OGC

Office of Government Commerce

OGC Gateway™ Process
Review 0: Strategic assessment

Version number: Final

Date of issue to SRO: 10/07/2013

SRO: Sarah Walker

Department: HMRC

OGC Gateway™ Review dates: 08 - 10/07/2013 inclusive

OGC Gateway™ Review Team Leader:

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OGC Gateway™ Review 0: Strategic assessment
Programme Title: Scotland Act programme
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OGC Gateway Delivery Confidence Assessment

Delivery Confidence Assessment	AMBER/ GREEN

The Review Team finds that the three Projects (SRIT, SDLT and LfT) which comprise the principal components engaged in forthcoming tax changes in Scotland are well run by enthusiastic and knowledgeable SROs. We also found a positive 'can do' manner and strong drive to succeed among them all which is most encouraging. We note that the Projects themselves are clear about their key deliverables and the technical aspects of their tax changes but they are less sure about future engagement with their Scottish stakeholders and customers and the precise level of oversight and direction which they can expect from the Programme Board.

We also noted that the governance of this Implementation Programme looks complex and somewhat unusual with a mix of policy and business lines of accountability and the SRO having to call on specialist expertise from within the department when required. Historically based and well-understood within HMRC, this management arrangement currently appears to work satisfactorily. However, the Review Team believes that as the pace and intensity of activity increases across the Programme, particularly from growing engagement with Scottish stakeholders, improved formal programme management processes would be beneficial.

This Programme is unique in the department in that the relationship is with a different set of Ministers outside of Whitehall and although there are well established arrangements for delivering to an OGD, this necessitates a bespoke way of working.

The Programme Management Office (PMO) is still in the relatively early stages of setting up and its full spectrum of activities and responsibilities has yet to be fully defined and agreed. That said, it is now taking on a more proactive role with the Projects and this is appreciated. Further ahead, with the diverse nature of the work being undertaken, high numbers and complexity of the stakeholder community along with anticipated media interest, especially in Scotland, the Review Team believes that the PMO is likely to play a central role in overall coordination and successful delivery. We believe that it is important for the PMO to be appropriately resourced (both in numbers and with the right skills and experience) in order for the SRO to be properly supported. Furthermore, we consider that the addition of a communications 'specialist' to handle the development of a comprehensive stakeholder and customer matrix and communications plan would provide a valuable resource as the Programme ramps up.

The Review Team understands that some of the recently-formed and lean-manned Scottish departments affected by the Implementation Programme are finding it quite challenging to know how best to engage with the HMRC Programme. Good lines of communication and inherent trust between interlocutors should mitigate this issue, and we also believe that careful and transparent management processes will play a crucial role. This is well understood within the Programme management chain.

OGC Gateway™ Review 0: Strategic assessment
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The Delivery Confidence assessment RAG status should use the definitions below.

RAG	Criteria Description
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Amber/Green	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
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
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage do not appear to be manageable or resolvable. The Project/Programme may need re-baselining and/or overall viability re-assessed

Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritized using the definitions below.

Ref. No.	Recommendation	Critical/ Essential/ Recommended
1.	**To engage fully with all key Scottish Government stakeholders**	**ESSENTIAL**
2.	**To enhance the structure and resource of the Programme Management Office**	**ESSENTIAL**
3.	**To review all key stakeholders in order to establish their inter-relationships and inter-dependencies**	**ESSENTIAL**
4.	**To produce and manage a comprehensive Programme level Stakeholder and Communications Plan in order to ensure a consistent approach and accountability**	**ESSENTIAL**
5.	**To develop and manage an integrated programme and customer communications strategy and delivery plan**	**RECOMMENDED**
6.	**To develop an end-to-end Programme plan identifying key milestones and decision points**	**RECOMMENDED (end Sept 13)**

OGC Gateway™ Review 0: Strategic assessment
Programme Title: Scotland Act programme
OGC Gateway™ ID: 27278
Privacy Marking: PROTECT

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future. [Note to review teams – whenever possible Essential recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Recommended – The programme/project should benefit from the uptake of this recommendation. [Note to review teams – if possible Recommended recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

OGC Gateway™ Review 0: Strategic assessment
Programme Title: Scotland Act programme
OGC Gateway™ ID: 27278
Privacy Marking: PROTECT

Background

The aims of the programme:

The Scotland Act 2012 (the Act), which received Royal Assent on 1 May 2012, significantly strengthens and deepens the Scottish devolution settlement and enhances the financial accountability of the Scottish Parliament and Scottish Government in addition to extending their powers. A legislative framework is in place to enable the Scottish Parliament to set a Scottish Rate of Income Tax (SRIT), which will be administered by HM Revenue and Customs (HMRC) thereby giving it the benefit of part of the revenue from income tax paid by Scottish taxpayers. The Act also disapplied Stamp Duty Land Tax (SDLT) and Landfill Tax (LfT) in Scotland and allows the Scottish Government to substitute its own taxes from April 2015.

