

B130 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

The purpose of the Programme is to transform the services that the Department provides to around twenty million customers. The Programme will do this by delivering digital services with a human touch, through joined up services that are designed around customers and with services that do not stand still. In achieving these aims SMP, will bring about a step change in customer experience, colleague capabilities and service efficiency by providing:

- Modern services which are more accessible and responsive to customer's needs, with higher quality, joined-up and more efficient service delivery;
- Staff with the skills and support they need and improving the technology underpinning Departmental services; and
- An organisation with the culture and tools to modernise continually from now on.

It will do this using 3 main layers of transformation i) Layer 1 - Modernisation of 10 different product areas), ii) Layer 2 - Introducing cross cutting capabilities to improve service and manage demand across DWP and iii) Layer 3 - Development of a new Service Design, creating a delivery model for the future outside of Universal Credit.

The Programme's successful delivery is crucial to DWP's improvement ambitions and a key enabler to the Department achieving its four strategic outcomes and business strategy ambitions.

The Strategic Outline Business Case (SOBC) was agreed in July 2022, with the Programme's acceptance into the Government Major Projects Portfolio (GMPP) in February 2023, and a subsequent Full Business Case known as the Programme Business Case 1 (PBC1) was approved by HM Treasury (HMT) on 23rd May 2023.

The Programme has undertaken a refresh of the PBC1 which is known as PBC2, securing HMT approval on 17th July 2024.

Approval to continue to draw down funding in 24/25 was provided by HMT on the condition that spending beyond the current Spending Review (SR) period is at DWP's own risk and the frequency and timeline of future PBC reviews will be set out as part of the upcoming Spending Review.

Additionally, the Programme should work with the IPA and Cabinet Office Evaluation Task Force to develop a robust evaluation plan by March 2025 and the Programme continues to improve the tracking of Annually Managed Expenditure impacts and HMT is informed of emerging evidence.

The Programme expects to make a net return of £647m over the period Q4 2023/24 to 2032/33. The SR21 period additional funding requirement is £156m.

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. There are no changes to Regulations.

HMT approval for PBC2 was obtained on the 17th of July 2024. The Programme has funding for the modernisation secured via SR21 and is supported internally by the Department as a departmental priority.

The Programme is preparing a SR bid (for the period 2025/26) with a decision from HMT expected in October 2024 and a further SR bid will be prepared in the Spring of 2025 (for the periods 2026/27 and 2027/28), as per HMT guidelines.

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. The Department is expected to provide an outstanding service which will deliver better outcomes for our customers, innovating to deliver the services expected from a modern civil service, whilst bearing in mind the need to deliver best value for money.

The Programme has undergone robust governance and assurance both internally, and externally through HMT.

There is full compliance with all Ministerial and Cabinet Office spending controls and approvals procedures.

Having reviewed this ongoing Programme, the new DWP ministers have confirmed that they are content with its direction and progress.

The propriety test is met.

Value for Money

The Programme continues to deliver a strong net return of £531.4m (undiscounted) over the eleven-year period to 2032/33 and starts to make a net return of £31.9m in 25/26. For the SR21 period to March 2025, the Programme remains in a net cost position of £139.1m as this period includes most of the investment costs to deliver future benefits.

Whilst the Programme's savings have increased, costs have been extended beyond the initial investment period to avoid a cliff edge to the Business Case. This has an overall effect of slightly reducing the Benefit Cost Ratio from £2.30 savings for every £1 spent as published in the November 2023 Accounting Officer Assessment, to £2.03.

The Value for Money test is met.

Feasibility

The Programme has a good track record of successful delivery and works closely with the Departmental Change Portfolio Office, Infrastructure and Projects Authority and Government Internal Audit Agency to ensure assurance, mitigations and controls are effective to help manage and successfully deliver the Programme's plan and outcomes.

The successful delivery of the Department's transformation of services is inherently complex and risky with significant change being brought about to modernise service delivery. It relies on numerous activities being completed on time, on cost and to the required scope and plan.

The Programme has made progress to date and is actively managing the challenges, dependencies, and cultural change. As new risks emerge mitigations will continue to be developed, implemented and reviewed for effectiveness.

The Feasibility test is met.

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 Controller and Auditor General and Treasury Officer of Accounts.

Peter Schofield

Permanent Secretary