more customers to self-serve;
- Layer 2 - Introducing cross cutting capabilities across DWP such as Conversational Platform in Universal Credit and Video in PIP to help deal with today's increased demand and create common systems for the future; and
- Layer 3 - Separately, the programme is leading for the Department in the development of a new Service Design, creating a delivery model for the future of DWP that will enable us to achieve the current and emerging business strategy - joining up services around the needs of customers and focusing our people on the things that add most value / support DWP's outcomes. This will be at the heart of the second programme business case due in May 2024 and will enable the programme to deliver sustainably towards the Department's business strategy for 2030.

The Strategic Outline Business Case (SOBC) was agreed in July 2022, with the Programme's acceptance to GMPP in February 2023, and a subsequent Business Case, known as the Programme Business Case iteration 1 (PBC1), approved on 23rd May 2023.

The Programme's funding for modernising the Department's services has come from the SMP Spending Review 2021 (SR21) bid, SOBC and the latest PBC1 approvals, and is supported internally by the Department as a departmental priority.

The SMP PBC1 expects to return savings of £623.3 over the life of the business case. The SR21 period additional funding requirement is £106.2m.

Approval to spend to May 2024 was provided by HM Treasury (HMT) after the Treasury Approval Point (TAP) on conditions that a refreshed business case with AME impacts is presented for consideration in May 2024 and the Department absorb all costs within their SR21 settlement.

Assessment against Accounting Officer Standards

Regularity

The Programme's scope falls within existing common law powers, being included in the ambit of the Supply and Appropriation (Main Estimates) Act, and will further enable the statutory obligation to deliver a quality and timely service.

HMT approval for PBC1 has been obtained. The Programme has funding for the modernisation secured via SR21 and is supported internally by the Department as a departmental priority.

The Regularity test is met, subject to funding being secured beyond SR21.

Propriety

The Programme enables the Department to provide joined-up and simplified modern services to reduce reliance on outdated legacy systems. There is a public and parliamentary expectation to provide an outstanding service which will deliver better outcomes for our customers, innovating to deliver the services they expect from a modern civil service, whilst bearing in mind the best value for money for the Department's customers.

The Programme enables the Department in delivering these aims and has undergone the required governance and assurance both internally through the DEL Scrutiny and Investment Committee, Executive Committee and HMT in order to prove this standard has been met.

The propriety test is met.

Value for Money

The Programme continues to deliver a strong Net Return of £643.5m (undiscounted) over the eleven years of the PBC1 and starts to make a Net Return of £5.9m in 2024/25. For the SR21 period to March 2025, the Programme remains in a Net Cost position (at £122.7m) as this period includes the majority of the investment costs to deliver future benefits.

Over the whole of the business case period, for every £1 spent, the Programme delivers circa £2.3 in savings. This delivers value for money for the Exchequer as a whole.

Approval for the Department to spend on SMP until May 2024 was agreed and approved by HMT in May 2023. The Programme business case will be refreshed annually, and the next iteration will be ready for consideration in May 2024.

The Value for Money test is met.

Feasibility

The successful delivery of the Department's services transformation is inherently complex and risky with significant change being brought about to modernise service delivery.

Successful delivery relies on numerous activities being completed on time, on cost and to the required scope and plan, and on the effective mitigation of current and new risks.

Given the progress the Programme has made to date, and the plans it has in place to mitigate risks and manage dependencies, challenges, and cultural changes, I consider the feasibility test is sufficiently satisfied to proceed at this stage.

Conclusion

In conclusion I have prepared this summary to set out the key points which informed my decision.

My overall assessment is that the Service Modernisation Programme continues to meet the requirements of the four accounting officer tests of regularity, propriety, value for money and feasibility.

If any of these factors change materially during the lifetime of this programme, I will prepare a revised summary, setting out my assessment of those factors.

This summary will be published on the government's website GOV.UK. Copies will be deposited in the library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Peter Schofield

Permanent Secretary