Driver and Vehicle Licensing Agency

Impact Assessment

Annex E
Outline Business Case

CUSTOMER SERVICE EXCELLENCE
UK
The Government Standard

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An executive agency of the Department for Transport

Purpose

- This Outline Business Case [OBC] will allow the Agency Change Board [ACB] and Motoring Services Group [MSG] (the DVLA sponsor within the Department for Transport [DfT]) to make a decision on plans to transform and modernise the face to face services it currently provides through the geographically dispersed Local Services Network and Enforcement Directorate.
- The transformation proposals focus on migrating transactions and services that are currently only available through a face to face channel to electronic channels – either directly or through intermediaries, whilst centralising remaining transactions to maximise efficiencies. This approach will improve the way in which we deliver our services to meet the changing needs and expectations of both public and trade customers as well as providing the most cost effective and efficient delivery of services.
- The primary objectives of this proposal are to:
  - enhance customer service by better aligning customers with existing or new service delivery channels – saving money for DVLA and customers;
  - increase the use of existing and planned electronic services, supporting the 'Digital by Default' agenda and moving away from more costly paper channels.
  - substantially reduce the cost of the services currently delivered through network offices and make a significant contribution, estimated at approximately £20m and £30m each year, to the Agency's plan to make efficiencies of £100 million per annum by the end of 2014/15, while ensuring that current quality and accuracy standards are maintained.

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Glossary

1. Executive Summary

1.1 Background

This Outline Business Case [OBC] will allow the Driver and Vehicle Licensing Agency [DVLA] Agency Change Board [ACB] and the Department for Transport [DfT] Motoring Services Group [MSG] to make a decision on the plans to transform and modernise the face to face services it currently provides. It will also allow decision makers to understand the impact of the transformation on stakeholders and the Agency's operational make up, specifically those provided through the geographically dispersed Local Services Network and Enforcement Directorate.

As a context, the Agency has committed to

- reduce its annual operating costs by £100m per annum compared to 2010 baseline by 2015;
- support the Government agenda to deliver services Digitally by Default; and
- reduce administrative burden on stakeholders and reduce Red Tape (Red Tape Challenge commitments).

The transformation proposals focus on migrating transactions and services that are currently primarily served through a face to face channel to electronic channels - either directly or through intermediaries according to the DVLA Strategic Direction; and centralising remaining transactions to maximise efficiencies. This approach will improve the way in which we deliver our services to meet the changing needs and expectations of both public and trade customers as well as providing the most cost effective and efficient delivery of services.

The primary objectives of this proposal are to:

- enhance customer service by better aligning customers with existing or new service delivery channels – saving money for DVLA and customers;
- increase the use of existing and planned electronic services, supporting the 'Digital by Default' agenda and moving away from more costly paper channels.
- substantially reduce the cost of the services currently delivered through network offices and make a significant contribution, estimated at approximately £20-30m each year, to the Agency's plan to deliver efficiencies of £100 million per annum by the end of 2014/15, while ensuring that current quality and accuracy standards are maintained;

The Agency has been undertaking channel shift of key services for many years, for example working in partnership with the motor industry to complete 92% of first registrations online; developing online Electronic Vehicle Licensing [EVL] for 56% of relicensing transactions with the majority of other relicensing transactions being undertaken electronically through an intermediary (currently Post Office Limited). This proposal is simply the next step in digital transformation of the Agency's service delivery but importantly it has a significant impact on the shape of the Agency's service delivery model. With this in mind the Agency decided to consult with its customers on its proposals for transforming its service delivery.

The 'Transforming DVLA Services' consultation document set out the high level strategic direction for DVLA's future business and the implications for DVLA's current business model and delivery structure. It makes clear the on-going movement towards electronic transactions and acknowledges that this means reviewing our current service delivery model including face to face operations. It asked how customers would like services delivered and their views on potential options such as the use of intermediaries. The consultation, which closed on 20th March, invited views on the future direction, these were then analysed and summarised. A report was submitted to the Secretary of State detailing the full impacts of possible changes and identifying costs/benefits.

1.2 Strategy Fit

DVLA's Strategic Direction sets out its objectives as:

- to reduce paper transactions as far as possible
- increase electronic channel take up, ensuring 'digital by default' where practical
- reduce the burden on stakeholders by reducing red tape
- reduce the operating cost baseline as far as possible.

The transformation proposal meets all of the above criteria.

1.3 Proposed Solution

Currently, the Agency provides a limited range of face to face transactions and services through a network of offices at 39 locations geographically spread across Great Britain. This includes 10 shared locations for the processing of enforcement cases; this is not a face to face operation and was only dispersed geographically originally because of accommodation constraints at the centre. The Agency aims to provide an alternative channel to each of these transactions and services in line with the DVLA Strategic Agenda. The outcome of this will be significant changes in the Agency's service delivery model, which means that face to face transactions will decrease significantly in number and will be better provided through a larger number of outlets closer to our customer base. The net impact should see an annual cost reduction of £20-30m for DVLA.

The Agency will use existing trusted partners as intermediaries and the services procured through its Front Office Counter Services (FOCS) contract for face to face transactions – as well as expanding electronic channels where appropriate and desirable for customers to self serve. The processing of remaining transactions will be centralised in Swansea to realise cost efficiencies, but existing service and accuracy commitments will be maintained or improved as a result.

The Agency will enhance the range of customer services it will receive through the new FOCS contract that will be in place and operational by April 2013. These services will include some of the vehicle relicensing transactions currently provided through the DVLA Network. It is anticipated that contract award will be completed by August or September 2012. The remaining bidders for the procurement underway are fully aware of the requirement to deliver these services prior to the closure of the network.

This enhanced FOCS contract will provide customers with between 4,000 and 6,000 additional locations at which they can transact with DVLA.

This will be followed with enhancements to the existing Automated First Registration and Licensing [AFRL] system, a co-operative digital system with motor dealers acting as intermediaries for registering vehicles.

At the same time, we will simplify complex transactions, reducing the current requirement for specialist expertise at face to face locations. We will do this through a combination of process re-design, regulation and red tape reduction and closer interaction between government departments with shared responsibility for the checking of roadworthiness and accuracy of data.

Alternative service delivery options for all transactions and services are planned to be available by October 2013, allowing the changes to be made without adverse effect to customers.

A Full breakdown of transactions and service migration is at Appendix 1.

1.4 Economic Case

The DVLA has five main options through which to achieve these business model changes:

- Option 1 – do nothing, maintain the existing service delivery model
- Option 2 – centralise enforcement activities only, leaving the delivery model for face to face transactions and services in place i.e. Local Service Network unchanged.
- Option 3 – channel shift of transactions and services and closure of all regional offices at the same time (big bang).
- **Option 4 – phased channel shift of LSN transactions and services, centralisation of Enforcement, followed by closure of all offices.**
- Option 5 – channel shift of transactions and services, centralisation of Enforcement and develop a new face to face delivery model with smaller offices co-located in alternative government estates property.

Option 4 is recommended.

1.5 Commercial Case

The ICT requirements for Option 4 are relatively minor in respect of the Network changes themselves and will be undertaken as business as usual through the existing PACT contract. The route for any major functional systems enhancements (such as Cherished Transfers) has yet to be defined and considered.

The new FOCS contract, due to be live in April will deliver the face-to-face transactions required prior to the closure of the Local Office Network within its enhanced scope.

Existing contracts in place for geographically widespread enforcement activities, such as wheelclamping and debt collection, will continue to be delivered as business as usual.

1.6 Affordability

The Economic Impact Statement (EIS) and associated figures quoted within this Business Case are based on a worst case scenario for all costs and benefits, so optimism bias and sensitivity has been catered for. An “expected” scenario is also referred to in the Economic Case.

In the worst case, the total cost of implementing **Option 4** is £64m, with projected net benefits over 7 years of £119m, giving an excess of £54m – and a discounted NPV of £38m. In the "best estimate" scenario the NPV of Option 4 increases to £60.3m. In addition there are continuing savings of £20m to £30m p.a. thereafter. £46.1m of the £64m total implementation costs have already been recognised in the 2011/12 Financial Accounts, in full compliance with accounting standards as these employed expected costs rather than worst case.

Funding for this project will be provided from three sources – Fees, Supply funding from DfT (re VED activities) and retention of SoM/CT receipts to reflect the activities involved. The cash flows required are fully included in the Business Plan 12/13 figures and financial projections provided to DfT for 2013/14. Future year lease costs have also been included in financial projections.

1.7 Delivery

The project will be delivered under the usual DVLA governance and project management standards, entirely consistent and compliant with Motoring and Freight Services Group (MFSG) requirements as detailed in the Strategic Project Appraisal and Governance Guidance (SPAGG) v4.3. This delivery project has total lifecycle costs greater than £10m so is considered a Tier 2 project, and needs to be approved by MFSG through the IAB route.

1.8 Next Steps if Ministers approve the proposals

DVLA will:

- **Continue engagement with the TUS and individual staff members in relation to office closures and provide individual assistance to Enforcement and LSN staff;**
- **Finalise plans for the phases of channel migration and development of new operating service delivery model;**
- **Establish discussions with the Estates PFI provider in terms of negotiation strategy and handling of LSN / Enforcement accommodation and contracts;**
- **Move to developing the final economic, financial and delivery cases and progress these to Full Business Case stage prior to commitment of any significant costs, with a target date of September 2012.**

2. Strategic Case

2.1 Purpose

The purpose of this section is to set out the reason for change, the core objectives and the key evaluation criteria – together with the scope, objectives and definition of the project itself.

2.2 Overall Strategic Context

DVLA's strategic direction is directed by the Government's 'Open Public Services' White Paper, ICT Strategy and Digital by Default agenda. The DVLA Strategic Agenda explicitly advocates reducing the amount of paper transactions it handles and migrate the vast majority of transactions to be carried to electronic channels – directly or via intermediaries.