The high level scope of the Scotland Act Programme is:
- Implementation of SRIT from April 2016
- Transfer of full responsibility to the Scottish Parliament for taxation of land transactions from April 2015 as smoothly as possible (SDLT)
- Transfer of full responsibility to the Scottish Parliament for taxation of disposal of waste to landfill from April 2015 as smoothly as possible (LfT)

The costs of devolution will be met by the Scottish Government.

The driving force for the programme:

The changes to income tax (both revenue and relief) will be consistent with HMRC's customer centric strategy. The change will also be developed to fit with HMRC's digital strategy as well as wider changes being delivered across Personal tax. The Scotland Act 2012 Implementation Programme (Programme) has been established in HMRC to deliver the technical and administrative elements of the Scotland Act 2012. A Programme Board has been established to ensure that the necessary infrastructure is in place to ensure successful implementation of the Act.

The procurement/delivery status:

Key delivery milestones for the Programme over the next 12 months are:
- Agreement to the information sharing MOU on devolved taxes (Jul 13)
- Completion of SDLT Viability Stage (Sep 13)
- SRIT – decision on Scottish Taxpayer identification (Oct 13)
- SRIT – commencement of IT system design (Apr 14)

Current position regarding OGC Gateway™ Reviews:

No previous Gateway review on the Scotland Act Programme has been conducted.

OGC Gateway™ Review 0: Strategic assessment
Programme Title: Scotland Act programme
OGC Gateway™ ID: 27278
Privacy Marking: PROTECT

The Review Team notes that the Accounting Officer has not been assured regarding the 'common causes of failure'. The skills/experience track records for the SRO and Programme Manager have been examined.

Purposes and conduct of the OGC Gateway™ Review

Purposes of the OGC Gateway™ Review

The primary purposes of an OGC Gateway Review 0: Strategic assessment, are to review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to Ministers' or to the Department's overall strategy.

Appendix A gives the full purposes statement for an OGC Gateway Review 0.

Conduct of the OGC Gateway™ Review

This OGC Gateway Review 0 was carried out from 08 July to 10 July 2013 at HMRC, 100 Parliament Street, London. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank all interviewees for their openness in conducting the review. We are also very grateful to ▆▆▆▆▆▆ for his tireless and most efficient administrative support and for the provision of all the documentation.

Findings and recommendations

1: Policy

The Review Team were able to assure themselves that there is clear commitment to the Programme from sponsors at Executive Committee and below, both within HMRC and the Scottish Government. We found that there is full recognition across all parties that the Programme is unique – there are two sets of Ministers with different and potentially conflicting priorities. We comment further on this later in the report.

A Memorandum of Understanding (MOU) has been drawn up and agreed by Scottish and UK Governments that sets out HMRC's and Scottish Government's respective responsibilities in relation to establishing and operating Scottish Rate of Income Tax efficiently and effectively. The MOU provides the framework for inter-Government work at Ministerial and official level to oversee the establishment and operation of Scottish Rate of Income Tax. To support this HMRC has appointed an Additional Accounting Officer with overall responsibility for Scottish Rate of Income Tax and who is accountable for the performance of HMRC in establishing and operating the tax.

The organisational structure of HMRC provides for the delivery of IT-related change in a separate operational area of the department to the team responsible for working up the legislative changes. However, the Programme SRO retains oversight of the end-to-end Programme deliverables. The Review Team noted that there were concerns raised in some quarters that the complex structure of HMRC could present barriers to effective working with Scottish counterparts. We believe that the SRO should ensure that proper provision is made to keep these key stakeholders informed and consulted. This has been recognised at all levels and will be addressed at the forthcoming "Visioning" workshop in August (see Section 2).

Recommendation 1:
To engage fully with all key Scottish Government stakeholders. ESSENTIAL

The Review Team found that the individual Projects are well-established with mature processes in place. The project teams are appropriately staffed with the right skills and SROs are confident that, if required additional team resources would be available within the lines of business due to the priority of the legislative nature of the work.

