



CabinetOffice

Major Projects Authority

Starting Gate review: Universal Credit

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Name of Sponsor (Senior Responsible Owner)	Terry Moran, Director-General Universal Credit, DWP
Department:	Department of Work and Pensions (DWP)
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Introduction

1 The White Paper “Universal Credit: welfare that works”, published on 11 November 2010, sets out the Coalition Government’s plans to introduce legislation to reform the welfare system by creating a new Universal Credit (UC). The main policy intent is a radical simplification of the system to make work pay and to combat worklessness and poverty.

2 On 16 February 2011 the Welfare Reform Bill was introduced to Parliament. The Bill introduces a wide range of reforms to make the benefits and tax credits system fairer and simpler by:

- creating the right incentives to get more people into work by ensuring work always pays;
- protecting the most vulnerable in society;
- delivering fairness to those claiming benefit and to the tax payer.

The aim is to introduce UC from October 2013.

3 The delivery of Universal Credit has a core dependency on HMRC’s Real Time Information (RTI) programme which will collect Pay-As-You-Earn (PAYE) and other earnings information from employers dynamically as they run their payroll system. To realise UC objectives, the RTI timetable has been designed to enable a controlled “go-live” from April 2012 and start a phased migration of employers.

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4 This is a *Starting Gate* review report. *Starting Gate* is an assurance tool of the Major Projects Authority in the Cabinet Office designed for Government Departments, their Agencies and NDPBs. *Starting Gate* reviews are intended to help Departments working on major high risk policy initiatives before these reach the stage of formal delivery projects or programmes. The aim is to provide an independent, constructive snapshot assessment of key issues and risks, and proposals or recommendations to enhance the prospects of successful implementation.

Acknowledgements

5 The Review Team (RT) would like to thank the SRO and Programme team for the excellent logistical support and documentation which has helped us in our evaluation.

Scope of review

6 The scope of this review is to assess the overall deliverability of the Universal Credit programme with a specific focus on:

- project structure and governance;
- the dependency on HMRC’s RTI programme, and contingencies if that is delayed;
- changing customer behaviour (ie increased use of on-line services):

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- testing the risks and benefits of applying the Agile methodology (eg the promise of completed products of lasting value at each stage; the fit with normal business cycle; and the rules on accountability).

SUMMARY OF RECOMMENDATIONS

Recommendation	Section	Page
The programme, in conjunction with the wider business, develops a roadmap depicting how existing benefits will be managed in the future, specifically but not exclusively, Housing Benefit for Pensioners, Disability Living Allowance.	Scope of programme	5
The programme reviews their project governance structures to ensure the optimal board structure is in place, providing a hierarchy of decision making bodies, from the Agile design workshops to the Programme Board. Ensure each board has clear terms of reference, are aware of their decision making powers and the correct escalation route.	Structure and governance	6
The programme should formally assess themselves against the NAO list of common causes of project failure to identify potential 'danger zones' that they can plan to mitigate. Also use the expertise gained by HMRC and ASD as a valuable insight to successful delivery and avoiding past mistakes.	Communications strategy	6
The programme to establish a comprehensive communications strategy and supporting plan. Although customers and staff were highlighted above the strategy should include all interested parties, and specifically those with a dependency on or to the programme.	Communications strategy	6
The programme to work closely with other government departments to identify where there may be opportunities to link with their activity in order to enhance UC's chances of success.	Dependencies	7
The programme to set up a working group to look at the set of complex cases to see if there are alternative handling options for these cases but with the ultimate payment coming through Universal Credit.	Changing customer behaviour	8
DWP, with guidance and assistance from the MPA, produces an Integrated Assurance and Approvals Plan (IAAP) by the end of March 2011.	Agile	9

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DELIVERABILITY

7 The SRO requested the RT's overall views.

8 The review team finds that the Programme has got off to an impressively strong start given the demanding timetable and complexity of the design and interdependency with other departments. This involves liaison with HMRC in particular, but also with CLG and local government in respect of the replacement of Housing Benefit as part of the Universal Credit. We found that the foundations for a delivery Programme are in place – clear policy objectives, a coherent strategy, Ministerial and top management support, financial and human resources - with no obvious gaps. The strong working relationship with HMRC and the inclusive approach with other key stakeholders within and outside DWP have quickly established a high level of common understanding. All this gives a high degree of confidence that, notwithstanding the inherent challenges, the programme can deliver Universal Credit.

9 There is a greater degree of uncertainty around the achievability of the intended economic outcomes because of factors which are not within DWP's control e.g. the general state of the economy and availability of jobs. There are other risks which derive from trying new approaches: the Agile methodology offers much promise but it is unproven on this scale and scope. The actual response of different customer groups to UC may pose a risk to its transformational impact if, for example, factors other than net pay turned out to be a greater barrier to take up of work than expected. The development of a range of approaches to contingency planning (which could be beyond changes to UC) could cover off unintended customer behaviour, whether "no change", or "change for the worse".