In order to achieve the above, specifically the Agency will:-

- move from paper transactions into electronic handling, preferably directly through web transactions or through web-based forms for lower volume transactions;
- use intermediaries to provide DVLA with face to face (f2f) services and electronic data;
- work closely with other organisations to support data collection and handling.
- streamline processes and removing duplication of effort for customers;
- reducing costs/increasing efficiency significantly in line with the Efficiency and Reform Agenda;
- revise organisation structures and delivery models to best support e-handling.

2.3 Reason for Change – Customer Service

DVLA currently has a centralised capability based in Swansea for the majority of its transactions and services. In addition, for entirely historic reasons and reflecting the pattern of service delivery established in the early 1970's it has a network of 39 Local Offices in GB providing face to face registration and licensing services for commercial and public customers. Ten of these locations also incorporate enforcement operations for VED and CIE (Continuous Insurance Enforcement) activities

The Driver and Vehicle Agency [DVA] administers Vehicle services on behalf of DVLA in Northern Ireland. Changes to these services will be delivered through a separate project within the Agency's change programme. However it is proposed that a similar approach be adopted throughout the UK as a consistent and cost effective customer proposition.

Recent reviews have concluded:-

Local Offices

- The unique added value of the network is in providing a direct f2f customer interaction;
- Not all customer visits add value and the customer could be better served through an alternative channel;
- The current model of every office being both a f2f outlet and a small work processing location was not designed to maximise efficiency.
- Many customers are not aware of alternative service channels that could better serve them.

Enforcement Activities

- These activities were dispersed originally because of central space constraints – the basic model (other than prosecutors in courts) is essentially not location dependent;
- Case volumes have reduced significantly due to an increases in compliance;
- Major improvements to processes and productivity have been achieved through re-engineering.

An ‘evolutionary’ approach has been adopted to implementing initiatives in order to address the above recommendations since the summer of 2009, in which 53 different services / transactions were identified as offered to customers via Local offices. A central processing unit was established in Manchester to test the CPU concept in relation to Personalised Registration (PR) transactions. This trial proved successful and the Manchester CPU is now an integral element of LSN operations, delivering 35% productivity improvements. The model has been successfully repeated in Swansea and Northampton.

Extension beyond PR processing was proposed and, over time, alternative means of access ‘to other services’ would be developed. For example the scope for providing this service through the Front Office Counter Services contract (currently held by the Post Office) would be explored. Over time this approach would establish alternative means of access to service and a related migration of customers and demand away from the LO. For example, customers currently needing a change in tax class at relicensing tend to expect this service to be available at Post Offices and typically have attended a PO before being directed to the LO. Similarly, take up of Automated First Registration and Licensing (AFRL) has been increased from 90% to 92% of all first registrations. This gradual migration is already significantly reducing the core purpose of local offices.

Similarly, the success of the Agency’s VED enforcement strategy has resulted in a dramatic reduction in the number of staff needed to deliver enforcement services – down from 880 in 2006 to 410 in 2010. The evasion rate has also been significantly reduced over this same period as a result of Continuous Registration. This reduction has had a significant impact on the operating model/efficiency of the original 12 distributed Area Enforcement Centres and increasing unit costs for activities. Two AECs have already been closed and a high level centralised operating model has been developed for the future management of enforcement casework.

2.4 Reasons for Change – reduced running costs and more effective delivery model

The project, to deliver the recommended option, will facilitate and deliver alternative channels and services to replace those currently undertaken face to face. It is proposed that these will be delivered in three tranches:-

Tranche 1: Electronic Delivery and Intermediary (FOCS and VOSA)

- Front Office Counter Services
- Inspections
- Enforcement Processing

Tranche 2: Centralise Services

- e-Tax Disc Distribution – driving up AFRL take up
- Trade Licensing
- Vehicle/Driver Services

Tranche 3: Vehicle Online Services – 'Simplify processes then channel shift'.

- Personalised Registration
- Fleet Enhancement
- Suppression of Vehicle Registration Certificates
- Change of Vehicle Keeper
- Disposal of Vehicle to the Trade.

There has been extensive research into the alternative delivery models above and they are all believed to be more efficient and effective in terms of cost and use of resources.

The solutions proposed are based on a central delivery model for casework and processing, electronic services wherever possible for both trade and public and also rely on more simplified processes which will need to be supported by changes to policy and forms where required. A change in legislation, pre-announced in the 2012 Budget, will support the central distribution of tax discs will be in place prior to AFRL changes in June 2013.

2.5 Conclusions

The strategic case is straightforward.

The current delivery model for face to face and regional enforcement processing is based on:

- an operating structure based around a relatively small number of widely separated physical offices rather than an operating structure that provides the most efficient and effective services for both customers and the organisation.
- Outdated and complicated processes that are a result of historic decisions on resources (mainly availability of accommodation space at the time) and policies.

Recent progress with e-services, intermediary development and the results of pilots that deliver significantly enhanced productivity and service delivery lead to the conclusion that there is a significantly more effective delivery model. And that this model will meet customer needs and expectations far better into the future – with greatly reduced costs for DVLA.

2.6 Recommendation

The case is clearly made in terms of strategic principle, but the options for delivery should now be fully considered to provide a preferred method of delivery.

3. Economic Case

3.1 Purpose

This section sets out the range of options, their advantages, disadvantages and evaluation according to the agreed criteria.

3.2 Economic Options

- Option 1 – do nothing, maintain the existing service delivery model
- Option 2 – centralise enforcement activities only, leaving the delivery model for face to face transactions and services in place as is i.e. Local Service Network unchanged.
- Option 3 – channel shift of transactions and services and closure of all regional offices at the same time (big bang).
- **Option 4 – phased channel shift of transactions and services, centralisation of Enforcement, followed by closure of all offices.**
- Option 5 – channel shift of transactions and services, centralisation of Enforcement and develop a new face to face delivery model with smaller offices co-located in alternative government estates property.

A summary of the detailed options appraisal is included in Appendix 2, but the main findings are:

- **Option1:** Do nothing – **was discounted** as it does not contribute to any DVLA or DFT tactical or strategic objectives, with no contribution to customer service improvement or cost savings. Centralisation of Enforcement activities is a thoroughly cost effective decision that has no impact on customer service, but can be centralised to improve productivity and eliminate the current dispersal overhead. The only reason this was regionalised in 2003/04 was lack of accommodation space in the centre and a requirement to deliver CR enforcement in a rapid way in 2004.
- **Option 2:** centralise enforcement activities only, leaving the delivery model for face to face transactions and services in place as is i.e. Local Service Network unchanged **was discounted** as, although it is an entirely sensible proposition, it leaves a diminished Local Office presence in place that is even less cost effective and hence a greater benefit to pursue if further centralisation can be delivered.
- **Option 3:** channel shift of transactions and services and closure of all regional offices at the same time **was discounted** due to the unacceptable level of business and customer service delivery risk involved. It would potentially deliver quicker benefits in their entirety, but the risks in delivery are seen at this stage to outweigh the faster benefits delivery. This Option is however otherwise similar to Option 4 and if it is seen to become feasible or preferable during the production of FBC or even delivery of the changes then this could be substituted for Option 4 at a later stage.

Options 4 and 5 remain and were examined in greater detail:

- **Option 4:** Transition of licensing services to a FOCS contract, Trade Licensing and AFRL solution can be achieved by June 2013 with centralisation activities happening simultaneously, allowing full closure of Local offices and cessation of all distributed service costs to maximise financial benefits.
- **Option 5:** Maintaining a network of smaller offices co-located (if possible) in alternative government estates property. This provides a compromise to full closure and some distributed direct contact with DVLA – although there is a clear balance to be achieved on the precise number to be retained between significant travel distances and the additional costs of retaining small local offices in large numbers. The anticipated savings from this option are significantly reduced and a distributed network would still involve major costs. This option was discounted on analysis due to the reduced savings produced.

Conclusion: Option 4 is preferred in terms of the detailed options appraisal (appendix 2).

3.3 Benefits and Disbenefits within Option 4

Financial Benefits

Staff Savings – The full headcount saving will be realised through closing all 39 transaction offices and centralising all activity or using intermediaries. This is significantly greater than Option 5, where significant outplaced costs will still be required (for example wide-geography management costs including training), compounded by the loss of critical mass and small outpost delivery risks.

Office Running Costs (including rents) – The full savings will be delivered through closing all distributed offices, giving a major advantage over and above those available through Option 5. The embedding of small presences in a number of other locations would involve a major legal and estates exercise and costs, in addition to significant ongoing accommodation costs – in addition, the impact on PFI contract would be no different to the preferred option as all the existing accommodation and leases would be vacated.

ICT Infrastructure - Workstation Maintenance – The DVLA Service Provider charges a maintenance fee for each IT workstation and the biggest gain aligns with the largest staff saving. Hence Options 5 falls significantly behind this purely on staff numbers. In addition the requirement to maintain differential applications, a distributed network, the relevant separation and security costs in embedded offices and geographical response would significantly further increase costs under Option 5.

Additional Costs catered for within the Financial Model

- Penalty charges and dilapidation costs will be incurred to terminate Tenancy Agreements prematurely (interim)
- Additional staff will be required at the Centre to deal with redirected transactions (ongoing)
- Extra Intermediary cost to deliver services (ongoing).

3.4 Financial Model

The Net Present Value of each option over a 7 year initial period is set out in the table below, together with the cost per benefit score.

The cost per benefit score has been calculated in order to put the positive NPVs into the context of the total benefit score from the options appraisal. The result of this calculation confirms the view provided by the NPV, that Option 4 is the best value for money. A difference of nearly 30% between the options is significant enough to draw a firm conclusion.

After the first 7 years, additional net benefits continue to accrue at an annual rate of £25.8m (option 4) and £ 18.5m (option 5) – an ongoing incremental saving of over £7m each year.