The Programme Management Office (PMO) has been recently established and in recognition of a need for greater focus on setting up appropriate cross-cutting processes and documentation an HMRC internal programme consultant has been

brought in to work with the Programme Manager to ensure that the right level of programme governance is in place.

We noted that the relationship with the Policy Delivery Portfolio (PDP) means that there is a central body already providing assurance and governance and that the PMO does not need to duplicate this role. The PMO should focus on providing a value-added and more strategic role across all Programme activities. These might include, for example:

- strategic direction
- integrated communications
- end-to-end Programme-level milestone plans
- overall relationship management with Scottish Government officials
- financial planning and reporting

The Review Team noted that whilst some progress has been made in putting the right processes and governance in place the PMO has only relatively recently been established and its role and responsibilities are still being defined. Given the anticipated increase in Programme delivery activities across all three Projects, as well as growing collaborative working with Scottish counterparts, we believe that the PMO is currently under-resourced to fully support the SRO. There is likely to be considerable advantage and benefit to all parties if the team is strengthened with the appropriate skills and experience to fulfil this role.

Recommendation 2:

To enhance the structure and resource of the Programme Management Office. ESSENTIAL

2: Business Case and stakeholders

The Scotland Act 2012 Implementation Programme has been formed to implement the administrative and technical elements of the Scotland Act 2012.

The Review Team understands that the Programme is funded by the Scottish Government although HMRC will, as a matter of course, follow their stringent and robust governance and investment controls to provide full transparency to the Scottish Government. At the time of the review the Business Case is in the early stages of completion. Indicative high level costs have been provided for planning purposes and more detailed costs are expected as the Projects progress. We also understand that discussions are ongoing as to whether the SRIT project will require Cabinet Office ICT approval and whether, as part of that approval, there will be a requirement for HMRC to compete the contract for the IT change. These aspects should form part of separate, independent assurance of the SRIT project.

The stakeholder landscape is a complex one given the distinct and separate nature of the organisations involved but the Review Team noted that all known stakeholders are now engaged and there is a commitment to deliver the Programme and constituent projects successfully. We also understand that in recent months there has been greater collaboration between HMRC and their Scottish counterparts to work together to deliver the supporting IT projects.

More broadly, we understand that there were some initial misunderstandings over the precise nature and division of responsibilities and accountability for elements of the Scotland Act implementation (beyond purely taxation matters) both within HMRC and between HMRC and the Scottish Government. Whilst we are satisfied that these issues are being addressed adequately at all levels we would advocate that vigilant oversight and good communications are maintained to ensure that common and well-understood practices are embedded throughout the structure.

The Review Team notes that arrangements are in place to hold a joint "Visioning" workshop in August to map the stakeholders, their inter-relationships and dependencies and supporting governance arrangements. This is a key event which should help to establish consistent understanding and better working practices. In order for this to be taken forward effectively we believe that a comprehensive communications plan which links all the stakeholders and their activities, including deliverables, should be established and deployed as a prime element of overall programme management. The addition of a communications 'specialist' within the team to undertake this important work is also considered highly desirable.

Recommendation 3:

To review all key stakeholders in order to establish their inter-relationships and inter-dependencies. ESSENTIAL

Recommendation 4:

To produce and manage a comprehensive programme-level stakeholder and communications plan in order to ensure a consistent approach and accountability. ESSENTIAL

Separately to the activities above, the SRO has been undertaking initial engagement with external stakeholders including customers and Special Interest Groups such as Employers, Accountancy bodies and Pension Providers. We understand that work is ongoing and that there is also a planned Project activity to identify external customers, predominantly Scottish taxpayers. We believe there needs to be clarity on who communicates with these customer groups and when. In order to ensure both commonality of approach and consistency of message it might be advantageous for the Programme to develop an integrated customer communications strategy and delivery plan, in addition to the stakeholder plan mentioned above.

Recommendation 5:
To develop and manage an integrated customer communications strategy and delivery plan. RECOMMENDED

3: Management of intended outcomes

The Review Team found that each of the three Projects within the Programme has clearly identified deliverables and timelines and there is a strong, shared understanding of what needs to be achieved. At the Programme level, given the bigger picture of change into which these Projects fit (notably the new taxes to be introduced by the Scottish Government to replace SDLT and LfT, and the wider devolution programme), there is a sense among interviewees that there is still some way to go for all stakeholders - in particular, between HMRC and Scottish Government - to have a common understanding of what success should look like. We understand that this has improved in recent months with stronger relationships and mutual understanding and there is confidence that the Programme Board will continue this progress. Recommendation 1 refers.