ASSESSMENT

Scope of programme

10 The Review Team (RT) recognises the challenges that delivering into an organisation already undergoing substantial change through restructuring presents. In order to have the best chance of determining the most appropriate delivery model and developing credible and effective transition plans to deliver a 'world class' service, early decisions on the shape of the organisation would be immensely helpful.

11 There is a very real danger that due to a number of factors, including restructuring, headcount reductions, and uncertainty about the delivery model, the department may lose some of the expertise that it will need in order to deliver Universal Credit successfully. There is also the challenge of maintaining staff morale during a period of uncertainty, to ensure the quality of service for the existing service is not impacted. The review team felt that this was sufficiently visible to the Programme and that the risk was being managed at this stage. Once the delivery model is known and the Programme moves nearer to transition, this risk will need more focus.

12 During the review, a number of interviewees raised the topic of the scope of both the Universal Credit and the Universal Credit IT platform and associated systems. What was not obvious was whether there was a consensus on whether the Universal Credit platform was being designed as a strategic platform with potential for re-use across a number of other DWP payments, or whether it was solely a platform to pay Universal Credit.

13 Given the Coalition Government's desire to see re-use built into IT systems from the outset, it would be prudent to consider opportunities for this now. The review team felt that a roadmap, identifying what was definitely within the Universal Credit boundary, what could be paid by the Universal Credit platform at a future date, and what was definitely out of scope, would be beneficial. The roadmap should also indicate how the 'out of scope' payments are to be handled and assign ownership. This would be a useful departmental tool to provide clarity to stakeholders both within the Department and those that are impacted outside of DWP.

Recommendation:

The Programme, in conjunction with the wider business, develops a roadmap depicting how existing benefits will be managed in the future, specifically but not exclusively, Housing Benefit for Pensioners, Disability Living Allowance.

Project Structure and Governance

14 The importance of the programme is evidenced by the amount of commitment and support it received during the review. The appointment of dedicated, experienced and well respected personnel into the key programme roles is seen as very positive and welcome.

15 In terms of structure the proposal to keep the programme's core team to a minimum whilst commissioning involvement and support from key areas as necessary was generally well supported,

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However, the impact of any organisational redesign to meet the SR challenges was raised as a key risk to delivery. As mentioned above, this is an issue the programme is aware of within their risk log.

16 It is recognised in order for the programme to get to their current position it has been necessary to establish a Programme Board which allows all interested parties a voice. The review team found the time was now right to review the membership and frequency of the Programme Board and supporting structures to allow empowered decisions to be taken at the right level.

17 In reviewing the programme structure it is important that stakeholders retain a voice although not a decision making responsibility. There was evidence that the programme board had recognised this and consideration was being given to a stakeholder forum.

Recommendation:

The programme reviews their project governance structures to ensure the optimal board structure is in place, providing a hierarchy of decision making bodies, from the Agile design workshops to the Programme Board. Ensure each board has clear terms of reference, are aware of their decision making powers and the correct escalation route.

Communications Strategy

18 Communications are key to the successful delivery of the programme on many levels, the review highlighted concerns in three specific areas:

a) Lessons Learned – The scale and complexity of the programme is recognised as a key risk, however there are many sources of information which could help minimise this risk. These include the recent NAO review “Assurance of High Risk Projects” which produced a list of the top reasons for project failure; the lessons learned by HMRC with the introduction of Tax Credits and more recently the PAYE modernisation programme; and the very recent ASD experience of using Agile as a development tool.

Recommendation:

The programme should formally assess themselves against the NAO list of common causes of project failure to identify potential ‘danger zones’ that they can plan to mitigate. Also use the expertise gained by HMRC and ASD as a valuable insight to successful delivery and avoiding past mistakes.

b) Customers and Customer Groups – The valuable work already undertaken by the Customer Insights team was greatly applauded and there was a recognition that this should definitely continue and grow. Concerns were raised about the need to ensure communications with customers and those groups representing customer interests were started early, dispelling myths and unfounded concerns whilst providing the foundations for the cultural and behavioural changes that will be needed.

c) Internal Staff – The uncertainty of the operational delivery model and the known efficiency challenge highlighted concerns about the need to engage with staff, providing up to date, clear information about what decisions had been taken, what were planned and the timescales.

Recommendation:

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The programme to establish a comprehensive communications strategy and supporting plan. Although customers and staff were highlighted above the strategy should include all interested parties, and specifically those with a dependency on or to the programme.

Dependencies

19 Successful delivery also involves the active management of key relationships and dependencies. It is recognised by all parties that there is a need for the programme to work with colleagues in DWP, HMRC and Local Authorities. The foundations for these relations are established and embedded in the membership of the key stakeholder and governance boards.