Economic Impact Statements (EIS) are included at Appendix 3 and assumptions at Appendix 4

Options	NPV £m	Benefit Score as per Option Appraisal	Option Cost over 7 years £m	Cost Per Benefit Point £m
Option 4 – phased channel shift of transactions and services, centralisation of Enforcement, followed by closure of all offices.	38	35.15	173	4.9
Option 5 – channel shift of transactions and services, centralisation of Enforcement and develop a new face to face delivery model with smaller offices co-located in alternative government estates property.	10	22.30	176	7.9

3.6 Sensitivity

The EIS is based on a worst case scenario for costs and benefits for both Option 4 and 5. A second EIS, based on “best estimate assumptions”, has been produced with the following results:

Options	NPV £m	Net Benefits £m	Dev Costs £m	Net Value £m
Option 4 – phased channel shift of transactions and services, centralisation of Enforcement, followed by closure of all offices.	60.3	130.9	52.6	78.3
Option 5 – channel shift of transactions and services, centralisation of Enforcement and develop a new face to face delivery model with smaller offices co-located in alternative government estates property.	32.0	92.0	47.5	44.4

Additional Non-Financial / Non Quantified Benefits and Disbenefits for Option 4:

Benefits

- Greater proportion of DVLA services provided electronically (Digital by Default)
- Simplifying processes and form design will contribute to ‘ Red Tape Challenge’
- Development of new service delivery for trade customers will forge stronger links with them and open up more opportunities for closer working
- Provides a more efficient structure to deliver the compliance strategy.

Disbenefits

- Reputational damage with the Local Office staff and TUS as a result of closure of the offices, although the central staff are likely to benefit and see the longer term commitment to Swansea as a good thing – but with a longer term wariness of management
- Close attention will be needed to service quality through migration due to process disruption and staff learning curves
- Perceived reduced ability to interact locally with stakeholders (police, courts etc however the staff with these responsibilities will still be in place) and current LO customers (Dealers, HGV operators etc)

Wider Benefits

Increased use of electronic channels for transaction processing will reduce unit costs per transaction, though these benefits are not included in this business case, but in others. The perception of DVLA to the customer is likely to improve as we are seen as moving with the times and developing our processes to meet the needs of customers.

3.7 Conclusion

In benefit terms, Option 4:

- Has a much lower cost per benefit point than Option 5;
- Has higher benefits (see Appendix 2), can be delivered at a Development cost of £64m and has a higher NPV than Option 5;
- Has a shorter payback period than Option 5, ensuring a speedier return on investment – reducing the financial risk as DVLA will be out of pocket for a shorter period;
- Provides a greater net saving before the end of 2014-15, which will count towards DVLA's objective of achieving cost savings of approximately £100 million from its annual operating cost by end of 2015.

3.7 Recommendation

Option 4 should be taken forward as the preferred option into FBC Stage. A confirmation of the benefits and costs should be undertaken at FBC stage. The commercial options and affordability should now also be confirmed.

4. Commercial Case

4.1 Purpose

The purpose of this section is to determine which procurement approach best meets the delivery requirements of the Modernisation project

4.2 Sourcing Options

The project will require IT changes and additional services via intermediaries.

IT changes

There are two main procurement options (not mutually exclusive) available to the Agency:

- undertake separate and discrete competitive tenders for individual projects or the projects in bundles for the larger and discrete short term requirements;
- utilise the existing PACT contract for the business as usual changes resulting from LO closures as these are essentially running cost related changes;

The initial IT changes required to facilitate the centralisation will all be needed and delivered in a number of phased releases before November 2013, when the first office closures are scheduled. It is therefore recommended that we use the existing DVLA PACT contract to reduce the risk and ensure value for money for these early changes. But larger long term developments should be made more widely available to ensure competition, potentially sourced under the aegis of the ICT Let Programme.

Other Procurements or additional contractual support needed

It is anticipated that new f2f or intermediary services required will be sourced through the FOCS procurement already underway. Additional requirements, currently unforeseen, will be sourced through the usual DVLA procurement processes.

Existing LSN contractual support requirements will be continued during the transitional period in order to maintain Business as Usual (BAU) activities. The only other commercial requirement is to extend the DX contract currently in place with LSN to facilitate prosecutor casework delivery. This has already been put in train.

Legal and Estates SME support will be needed to realise savings through the PFI contract.

4.3 Risk Allocation and Transfer

Using a PACT contract robustly managed Time and Materials (T&M) approach will reduce the risk of increased costs and time required from scope change. The commercial approach reduces risk to the Agency by allowing the flexibility of change through the project lifecycle, in terms of both scope and solution, and understanding the ongoing impacts on current and future IT based systems. This avoids risk premium and leaves scope/cost decisions with DVLA.

The financial risk of not delivering phased channel shift of transactions and services followed by a phased closure of all network offices will remain with DVLA as will the risk of not realising benefits resulting from inaccuracies in initial assumptions.

4.4 Service support

Ongoing support and maintenance requirements will be dealt with as extensions or amendments to existing contractual arrangements. The Service Management Team (SMT) will be engaged as part of the change control process in respect of ongoing support and maintenance arrangements.

4.5 Contract Management Approach

DVLA will minimise IBM BAU costs where by undertaking those elements of work not requiring detailed technical/specialist knowledge. Standard PACT controls over time and materials charges through timesheet authorisation will be applied.

4.6 Human Resources Issues (including TUPE)

The Human Resources activity to support the delivery of this project fall into 4 key categories.

Skills – the shift of work from the network to Swansea will require the development of functional and generic skills and capability both in existing and newly recruited Swansea staff. This will be identified through a training needs analysis which will inform a range of learning solutions, the delivery of which will need to be planned in line with planned delivery dates. The extended range of Swansea activities mean that greater cross skilling and flexibility in the workforce will need to be achieved, and staff skilled appropriately to achieve that.

Resources – significant activity will be required to implement the workforce plans, both in terms of workforce reduction and recruitment in different locations. These will need to be managed in the context of other changes that are happening across the agency portfolio of change to minimize negative impact on staff, cost for the agency and to ensure the agency retains skills and talent it needs for the future. This would mean the delivery of recruitment/promotion schemes to fill vacant posts at Swansea. Those schemes will be delivered through the Departmental Resourcing Group via the HR workstream, in line with the DfT rules in force at the time guiding recruitment. Workforce reduction measures in the network will be achieved in line with the Cabinet Office Protocols, utilising a full range of measures aimed at avoiding compulsory redundancies, such as attrition, voluntary schemes, redeployment and job swaps.

Employee Relations – a programme of consultation with the trade union will be required throughout these changes, and will need to be planned carefully to join up with the broader agency discussions which will be taking place. In particular, for the staff reduction element of this project, consultation with the trade union needs to be carried out in line with the Cabinet Office Protocols and the DVLA Redundancy Agreement. Any impacts on staff which require changes to their contracted terms and conditions e.g. changes to hours/working patterns will need to be negotiated. Again this will be co-ordinated to ensure that this aligns with consultation and negotiation on other changes across the change portfolio.

Organisation Design – the transition of resources and work resulting from this project will feature significantly in the agency wide work to produce a new organisation design. This will include setting up the organisation structure which minimises the management burden, maximises workforce flexibility and will be designed to best practice numbers of management layers and spans of control. The new jobs will need to be defined, grades checked via JEGs, with new job profiles and objectives developed. These structural changes will need to be built into the SAP system.

4.7 Recommendation

The PACT contract should be used for those technical changes required quickly. Existing SME input should be extended for Estates support. The FOCS contract (supplemented by any specific channel contracts) should provide for additional f2f intermediary requirements.

5. Financial Case

5.1 Purpose

The purpose of this case is to set out the funding requirements, sources and affordability.

5.2 Project Costs

The estimated 'up front' development costs for the recommended option is £64.5m in total, this will deliver a positive NPV of £38.1m over 7 years. The seven year projected Income and Expenditure Account for Option 4 is shown at Appendix 5. The cash requirement is summarised as follows:

Option 4	£m Total	£m 2011/12	£m 2012/13	£m 2013/14	£m 2014/15	£m 2015/16	£m 2016/17	£m 2017/18	£m 2018/19
Costs:	64.5	3.9	16.3	44.3	-	-	-	-	-
Net Benefit	126.0	-	(3.3)	(2.4)	22.9	24.5	25.2	25.7	25.8

5.3 Budget Arrangements

The majority of the delivery costs have been provided for already in the 2011/12 accounts as the intention to restructure was announced in December 2011 and this triggered the requirement to recognise the costs in the current year.) This has been scored as current year expenditure (£3.9m) ad a provision for future expenditure (£46.1m). The budget for the element to be funded by DVLA has been incorporated into the Business Plan 2012/13 and the forecasts for the following two years as required by DfT to cover the Spending Review period. The costs on an accounting basis are affordable within current prioritisation.

Part of the cost relates to the collection and enforcement of VED, so this element is funded by DfT via the supply funding it gives to DVLA. The amount relating to the modernisation is £26m and this has been included in the forecast of the supply funding already submitted to DfT and has been provided for in the DVLA accounts for 2011/12.

Part of the costs relate to personalised registrations, so is funded by HMT. This amount will be retained by DVLA when calculating its CFER transfers.

Standard DVLA budget arrangements for projects are well established and controlled in terms of monitoring, variation and integration into profile change and forecasting. Anticipated costs of this development and subsequent operational running will form part of the normal DVLA future business planning processes.

5.4 Impact on Departmental Expenditure Limit (DEL)

The DVLA fee income funded element is already included in financial forecasts and DEL impact is already factored in, as is the element funded by HMT for personalised registrations. The Capital DEL impact is when the asset is treated as a donated asset – this is estimated at £6m. The impact on Resource DEL and AME will be incorporated within forward funding totals.

5.5 Balance Sheet

Asset capitalisation is consistent with the DVLA policies, to the value of £6m in 2013/14. This figure will be depreciated over 7 years and is based on the assumptions made in the EIS as to total IBM Development costs.

6. Delivery Case

6.1 Introduction and Objectives

This section sets out how the project proposes to achieve its main deliverables and defines the project management during the remaining phases.