4: Risk management

The Review Team found evidence from documentation and from interviews that there is a thorough approach in place at Project level for identifying risks and their mitigations. There are some risks - for instance, finding a robust approach to identifying Scottish taxpayers for the SRIT project - that are recognised as being potentially serious blocks to delivery of the Project outcomes. At this stage we believe that the necessary steps are being taken to understand the risks, analyse potential impact, and explore a range of options for their resolution.

At Programme level, there has until recently been limited attention given to identifying risks that are programme-wide, or escalated from Projects. We understand that this has now been formalised and a revised Programme risk register developed.

One of the risks in the Programme risk register relates to governance and stakeholder arrangements, in particular the need to ensure that there is the right overall framework for managing communications and engagement from project up to programme level and with the Scottish Government. We expect that the anticipated changes to the current governance and stakeholder framework should mitigate these risks. See section 2 above.

A further risk relates to programme management resources. We believe, from all the evidence taken, that unless this risk is addressed promptly, the delivery of the Programme's key objectives is likely to be undermined. See Section 1.

At this stage of the Programme, no project level risks have been escalated to Programme level. We would expect that as the Programme progresses into its delivery phases, it is more likely that project risks may be escalated to the Programme Board to consider. The development of a clearer Programme-wide schedule of milestones and decision points will help to identify the trigger points for this. See Section 5.

5: Review of current outcomes

There are no current outcomes for the implementation programme at this stage of its maturity.

The Review Team believes that delivery is on track but as there is no comprehensive end-to-end Programme plan identifying key milestones and deliverables we were not able to assess the veracity of the overall programme.

Recommendation 6: To develop an end-to-end Programme plan identifying key milestones and decision points. RECOMMENDED (by end of September 13)

6: Readiness for the next phase – Delivery of outcomes

Considerations for the next phase might include the following:

- Maintain a close dialogue around the wider devolution environment and any potential consequences for the Programme
- Understand better the potential complexity of IT-related activities in the Programme
- Further refinement of the Programme costs
- Provision of training on the new Lean Competition process

The Review Team recommends that the next Gateway™ Review 0 is in around 9 months time to coincide with the end of the financial year 2013/14 and in advance of key milestones for the SDLT and LfT Projects.

APPENDIX A

Purposes of OGC Gateway™ Review 0: Strategic assessment

- Review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to overall strategy of the organisation and its senior management.

- Ensure that the programme is supported by key stakeholders.

- Confirm that the programme's potential to succeed has been considered in the wider context of the organisation's delivery plans and change programmes, and any interdependencies with other programmes or projects in the organisation's portfolio and, where relevant, those of other organisations.

- Review the arrangements for leading, managing and monitoring the programme as a whole and the links to individual parts of it (e.g. to any existing projects in the programme's portfolio).

- Review the arrangements for identifying and managing the main programme risks (and the individual project risks), including external risks such as changing business priorities.

- Check that provision for financial and other resources has been made for the programme (initially identified at programme initiation and committed later) and that plans for the work to be done through to the next stage are realistic, properly resourced with sufficient people of appropriate experience, and authorised.

- After the initial Review, check progress against plans and the expected achievement of outcomes.

- Check that there is engagement with the market as appropriate on the feasibility of achieving the required outcome.

- Where relevant, check that the programme takes account of joining up with other programmes, internal and external.

APPENDIX B

Interviewees

Name	Role
Edward Troup	Accounting Officer, ExCom sponsor
Sarah Walker	Programme SRO, Head of Devolution Team
███████████	Policy Programme Portfolio (PDP) Programme Director
███████████	HMRC Programme Consultant
Jon Sherman	SDLT Project - SRO
Angela Walker	SRIT Project - SRO
██████████*	LfT Project - SRO
Paul Keane	NAO - Director
██████	Programme Manager
██████████	Programme Communications Manager
██████████*	Policy Assurance Manager
Alistair Brown	DG Finance and Programme Manager FRIP
██████████	SRIT Project - Project Manager
████████████*	Fiscal Responsibility Manager
████████████*	Programme Manager – Tax Administration Programme

* By Phone