20 Whilst the review highlighted a number of inter-dependencies between Universal Credit and the existing DWP change portfolio, specifically Automated Service Delivery, Transforming Labour Market Services, IB Reassessment and the Work Programme, it is recognised that work has already been commissioned to provide an impact analysis assessment for the Investment Committee.

21 The review did however highlight areas where the programme could potentially utilise (or extend existing engagement with) the expertise and activities of other Government departments:

- Cabinet Office: continue the engagement on cyber security to ensure security features are built in from the start. The RT noted the involvement of the appropriate agencies.
- HMT: work to understand the Labour Market forecasts/trends which will provide information on the wider environment.
- BIS: work to provide information on skills sought by employers.

Recommendation:

The programme to work closely with other government departments to identify where there may be opportunities to link with their activity in order to enhance UC's chances of success.

HMRC's Real Time Information (RTI) programme

22 The RT finds that both DWP and HMRC are clear that timely delivery of RTI is a hard dependency for UC. The joint framework established between the two departments at strategic, policy and operational levels has worked well to date to achieve rapid progress on areas of shared concern. There is a Universal Credit high level programme delivery plan including RTI; a common change control mechanism is under discussion; the Welfare Reform Bill team has contact details for key HMRC officials and should be encouraged to engage them wherever needed during the passage of the Bill. This is a strong foundation for the further detailed work that is needed such as a clear and agreed critical path showing key decision points.

23 The RT notes a strong commitment by Ministers and top management engagement in and support for this framework - a known critical success factor for major programmes in both the public and private sector. Such support will be ever more important as the challenges of delivery increase in a timetable which, all acknowledge, is tight and poses a significant risk. A restructured Programme Board (see section on governance), overseen by the Ministerial and top management Group, will be essential to maintaining collaborative management.

24 Detailed work is underway to develop a model for scaling up the non PAYE-RTI solution – a self-reporting system for the self-employed - as a contingency for delay of the required RTI service. (This will need to include the impact of the delivery model for UC, on which a decision is expected before Easter.)

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The customer journey work will enable the identification of categories of customer claims which could, in principle, offer early “success stories” from a policy perspective and be processed under a non RTI-dependent system. These options are work in progress and will need to be costed.

25 Contingency has been provided for in respect of other anticipated risks. For example, the RTI testing period, envisaged to start in April 2012, has some “stretch” to allow for changes to the RTI Build specification which could arise from the completion of the RTI Design phase which runs beyond the letting of the Build contracts in May, or in response to late amendments to the Welfare Reform Bill.

Changing customer behaviour

26 The review team felt that the work that has been undertaken through the Customer Insights Team and the User Centre Design activity was a positive indicator that the customer feedback was being taken seriously from the outset, and was helping to shape both the policy and the system with which to deliver the policy. It was seen by the review team as essential that this engagement with the customer base continues throughout the process. The department however, should not underestimate the challenge to its staff in taking on a new customer base (i.e. working customers) and every effort should be made to transfer the learning and experience of those already dealing with these customers into the new delivery model.

27 Although the desire is to encourage customers to change their behaviour and to make the transition into work easier, this cannot be done through the implementation of Universal Credit in isolation. A sustained programme of education and support through wider welfare reform activities will be needed to achieve this and the Programme should maintain links with those other areas of activity throughout. One risk with any programme of work designed to change behaviour is that in an attempt to encourage people to make the move one way, there is an unintended consequence and behaviour is driven in the wrong direction. The Programme should use the Customer Insights Team and the user centre design activity to provide an early warning of the likelihood of this happening.

28 One of the key principles of the new Universal Credit is simplicity and the importance of this was reiterated to the review team on a number of occasions. One of the biggest challenges for the Programme is to maintain that simplicity but to still make provision within the system to deal with the most difficult and complex cases. It is not feasible to have a system which does not cater for the customer base in its entirety but the Programme may wish to consider whether there are alternative ways of handling the minority group of customers with the most extreme complex cases in order not to compromise the integrity of the system and the over-arching simplicity of Universal Credits.

Recommendation:

The programme to set up a working group to look at the set of complex cases to see if there are alternative handling options for these cases but with the ultimate payment coming through Universal Credit.

29 Another challenge for the programme is the desire to move the majority of customers to on-line services. This will present some difficulties and it may be beneficial to engage other organisations that have achieved this to understand the methodologies or tools they have used.

Agile

30 The challenging timetable for delivery of UC meant that DWP elected to use an Agile approach to the delivery. There is no evidence of such a methodology being used on a public sector programme of such scale and during the course of the review it was evident that there had been some initial scepticism to the use of such a methodology with a programme of this scale. However, during the review there was overwhelming evidence of buy-in to the methodology at all levels up to and including the highest levels. DWP have set about thoroughly educating all involved on what can be expected from them and there was clear evidence within the interviews that this is being taken up enthusiastically.