A diagram showing the implementation workstreams for executing the work packages is included as an attachment in Appendix 6.

6.2 Project Plan

The project will develop, maintain and control an integrated project schedule with all activities, resources and dependencies identified to deliver the project outputs. The project will be managed using Prince 2 methodology and will be subject to formal OGC review and scrutiny.

6.3 Project Dependencies

The key dependencies for delivery of the project are the:

- SoS decision on the recommendations arising from the consultation exercise
- ability to redeploy or recruit staff in Swansea to cover transferred non-digital work
- consistent, resilient, determined and active commitment to achieving the outcome from senior DVLA/DFT staff and ministers
- agreement from 3rd party or intermediaries to complete changes remaining in line with DVLA timescales
- confirmation of accommodation for Prosecutors, RNPS staff and Audit Rangers.
- facilities/system to transfer prosecution papers from DVLA to Prosecutors.
- Policy Changes – legislation change for tax disc handling.

6.4 Project Governance, Organisation Structure and Roles

Programme SRO	Judith Whitaker
Programme Manager:	Tim Daley
Project Executive:	Julie Palmer
Project Manager:	Marie Lewis
Project Board	Julie Palmer – Project Executive Marie Lewis – Project Manager David Hancock – Director of Electronic Services & Data Input David Marshalsay – Head of Local Services Network Ian Broom – Director of Central Casework & Enforcement Services Louise White – Deputy Director of Human Resources and Estates Directorate Lynette Rose – Head of Policy Change Programme Carole Evans – Head of Customer Enquiry Group Rebecca Naylor – Business Integration Manager Dave Warren – TUS (Observer)
Project Team:	Peter Stephens – Vehicle Licensing Project Dave Floyd – Centralisation & Customer Transition Project Ian Davies – Enforcement Project Hugh Williams – Vehicle Registration Claire L Morgan – Business Case, TUS & Consultation Workstream Rebecca Rymer – Project Office & Planning Jan Lewis - Communications
Assurance Officer	CAS – Ian Maggs
SP Technical Delivery	Mike Stephenson IBM

The project is a Tier 2 Strategic Project, meeting the criteria in the Strategic Project Appraisal and Governance Guidance (SPAGG) V4.3 Appendix 2, with total lifecycle costs greater than £10m. The Strategic Case decision after consultation will be approved by SoS, but the OBC will go to the IAB. Approvals for consultancy support will go through the usual approvals routes (DAC and CO), but the remainder of spend will fall into BAU and DVLA governance.

The project will develop, maintain and control an integrated project schedule with all activities, resources and dependencies identified to deliver the project outputs. This will include project governance (through the Project Board up to the Programme Board and SRO), portfolio governance (through to the Agency Change Board) and cross agency governance. This project will align with the existing governance arrangements in place within the Agency including the governance of business-led change. Key decisions, funding delegation and escalation of risks and issues will align with the agreed internal governance processes.

6.5 Communications and Stakeholder Management

The following table defines the customers and stakeholders impacted in four groups. The communication strategy has been separately prepared and is intended to be updated as the project makes progress and is part of the ongoing project documentation.

Group	Description	Stakeholders	
Customers	Members of the public and public organisations who use our products and services.	- General driving public. - Trade customers	
Stakeholders - Partners	Individuals, internal departments or organisations that help us deliver or maintain our products/services.	- IBM - Fujitsu - Post Office - Capita - ANPR - Trade bodies - Road Safety groups - General media - Trillium - Existing LO contractual support providers	DVLA Departments - CEG - ES&D) /CED - OSDD - CAD - CFS
Stakeholders - Influencers	Individuals or organisations that play a role in governing or decision-making about our products/services.	- DfT - Transport Minister - Motoring and Freight Services Group - Strategic Project Appraisal and Governance Guidance	
Stakeholders - Employees	Members of our organisation who need to be informed about our products/services including how we deliver them.	- Existing LSN & ED colleagues - Press Office - All DVLA employees - PCS	

6.6 Key Issues for Implementation

The key issues made and necessary for successful delivery of this project are:

- DVLA will be able to support the project in specialist areas.
- External support will be provided e.g. outplacement services, legal/estates services
- Departmental Resourcing Group [DRG] is available to run recruitment campaigns and to administer the Departmental recruitment approvals.

Appendix 1 Transactions & Service Migration List

MNS Project Transaction Scope

The following table captures all those services dealt with by the Local Office Network, the associated volume and current and future channel availability. The figures captured in this table are based on those provided by LSN for financial year 2010/11.

Product	Transaction	Volumes	Volume per Product	Current Channels	Future Channels (potential)
Vehicle Registration	Used Personal Import V55/5	62,380	323,601	Local Office	Postal
	New Vehicle V55/1	146,503		Local Office	Postal/ AFRL
	New Personal Import V55/4	33,597		Local Office	Postal
	Other V55/5	11,963		Local Office	Postal
	Q Plate Other V55/5	7,039		Local Office	Postal
	Q Plate Used Personal Import V55/5	1,224		Local Office	Postal
	Q Plate Kit Build V55/5	17		Local Office	Postal
	Q Plate Kit Conversion V55/5	12		Local Office	Postal
	Q Plate False Identities	17		Local Office	Postal
	Q Plate Rebuild V55/5	51		Local Office	Postal
	Q Plate Discovered Vehicle V55/5	209		Local Office	Postal
	Visiting Forces	4,952		Local Office	Postal
	New Trader Import V55/2	1,783		Local Office	Postal
	Discovered Vehicle V55/5	902		Local Office	Postal/AFRL
	Rebuilt V55/5	301		Local Office	Postal
	False Identities V55/5	233		Local Office	Postal
	Kit Conversion V55/5	79		Local Office	Postal
	Kit Build V55/5	65		Local Office	Postal
	Temporary First Licence	1,152		Post Office	Removed
	Off road registration	51,122		Local Office	Postal
	Temporary 'Q' Plate	Relatively low volumes are associated with these First Vehicle Registration transactions, precise volumes however are unavailable.		Local Office	Postal
	EX-MOD			Local Office	Postal
	Reconstructed Classic Vehicles			Local Office	Postal
	BFG Vehicles			Local Office	Postal
	Small Island HGV			Local Office	Postal
	Cloned Vehicles			Local Office	Postal
	Prototype Vehicles			Local Office	Postal
	Disabled Passenger Vehicles			Local Office	Postal
	Mobility Scooters			Local Office	Postal
	Crown Vehicles			Local Office	Postal
	Police Vehicles			Local Office	Postal
Personalised Registration	CTs V317 (ITT 127) processed Within 7 days	284,514	982,903	Local Office	Postal/ Via intermediary online (Phase 1)
	Retention Application V317 (ITT 126)	274,616		Local Office	Postal/ Via intermediary online (Phase 1)
	Retention Assignment V778	225,957		Local Office	Postal/ Via intermediary online (Phase 1)
	SOM Assignment V750	197,600		Local Office/AFRL	Postal/ AFRL/ online (future phase)
	CTs V317 (ITT 127) processed Over 7 days	216		Local Office	Postal/ Via intermediary online (Phase 1)
	Add Change a nominee & extension	Unknown		Local Office	Postal/online (future phase)
Licensing	VED Licence Application V10	873,260	1,626,705	LO/ PO	Front Office
	Duplicate VED Licence Application V20	157,954		Local Office	Front Office
	VED Licence Renewal Application V11	172,170		LO/ PO/ EVL	Front Office/EVL online and phone
	HGV VED Licence Renewal Application V85/1	77,011		LO/ PO/ EVL	Front Office/EVL online and phone
	HGV VED Licence Application V85	44,915		Local Office	Front Office/ Postal
	Duplicate EVL Issued Licence Application	41,933		Local Office	Front Office
	SORN by V11	18,524		LO/ PO/ EVL	EVL online and phone
	SORN by V85/1	3,477		LO/ PO/ EVL	EVL online and phone
	SORN by V890	29,068		LO/ PO/ Postal	Postal
	Voluntary Arrears of Duty	8,505		LO/ Telephone/ Postal	Telephone/ Postal
	Replacement Licence Application CLO141	18,704		LO/ Postal	Postal
	Licence with a Tax Class change	181,184		Local Office	Front Office/Postal
Vehicle Services	Exchange Licence Application V70	3,473	1,719,872	Local Office	Postal
	Vehicle Registration Certificate Application V62	407,873		Postal/PO/ LO	Postal/ Front Office
	Vehicle Registration Certificate Changes V5	1,167,495		Postal/PO/ LO	Postal/ Front Office
	VED Licence Refund Application with Disc V14	123,910		Local Office Post Box/ Postal	Postal
	VED Licence Refund Application without Disc V33	2,965		Local Office Post Box/ Postal	Postal
	Temporary Vehicle Registration Certificate V379	6,625		Local Office	E-mail
	Personal Export	7,303		Local Office	Postal
	Direct Export			Local Office	Postal
	New Means of Transport			Local Office	Postal
	Export Certificate	228		Local Office/ Fax/ Postal	Postal/ E-mail
Drivers Services	GB National Post Box	158,622	270,688	Local Office	Postal
	Foreign National Post Box	70,703		Local Office	Postal
	Foreign National Premium	14,564		Local Office	Removed
	Digital Tacho - GB Post-box	10,629		Local Office	Postal
	Digital Tacho - Cards Issued	11,266		Distributed centrally	Distributed centrally
	GB National Premium	1,879		PO/ Local Office	Removed
	Digital Tacho - Foreign Post-box	1,617		Local Office	Postal
	Certificate of Entitlement D441	207		LO/ Telephone	Telephone
	Digital Tacho - Foreign Premium	250		Local Office	Removed
	Digital Tacho - Cards Not Issued	741		Distributed centrally	Distributed centrally
	Digital Tacho - GB Premium	210		Local Office	Removed
Inspections	Inspection (VCS)	4,959	22,627	Local Office	Intermediary
	Inspection (Trade Plates)	3,443		Local Office	Removed
	Inspection (Cherished Transfer)	5,597		Local Office	Intermediary
	Inspection (Rebuilt)	625		Local Office	Intermediary
	Inspection (Other)	8,003		Local Office	Intermediary
Trade Licensing	Duplicate Trade Licence	3,638	82,151	Local Office	Postal
	Replacement Trade Licence			Local Office	Postal
	Trade Licence (Renewal Application)	68,521		Local Office	Postal
	Trade Licence (First Application - Probationary)	5,305		Local Office	Postal
	Trade Licence (Other)	3,043		Local Office	Postal
	Refund	1,644		Local Office	Postal
Dips & Cons	Diplomatic / Consular Driving Permit D442	1,445	2,931	Local Office	FCO- Secure E-mail
	Diplomatic/Consular Registration Certificate V117	1,486		Local Office	FCO- Secure E-mail
AFRL	AFRL Appointment (collection of discs)	57,454	57,654	Local Office	Centralised disc distribution
	De-registration	Unknown		Local Office	E-mail/ Telephone
	Incorrect Registration of a Vehicle	Unknown		Local Office	Postal
	AFRL Dealer Audit	200		Local Office	Removed
Enforcement	Payment of Enforcement Fine i.e. CR, CIE	Unknown	8,943	Local Office/ Postal/ Telephone	Postal/ Telephone
	Secure VED Licence holder	8,943		Local Office	Postal

Appendix 2 – Options Appraisal Scoring

Criteria Definition, Scores and Weightings

Criteria Defined		Strategy & Business Performance					Economic Considerations			Project Management	
		Strategic Fit	Impact on Customer Service	Impact on BAU	Management Effort to Sustain	Impact on Management of other changes	Running Costs	Speed of savings	Availability of resource to manage BAU	Project team cost	Capability & resource to deliver
Weighting		1.0	0.6	0.6	0.2	0.4	0.6	0.4	0.25	0.25	0.20
Scores	1	Detrimental impact upon business strategy and against Departmental and wider government priorities	Significant degradation in customer service with the likelihood of reputational damage	Unacceptable disturbance to delivery of customer service and key stakeholders' needs	Management resource & approach is dispersed	Reduces capacity to deliver change to an unacceptable level	A potential increase in running costs	No reductions to cost of service no contribution to the agency's plan to reduce running costs by £100m by 2015	Limited opportunity to pull on marketplace. scenario provides least opportunity for flexibility due to limited resource availability in situ	Highest cost to achieve outcome	Agency able to secure minimal resources within timescale
	3	Undermines business strategy and Departmental and wider government priorities	Some degradation in customer service affecting a limited proportion of transactions	Significant disturbance to delivery of customer service and key stakeholders' needs	Small element of centralisation with fewer dispersed management resource required	Significant reduction in capacity to deliver change	No saving in running costs	Minimal contribution to the agency's plan to reduce running costs by £100m by 2015	Minimal opportunity for flexibility within resources	More than median but not highest cost to achieve outcome	Agency able to secure minimal resources and only few key ones within timescale
	5	Partially supports business strategy and Departmental and wider government priorities	No degradation in customer service	Substantial amount of disturbance to delivery of customer service and key stakeholders' needs	Management resource & approach is partially centralised with fewer dispersed offices ro maintain & manage	Substantial reduction in capacity to deliver change	Limited saving in running costs	Small contribution to the agency's plan to reduce running costs by £100m by 2015	Small opportunity for flexibility due to volume of workforce	Median cost to achieve outcome	Agency able to secure majority of resources using high volume of recruitment within timescale
	7	Supports business strategy and Departmental and wider government priorities	Some improvement in customer service affecting a limited proportion of transactions	Minimal disturbance to delivery of customer service and key stakeholders' needs	Management resource & approach is mainly centralised with substantially dispersed smaller offices to maintain and manage	Tolerable reduction in capacity to deliver change	Medium level savings in running costs	Large contribution to the agency's plan to reduce running costs by £100m by 2015	Substantial opportunity for flexibility due to volume of workforce	Less than median but not lowest cost to achieve outcome	Agency able to secure majority of key roles, using small scale recruitment within timescale
	10	Completely aligns with business strategy and Departmental and wider government priorities	Significant improvement in customer service affecting a large proportion of transactions	No disturbance to delivery of customer service and key stakeholders' needs	Management resource & approach is fully centralised maximising opportunities for exploitation for economies of scale	Minimises reduction in capacity to deliver change	Significant saving in running costs	Provides optimal opportunity to the agency's plan to reduce running costs by £100m by 2015 and return greater year on year savings thereafter	Wide market interest available to satisfy workforce requirements maximum opportunity for shared flexible resources and multi skilling	Lowest cost to achieve outcome	Agency able to secure all resources within timescale

Scores allocated to each criteria and totals

Criteria Defined			Strategy & Business Performance				Economic Considerations			Project Management		
		Strategic Fit	Impact on Customer Service	Impact on BAU	Management Effort to Sustain	Impact on mngt of other changes	Running Costs	Speed of savings	Availability of resource to manage BAU	Project team cost	Capability & resource to deliver	
Weighting		1.0	0.6	0.6	0.2	0.4	0.6	0.4	0.25	0.25	0.20	
Options	Do Nothing	1	5	10	1	10	1	1	1	10	10	
	Enforcement only	2	5	9	3	7	5	3	3	6	7	
	Big bang	10	3	5	10	10	10	10	10	1	5	
	Phased closure	10	7	5	10	10	7	10	10	1	5	
	Keep 'smaller' network	5	3	7	1	7	5	7	3	3	5	
												Total Scores
Weightings applied	Do Nothing	1	3	6	0.2	4	0.6	0.4	0.25	2.5	2	19.95
	Enforcement only	2	3	5.4	0.6	2.8	3	1.2	0.75	1.5	1.4	21.65
	Big bang	10	1.8	3	2	4	6	4	2.5	0.25	1	34.55
	Phased closure	10	4.2	3	2	4	4.2	4	2.5	0.25	1	35.15
	Keep 'smaller' network	5	1.8	4.2	0.2	2.8	3	2.8	0.75	0.75	1	22.30

Justification for score awarded to each criterion applied

Impact on Strategic Fit

Criteria	Option N#	Finding	Criterion Score Awarded
Impact on Strategic fit	1	By not doing anything there will be no contribution towards the strategic direction in which the Agency is moving towards. In fact this would have a detrimental effect on the Agency's objective to meet the Strategic Direction.	1
	2	If the Agency was just to centralise the Enforcement element from the Network this would not contribute to the Agency's overall Strategic Direction. The amount of paper transactions dealt with by the network would remain and no developments would be made towards the provision of electronic channels to deliver DVLA services.	2
	3	This option would meet all the objectives to align to DVLA's strategic direction (set out on page 5 of the document)	10
	4	This option would meet all the objectives to align to DVLA's strategic direction (set out on page 5 of the document)	10
	5	This option does not meet all the objectives to align to DVLA's strategic direction (set out on page 5 of the document). The objective to reduce the operating cost baseline as far as possible is not met and this option only partly meets the ability to increase electronic take up. The advice and guidance face to face element currently provided by the network would remain. This is contrary to the guidance set out in the DVLA Strategic Agenda which explicitly advocates handling transactions and services electronically either directly or via intermediaries. In order to achieve this the Agency would use intermediaries and improved digital channels to provide this guidance. Therefore this option does not deliver this element.	5

Impact on Customer Service

Criteria	Option N#	Finding	Criterion Score Awarded
Impact on Customer Service	1	Doing nothing will have no impact on current customer service delivery	5
	2	There would be no degradation to customers & stakeholders as services won't change. Enforcement processes would remain the same but work would be located in Swansea.	5
	3	There could be some degradation to customer service if all transactions were transitioned using a 'big bang' approach because of the risk associated with this. If all the Local Offices closed on the same day with strong stakeholder management the risk to the disruption of services can be managed. The appointment of customer account managers will aid the migration of this as they will help stakeholders and customers through transition.	3
	4	There could be a minimal amount of disturbance to customer service depending on how the transition of services is managed in the short term. The Local Offices would close over a short period of time. With strong stakeholder management the risk to the disruption of services can be managed. The appointment of customer account managers will aid the migration of this as they will help stakeholders and customers through transition.	7
	5	There would be some degradation because customer transition would be more difficult. As well as the education of new channels there will also be the publicity of the new service and locations across the network. Customers may visit DVLA offices expecting additional services which will not be offered.	3

Impact on Business as Usual

Criteria	Option N#	Finding	Criterion Score Awarded
Impact on Business as Usual	1	Doing nothing will have no impact on BAU as the delivery of customer service will continue to meet the needs of stakeholders within the current 'as-is' delivery model.	10
	2	This option would offer a very slight impact on BAU because some change would occur. However there would be no change to customer facing services via the LOs	9
	3	This option would has a substantial amount of disturbance because closing all offices and transitioning all services and transactions has the greatest change associated with it.	5
	4	This option would has a substantial amount of disturbance because closing all offices and transitioning all services and transactions has the greatest change associated with it.	5
	5	There would be business disturbance associated with this option with difficult customer transition. However the LOs would remain in the network (different service provided and locations) which potentially offers less disruption to BAU because they would still offer an advice and guidance service remotely.	7

Management Effort to Sustain

Criteria	Option N#	Finding	Criterion Score Awarded
Management of effort to sustain	1	Doing nothing would mean that there was no reskilling required centrally. However the complex management structure in place now for the distributed network of staff management, contract management and estates management would remain.	1
	2	The agency would still have the management structure in place for the distributed network, contracts and estates but would also have the element of significant up skilling to deal with the new centralised enforcement work	3
	3	The management structure would be greatly simplified as this would fit within the current business model in Swansea to exploit the process efficiencies. However there would be significant reskilling of the additional heads required to carry out the work at Swansea.	10
	4	The management structure would be greatly simplified as this would fit within the current business model in Swansea to exploit the process efficiencies. However there would be significant reskilling of the additional heads required to carry out the work at Swansea.	10
	5	Even though there would be significant retraining at Swansea to process the centralised transactions there would still be a complex network structure to support in terms of people, HR and estates management. The up skilling of staff would cause more of an issue here than option 2 due to the volume and diversity of LSN transactions as opposed to just enforcement transactions in option 2.	1