31 There was a view that policy decisions being made later in the programme would pose a problem for delivery. This was countered by the view that the methodology should allow decisions to be made when they need to be made, which is in contrast to fixing requirements early in more traditional ('waterfall') methodologies. On balance, the review team found that the use of the chosen methodology here was judged by interviewees to provide greater assurance of delivery in such an environment. The review team agrees with this finding.

32 In terms of the use of Agile within Government, DWP also have the best current experience via their Automated Service Delivery (ASD) Programme, which used a slightly less 'lean' version of the methodology based on an Accenture interpretation. However, there are still valuable lessons that can be transferred from this programme and there exists experience that is being directly deployed on UC. The review team felt that whilst effectively piloting this methodology on a programme such as UC did pose a risk, this was acceptable in view of the risk of delivery out of line with expectations, for example in terms of timing or quality of service to the public.

33 Accenture remain involved in UC, although DWP have brought in consultants (Emergn) to provide an independent methodology not based on any 'out of the box' methodologies, but rather one that Emergn have tailored. New contracts supporting this development are due to be awarded in June 2011 and DWP state that their use of this independent methodology will serve to remove any supplier advantage.

34 There was evidence that DWP have understood the need for decision-making delegated to the level at which the expertise exists, with the appropriate empowerment supported within the planned governance re-design. There was also an acknowledgement that the right domain/business knowledge needs to be made available at the workshops that will drive the detailed design processes. It was also accepted that there is a continuing need for this knowledge to be made available and also that it will need to keep pace with the changing policy.

35 One key risk identified by DWP is how an Agile methodology will interact successfully with the various approvals processes that will come into play across the programme - most especially the ICT Spend Approval process (formally known as the ICT Moratorium Exception process). Engagement has begun already with the Major Projects Authority (MPA) on designing the Integrated Assurance and Approval Plan (IAAP) that will ensure the correct internal and external assurance is brought to bear for the identified approval points. The production of this plan is seen by the review team as a key mitigating factor for the risk identified and it is recommended that this is produced, with MPA guidance, by the end of March 2011 at the latest. This may need fine-tuning as approval points are finally agreed.

Recommendation:

DWP, with guidance and assistance from the MPA, produces an Integrated Assurance and Approvals Plan (IAAP) by the end of March 2011.

36 As noted earlier, there are contracts that are relevant to this development that are being re-competed at this time, with a wish to award in June 2011. There was some evidence that the design of contracts to deliver in an Agile environment will require a different design in order to draw out supplier behaviour in line with an accelerated delivery environment.

37 There is always the risk that any development methodology will fail to deliver and whilst this methodology itself provides early warning of failure, there is recognition that in such a circumstance the prioritisation of customer journeys with high-value returns would be needed.

38 There was much evidence of the reliance of UC on successful delivery of the HMRC PAYE Real-Time Information (RTI) programme. There was also recognition that whilst 'just-in-time' decisions as a consequence of policy development could be made within UC, the RTI requirement would need to be more rigidly fixed as the traditional 'waterfall' development methodology in use cannot so easily absorb such changes without consequence.

39 There was some concern that fraud would remain a major issue for UC and appropriate Information Assurance should be built into the requirement from the outset – rather than being a 'bolt-on'. Also, as UC and its interface with PAYE RTI will become part of the UK Critical National Infrastructure, appropriate discussions should be maintained. There was evidence that DWP have gripped these requirements.

40 Overall, the use of an Agile methodology remains unproven at this scale and within UK Government; however, the challenging timescale does present DWP with few choices for delivery of such a radical programme. That said, there has been evidence of strong support at all levels and DWP do have some expertise within their own organisation that they can call upon from the outset. The review team not only felt that an Agile development is an appropriate choice given the constraints, they also believe that DWP are well placed with their level of support, knowledge and enthusiasm to act as a pilot for its use at such a scale.

Compound failure

41 DWP has made a strong start in identifying risks to delivery. This could be developed further by thinking through the likelihood and impact of a number of risks being realised simultaneously (eg lack of synchronisation between reduced income and UC top-up, plus wrong employer data plus labour market downturn).and what the responses might be. The programme could extend its preparedness by drawing on a wider range of experience the elements of recovery and their prioritisation; and test their robustness in advance, including an early warning system for Ministers.

Next independent external assurance

To be identified in the Integrated Assurance and Approvals Plan (IAAP) to be presented to the Programme Board w/b 21 March.

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The Programme is scheduled for formal internal DWP “Gate zero” acceptance at an Investment Committee (IC) meeting on 21 April.

HMT has indicated its intention to hold an MPRG Panel meeting following the IC, date TBC.