Impact on Management of Other Changes

Criteria	Option N#	Finding	Criterion Score Awarded
Impact of Management of other changes	1	Doing nothing would mean there would be little or no impact on managing the current change initiatives.	10
	2	With the centralisation of ED and the retention of the Local Office Network the impact on capacity to deliver and manage other change would be minimal. There would be some activity required to manage the transition and live running of the centralised Enforcement operating model but change activity would not be substantially constrained.	7
	3	This option would mean a substantial reduction in the capability to manage other changes during the project lifecycle and post-implementation period. The level of change activity required both internally and externally will be significantly increased during delivery. Because of the size of the Local Office Estate, considerable manpower & effort will be required which will constrain change activity.	10
	4	This option would mean a substantial reduction in the capability to manage other changes during the project lifecycle and post-implementation period.. The level of change activity required both internally and externally will be significantly increased during delivery. Because of the size of the Local Office Estate considerable manpower & effort will be required which will constrain change activity. However due to the phased closure of the LO, estate closures could be planned with more robustness therefore minimising change impacts.	10
	5	This option would mean a significant reduction in the capability to manage other changes during the project lifecycle and post-implementation period.. The level of change activity required both internally and externally will be significantly increased during delivery. Because of the size of the Local Office Estate considerable manpower & effort will be required which will constrain change activity. However due to the phased closure of the LO, estate closures could be planned with more robustness therefore minimising change impacts. In addition, there would be significant effort to manage stakeholders and communicate to customers the new purpose of the retained LO branch network.	7

Running Cost

Criteria	Option N#	Finding	Criterion Score Awarded
Running Cost	1	Doing nothing would mean that no cost savings would be achieved. The Agency would still have to maintain an expensive network of offices and pay staff costs. No cost savings would be achieved to fund further developments for the Agency to fund further developments in line with the ICT Strategy and Digital by Default. If the Agency now chose to do nothing the network may continually feel under threat because of proposed changes. This could result in increased staff churn as well as low morale making the network harder to operate going forward.	1
	2	Centralising Enforcement would result in a limited saving due to the closure of 10 Area Enforcement Centres. This option would not provide large cost savings as the network would remain. Small cost savings with the release of office space could be achieved through mothballing floors. Staff savings would be achieved as centralised Enforcement would operate with lower headcount figures. There would be a payback period associated with the redundancy payments needed for AEC staff.	5
	3	This option largely supports the same savings as option 4 depending on how the release of staff from the network is managed. This option allows the transformation proposal to progress and allow improved quality of outcome ultimately supporting the move to Digital by Default agenda.	10
	4	This option has the highest cost savings overall by reducing the ongoing need for a supported network. This is supported by the improved quality of outcome ultimately supporting the move to Digital by Default agenda.	7
	5	This option has increased running costs over options 3 & 4 because would be the new centralised function to maintain as well as running costs to support a dispersed network of smaller offices. However longer term this option has greater cost savings than option 2 hence the score applied.	5

Speed of Savings

Criteria	Option N#	Finding	Criterion Score Awarded
Speed of Savings	1	No contribution towards the £100m efficiency savings	1
	2	This would provide very little contribution to the £100m efficiency as the Local Office Network would remain open	3
	3	Option 3 would deliver a large return on investment. Ultimately the saving delivered here would be dependent on when the big bang implementation would apply	10
	4	This option would deliver the greatest return on investment over any other option. It would deliver the largest contribution to the £100m by 2015 and delivers largest year on year savings	10
	5	A large contribution towards the staff saving would be achieved within delivering this option however the proportion that is delivered is significantly smaller than option 4.	7

Availability of Resources to Manage the future BAU

Criteria	Option N#	Finding	Criterion Score Awarded
Availability of resources to manage future BAU	1	The dispersed management structure of staff and resource would remain unchanged. Unable to maximise the opportunities for service improvements and enhancements created by a centralised operation.	1
	2	The management structure of staff and resource would remain unchanged within the Local Offices. Still unable to maximise the opportunities for service improvements and enhancements. Centralising enforcements would provide the flexibility to cope centrally in a timely manner with any growth or decline in demand and minimise the management burden.	3
	3	This would provide the operational flexibility to cope centrally in a timely manner with any growth or decline in demand as it is essentially not location dependant. Also being able to maintain service quality and continuity during the transition. There would be a greater cross skilling and flexibility in the centralised workforce to achieve the extended range of activities. This option would minimise management burden and will be designed to best practice numbers of management layers and spans of control.	10
	4	This would provide operational flexibility (with a wide market) to cope centrally in a timely manner, with any growth or decline in demand. Also being able to maintain service quality and continuity during the transition. There would be a greater cross skilling and flexibility in the centralised workforce to achieve the extended range of activities. This option would minimise management burden and will be designed to best practice numbers of management layers and spans of control.	10
	5	Limited resource availability will provide less flexibility to cope with demand and maximise efficiency.	3

Project Team Cost

Criteria	Option N#	Finding	Criterion Score Awarded
Project Team Cost	1	By not doing anything any project team costs would cease following project closure activities. Costs incurred so far would not result in any delivery benefits and the outcome does not align to agency objectives.	10
	2	If the Agency was just to centralise the Enforcement element from the Network. The total project team costs would reduce slightly as a result of less project resource being required to deliver only the centralisation of Enforcement.	6
	3	If the Agency choose to channel shift all transactions and services and the closure of all offices (big bang) the total project team costs would be likely to increase to allow for the volume of project activity needed to take place at one time. Depending on big bang date this option could be deemed cheaper than option 4 if closure date is confirmed before Jan 2014	1
	4	If the Agency choose to proceed with a phased channel shift of transactions and services, centralisation of Enforcement, followed by closure of all offices it is likely that the same resource could be utilised on different phases of work resulting in a more constant project cost throughout the life of the project. Project team is currently set up to explore this implementation as favoured option therefore defined as achievable and project costs are know to deliver this.	1
	5	If the Agency choose to channel shift transactions and services, centralisation of Enforcement and to develop a new face to face delivery model with smaller offices co-located in alternative government property. Project costs would be likely to increase due to the project remaining in place for a longer period. As solution differs from favoured option project team costs may increase as additional work is factored in to fully define the work.	3

Capability and Resource to Deliver Option

Criteria	Option N#	Finding	Criterion Score Awarded
Capability and Resource to Deliver Option	1	LSN are already reporting increased turnover of staff due to uncertainty during the pre-announcement period. Whilst the majority of roles already have people in situ, a number of vacancies would need to be filled by less experienced staff with an associated training overhead.	10
	2	Resources required to centralise Enforcement services can be secured with some effort, (i.e. temporary relocation of trainers, recruitment of Swansea based Enforcement staff). Due to some staff already leaving LSN posts because of uncertainty in the pre-announcement period, there would also be a need to recruit staff into these vacant positions.	5
	3	Recruitment and training of centrally based roles and provision of sufficient estate capacity could prove difficult depending on timescale of 'big bang' closure.	7
	4	Phased migration of transactions and services to online and intermediary channels allows sufficient time to secure resources required to deliver the option. Stable project team and business resources in place to deliver required changes for recommended option.	5
	5	Resources required to centralise Enforcement services and migrate other transactions to online and intermediary channels could be secured. Finding suitable alternative local accommodation to maintain a new face-to-face delivery model would prove difficult, (to varying degrees, depending on the size and location of retained network). Risk of increased churn rate due to ongoing uncertainty regarding remaining roles.	5

Economic Impact Statement

Option 4: Summary Financials

Version 0.14	Option 4 - Phased Release								
	Total	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	174,283		-	10,781	32,700	32,700	32,700	32,700	32,700
Office Running Costs inc rent	31,163		-	306	4,201	5,874	6,577	7,039	7,165
T&S	1,763		-	110	331	331	331	331	331
Workstation Maintenance	2,690		-	166	505	505	505	505	505
Contract Savings	8,084			395	1,538	1,538	1,538	1,538	1,538
Unitary Charge	8,501			405	1,619	1,619	1,619	1,619	1,619
Postage & Stationery	966			31	187	187	187	187	187
Total Benefits	**227,448**	**-**	**-**	**12,194**	**41,081**	**42,754**	**43,457**	**43,919**	**44,045**
Redundancy	33,282		-	33,282					
DVLA Project Team	1,074	339	390	345					
Project Developments - Front Office	4,748	1,321	3,427						
Project Developments - Disc Distribution	5,447	1,320	3,427	700					
Project Developments - Trade Licensing	1,355	293	762	300					
Project Developments - Fleet Enhancements	6,012	396	3,396	2,220					
Project Developments - PR Paper & Intermediary	9,161	240	3,546	5,375					
Process Change - leaflets etc form destruction	283		228	55					
Holiday Pay	1,137		-	1,137					
Outplacement Service	616		308	308					
Legal	510		155	355					
T&S	66	16	13	38					
Pension	51		14	37					
Transition Support & Training	600		600						
Lease Break Penalties	147			147					
Total Development Costs	**64,489**	**3,925**	**16,266**	**44,299**	**-**	**-**	**-**	**-**	**-**
Vehicle Inspection Costs	4,755		-	792	792	792	792	792	792
Salaries New Staff	88,241		2,510	11,337	14,879	14,879	14,879	14,879	14,879
Workstation Maintenance	1,244		107	190	190	190	190	190	190
Front Office running costs	8,554		658	1,316	1,316	1,316	1,316	1,316	1,316
Postage & Stationery	6,135		-	885	1,050	1,050	1,050	1,050	1,050
Total Operating Costs	**108,929**	**-**	**3,275**	**14,520**	**18,227**	**18,227**	**18,227**	**18,227**	**18,227**
Total Costs	173,419	3,925	19,541	58,819	18,227	18,227	18,227	18,227	18,227
Total Net Economic Impact	54,030	(3,925)	(19,541)	(46,625)	22,854	24,527	25,230	25,692	25,818
Rate of Inflation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Deflated Net Economic Impact		(3,925)	(19,541)	(46,625)	22,854	24,527	25,230	25,692	25,818
Discount Factor 3.5%		1.00	0.97	0.93	0.90	0.87	0.84	0.81	0.79
Present Value		(3,925)	(18,880)	(43,525)	20,613	21,374	21,243	20,900	20,293
Cumulative Present Value	38,093	(3,925)	(22,805)	(66,330)	(45,717)	(24,343)	(3,100)	17,800	38,093

Option 5: Summary Financials

Version 0.14	Option 5 - Phased Release with Co-Located Offices								
	Total	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	150,019		-	9,626	28,079	28,079	28,079	28,079	28,079
Office Running Costs inc rent	31,163		-	306	4,201	5,874	6,577	7,039	7,165
LSN Other Operational Savings	1,482		-	93	278	278	278	278	278
Workstation Maintenance	2,368		-	151	443	443	443	443	443
Contract Savings	1,845			98	349	349	349	349	349
Unitary Charge	8,501			405	1,619	1,619	1,619	1,619	1,619
Postage & Stationery	966			31	187	187	187	187	187
Total Benefits	**196,343**	**-**	**-**	**10,708**	**35,157**	**36,830**	**37,533**	**37,995**	**38,121**
Redundancy	28,245		-	28,245					
DVLA Project Team	1,074	339	390	345					
Project Developments - Front Office	4,748	1,321	3,427						
Project Developments - Disc Distribution	5,447	1,320	3,427	700					
Project Developments - Trade Licensing	1,355	293	762	300					
Project Developments - Fleet Enhancements	6,012	396	3,396	2,220					
Project Developments - PR Paper & Intermediary	9,161	240	3,546	5,375					
Process Change - leaflets etc form destruction	283		228	55					
Holiday Pay	1,137		-	1,137					
Outplacement Service	616		308	308					
Legal	510		155	355					
T&S	66	16	13	38					
Pension	51		14	37					
Transition Support & Training	600		600						
Lease Break Penalties	147			147					
Total Development Costs	**59,452**	**3,925**	**16,266**	**39,261**	**-**	**-**	**-**	**-**	**-**
Vehicle Inspection Costs	4,755		-	792	792	792	792	792	792
Salaries New Staff	88,241		2,510	11,337	14,879	14,879	14,879	14,879	14,879
Workstation Maintenance	1,244		107	190	190	190	190	190	190
Front Office running costs	8,554		658	1,316	1,316	1,316	1,316	1,316	1,316
Postage & Stationery	6,135		-	885	1,050	1,050	1,050	1,050	1,050
Accommodation - co-location	5,555			712	969	969	969	969	969
Management Overhead for Co-location	2,307			177	426	426	426	426	426
Total Operating Costs	**116,791**	**-**	**3,275**	**15,409**	**19,621**	**19,621**	**19,621**	**19,621**	**19,621**
Total Costs	176,243	3,925	19,541	54,670	19,621	19,621	19,621	19,621	19,621
Total Net Economic Impact	20,100	(3,925)	(19,541)	(43,962)	15,535	17,208	17,911	18,373	18,499
Rate of Inflation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Deflated Net Economic Impact		(3,925)	(19,541)	(43,962)	15,535	17,208	17,911	18,373	18,499
Discount Factor 3.5%		1.00	0.97	0.93	0.90	0.87	0.84	0.81	0.79
Present Value		(3,925)	(18,880)	(41,039)	14,012	14,996	15,081	14,947	14,540
Cumulative Present Value	9,732	(3,925)	(22,805)	(63,844)	(49,832)	(34,836)	(19,755)	(4,808)	9,732

Appendix 4 – Assumptions Used in the Preparation of the Economic Impact Statement

Benefits

Salaries

All Salary savings are based on the number of FTE's released (Maidstone OS&DD have been included) by phased closure (November 2013, December 2013 & January 2014) multiplied by average salaries (by Directorate, ED/LSN) from the 1st of each month.

Salary savings are based on an FTE figure of 1305 (as at 30th November 2011). LSN/ED staff residing in Swansea have been included in staff savings, but it is assumed they will be redeployed within the Agency (these staff have also been included in the 'Salaries New Staff' Operational Costs within the EIS to recognise the redeployment).

Office Running Costs inc rent

Office Running cost (inc. rent) savings will be realised from the date of lease break or lease expiry (following release of staff) not at the time of office closure

No savings have been included for Swansea LO due to the uncertainty of when Estates can release the space following the implementation and setting up of staff for the centralisation of ED and LSN work.

No savings have been calculated within the first two months following closure, as this period will be used for clearance of furniture and fittings to allow for dilapidations to be carried out.

Each vacant property (that DVLA continues to be liable for) is entitled to a 3 month rates break. This has been calculated from the 3rd vacant month following closure (due to dilapidations and clearing). If there are only 2 months remaining in that financial year the 3 month savings have been calculated from the next financial year.

Where DVLA remains liable for an office following staff release, it has been assumed that utilities will reduce by 75% beginning in the 3rd vacant month following closure (due to dilapidations and clearing).

It has been assumed that office clearance and dilapidations will take 8 weeks (based on a worst case scenario).

Bournemouth has 2 separate Leases, the assumption is that the first lease break date is missed and DVLA will be liable for the building until late 2018

There will be no sub-letting of Local Offices that remain the liability of DVLA.

T&S Savings

Travel & Subsistence savings have been based on the total cost for the network in 2011/12.

Workstation Maintenance

IT Workstation Maintenance saving is assumed to be £350 annually per employee from the date of staff release

Contract assumptions

EPOS on Vista rollout has been delayed until the consultation decision is made and before all costs for current process had been gathered, therefore minimal savings have been included for reduction in hardware only

Assuming a 75% reduction in Corporate clothing

Assuming a 75% reduction in Video conferencing

It is assumed that the network currently use about 80% of the total expended on the DX Contract. Therefore it assumed that this figure will still need to operate at 50% of this value to transport secure ED documentation around the UK.

Unitary Charge

It is assumed that a saving of 60% of the Unitary Charge currently paid to Trillium for Local Offices will be realised.

Total Development Costs

Redundancy

Redundancy costs have all been assumed as voluntary. Calculated against individual's length of service and salaries (not averages).

DVLA Project Team

Actual figures for project team staff salaries and DVLA associated costs.

Project Development Costs

Indicative figures based on IBM estimates for development work. Costs for 80% certainty attached.

Project Development Front Office £4.8m, Disc Distribution £5.5m, Trade Licensing £1.4m over 3 years from November 2011-12, Fleet Enhancements £6m & Personalised Registration £9.2m.

Process Change

£110k has been applied for project process change. This cost covers full destruction and changeover of ALL forms in the Front Office Services provider. There will be no costs associated with Test Packs for Front Office Counter Services as they will be printed in house. The cost of internally issued forms is assumed to be £28k due to Scanoptics changes. A cost for the centralisation forms has been assumed at a high level.

Holiday Pay

It has been assumed that all FTE's will have an element of untaken leave when they are released. The calculation has been based on an average amount of untaken leave.

Outplacement Service

£58k has been allocated per annum to 12/13 and 13/14 for outplacement services. The costs are based on a quotation from supplier to deliver career transition / development workshops and drop in centres to provide advice / guidance. Based on spread of workshops throughout network – drop in centres to be held in local offices.

£250k has been allocated to 12/13 and 13/14 for further education. This figure is based on an average cost of £500 for 1000 staff i.e. the number remaining who have not expressed an interest in an NVQ/Apprenticeship

There will also be financial / pre-retirement / pre-redundancy workshops which will be provided free of charge by the Agency's current supplier of pre-retirement training.

Legal

Assumes costs for Estates legal implications and covers legal challenges from staff.

Pension

It has been assumed that DWP will charge an administration fee to provide pension statements/advice.

Transition Support & Training

Assumed additional payments offered to staff to set up a model office based in Swansea ahead of full centralisation.

Total Operating Costs

Vehicle Inspection Costs

Assumed VOSA will undertake inspections for the DVLA on the basis of their current charging agreement (£41 per inspection).

It is assumed that that future inspection levels will reduce by 50% and until detailed impact analysis is conducted and risk of change evaluated the existing annual volumes (19,328) must be assumed.

Salaries New Staff

Assumes recruitment of 434 new FTES. This is split as 159 Enforcements resource and 275 Centralisation resource. As noted in the 'Salaries' benefit, Swansea based staff have been included within the 'New Staff' figure on the assumption that they will take up associated centralisation roles within DVLA.

IT Workstation Maintenance

Assumes £350 IT Workstation charge per staff member from the date of recruitment.

Front Office Running Costs

Ongoing transaction costs based on an estimate from the Post Office (current supplier) at £1.3m pa.

Postage & Stationery

AFRL discs issued 2011/12 was 2,179,434 x (£0.36 for postage + £0.04 envelopes/inserts) = £871,774. The discs will be sent 2nd class post. Cost for duplicate discs included.

TLS costs are based on the higher amount of 8,000 trade plates issued per year. First class postage will cost £35k pa and £5k for Mailmiser Jiffy bags. TLS licence postage costs included

Additional postage relating to V55/4&5 returned to customer including return of ID documents (122,281 transactions).

General

Existing telephony hardware is available to support the new operating model.

It is assumed that there will be no recruitment costs.

Option 5

Headcount will consist of 35 HEO, 35 EO, 105 AO's co-located in other government offices

A centralised management overhead would be required to support the network. It is assumed that this would consist of 1 G7, 3 SEO, 5 HEO and 2 EO

Costs have been calculated using current total running costs for Birmingham £441,932. This has been divided by total space at Birmingham 1196 sq metres equalling £369 per sq metre per year.

Appendix 5 – Income and Expenditure Account

Front Office Services - Option 4 Phased Release

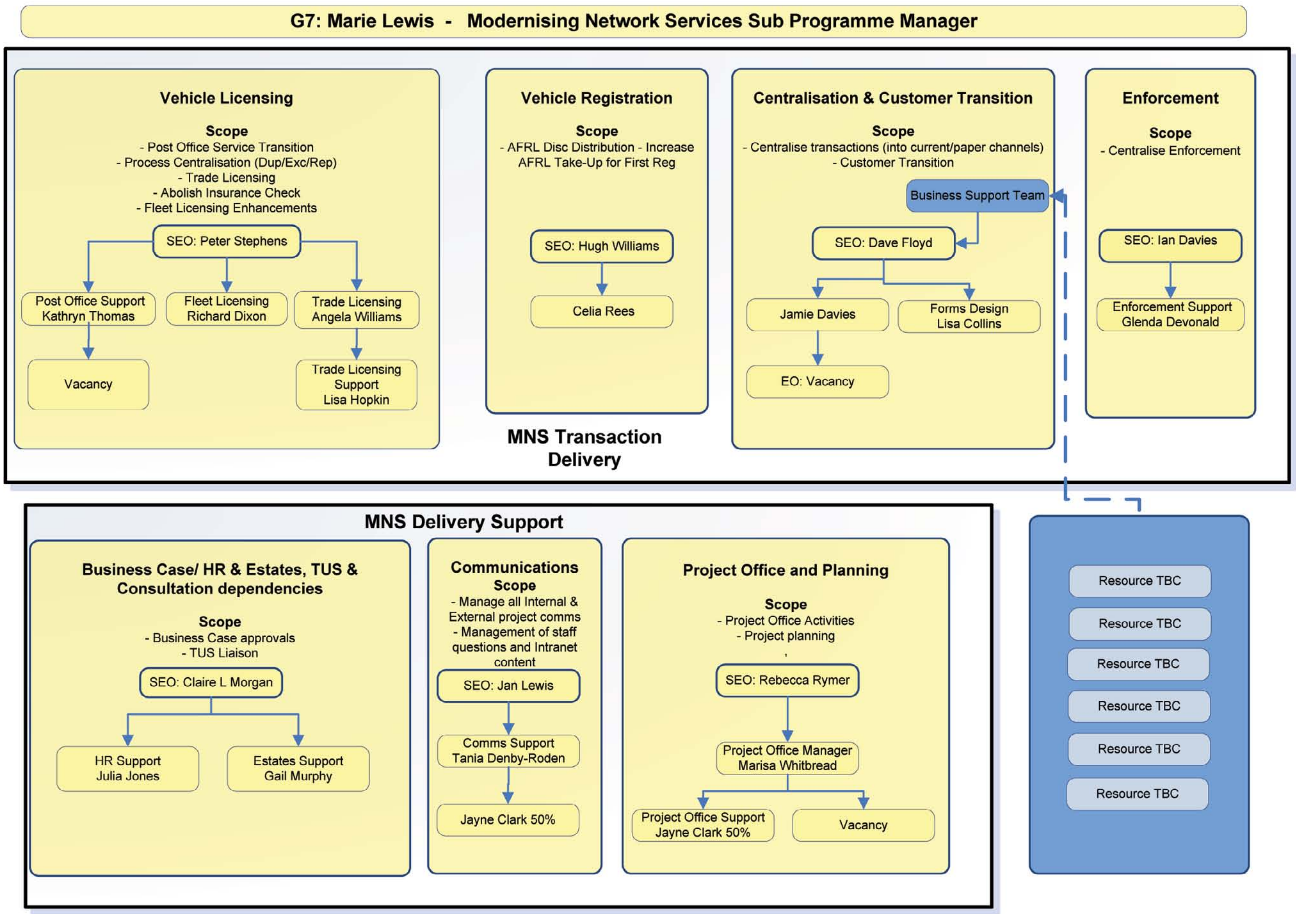
INCOME & EXPENDITURE ACCOUNT

	Total	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Income									
Total Income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Expenditure									
Salaries	86,041	0	(2,510)	(556)	17,822	17,822	17,822	17,822	17,822
Office Running Costs inc rent	31,163	0	0	306	4,201	5,874	6,577	7,039	7,165
T&S	1,763	0	0	110	331	331	331	331	331
Workstation Maintenance	1,446	0	(107)	(23)	315	315	315	315	315
Contract Savings	8,084	0	0	395	1,538	1,538	1,538	1,538	1,538
Unitary Charge	8,501	0	0	405	1,619	1,619	1,619	1,619	1,619
Postage & Stationery	(5,169)	0	0	(854)	(863)	(863)	(863)	(863)	(863)
Depreciation	(6,000)			(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Redundancy	(33,282)	(27,770)	0	(5,512)	0	0	0	0	0
DVLA Project Team	(1,074)	(339)	(390)	(345)	0	0	0	0	0
Project Developments - Front Office	(3,248)	(1,321)	(1,927)	0	0	0	0	0	0
Project Developments - Disc Distribution	(3,947)	(1,320)	(1,927)	(700)	0	0	0	0	0
Project Developments - Trade Licensing	(1,355)	(293)	(762)	(300)	0	0	0	0	0
Project Developments - Fleet Enhancements	(5,212)	(396)	(2,596)	(2,220)	0	0	0	0	0
Project Developments - PR Paper & Intermediary	(6,961)	(240)	(2,396)	(4,325)	0	0	0	0	0
Process Change - leaflets etc form destruction	(283)	0	(228)	(55)	0	0	0	0	0
Holiday Pay	(1,137)	0	0	(1,137)	0	0	0	0	0
Outplacement Service	(616)	0	(308)	(308)	0	0	0	0	0
Legal	(510)	(510)	0	0	0	0	0	0	0
T&S	(66)	(66)	0	0	0	0	0	0	0
Pension	(51)	(51)	0	0	0	0	0	0	0
Transition Support & Training	(600)	0	(600)	0	0	0	0	0	0
Lease Break Penalties	(147)	(147)	0	0	0	0	0	0	0
Vehicle Inspection Costs	(4,755)	0	0	(792)	(792)	(792)	(792)	(792)	(792)
Post Office running costs	(8,554)	0	(658)	(1,316)	(1,316)	(1,316)	(1,316)	(1,316)	(1,316)
Total Expenditure	**54,030**	**(32,453)**	**(14,409)**	**(18,229)**	**21,854**	**23,527**	**24,230**	**24,692**	**24,818**
Surplus/(Deficit)	**54,030**	**(32,453)**	**(14,409)**	**(18,229)**	**21,854**	**23,527**	**24,230**	**24,692**	**24,818**

Appendix 6 – Project Details

1. Implementation of Workstreams

Aligning with the objectives of the project, the delivery project will be managed through three workstreams. Each workstream lead will be responsible for reporting regular progress to the Project Manager against agreed workstream plans and delegated tolerances around time, cost and quality. Each workstream lead will be assigned a set of products they need to deliver and setting clear success criteria for the workstream. The Project Manager will also chair internal Team Meetings to discuss workstream progress, issues and updates.



2. Project Reporting

Workstream Reporting. Each workstream of the delivery project will complete weekly status reports for submission to the Project Manager by the Friday of each week. The report will cover progress against key deliverables and milestones as well as any issues for escalation.

Highlight Reporting. The Project Manager will submit two highlight reports; a Programme Highlight Report (for submission to the Programme Office to feed into programme reporting) and a Project Highlight Report (for submission to the Project Board to report progress to the Project Executive).

Financial Reporting. The Project Manager and/or Project Office Workstream Lead will meet monthly with programme accountants to review finances and report any changes to budgets, tolerances or financial reporting procedures. Any financial matters to be escalated will be reported through the Programme Highlight Report.

Bilateral Reporting. The Project Manager will participate in one-to-one bilateral meetings individually with the Programme Manager, the Project Executive and the Business Integration Manager. Where appropriate, the Project Manager will also arrange similar bilateral meetings with other key stakeholders to improve stakeholder engagement.

Exception Reporting. In the event of the project expecting to exceed agreed tolerances around scope, time, cost or quality, the Project Manager will convene a Project Board (or if appropriate, an off-line engagement with the Project Executive) to escalate the exception. An Exception Report will be produced seeking confirmation of how to deal with the incident and if required, an Exception Plan will be created to re plan how the project will proceed under the exception.

Programme Reporting. The project will comply with the reporting requirements indicated by the Modernisation Programme Board and/or detailed in the Modernisation Business Case. The Project Manager will attend Efficiency Programme Board meetings.

3. Contract Management

The Project Manager will be responsible for co-ordinating commercial monitoring activities such as timesheet approval and drafting of commercial documentation such as Commercial Change Requests (CCRs). The Project Support team will engage with Commercial Services Group (CSG) to ensure the projects approach to contract management is consistent with relevant standards and requirements.

The Technical Delivery Lead will act as the Service Supplier co-ordination, management of Modernisation technical delivery and is responsible for reporting progress to the Project Office Workstream. This role will include all responsibility for internal supplier management and issue resolution under the PACT contract.

To ensure consistent management of contract issues, a specific agenda item for contracts and commercials will be included in Team Meetings.

4. Risk Management Strategy

The Project will adopt the Agency standard to Management of Risk and best practice in the identification and assessment of project risks and issues. The project will monitor and maintain a Risk Register and Issues Log to support the control and mitigation of risk. The Project Office Workstream will be responsible for maintaining consistent standards for risk management on the project, including conducting risk review sessions at minimum as part of end stage review activities.

5. Benefits Realisation Plan

The Project will adopt the Agency standard to Benefits Realisation in details as the OBC is developed and will evolve into the FBC. Initial discussions have indicated that a two phased BDP may prove more suitable to the project due to solution delivery dates. This would allow a clearer tracking process for each financial year.

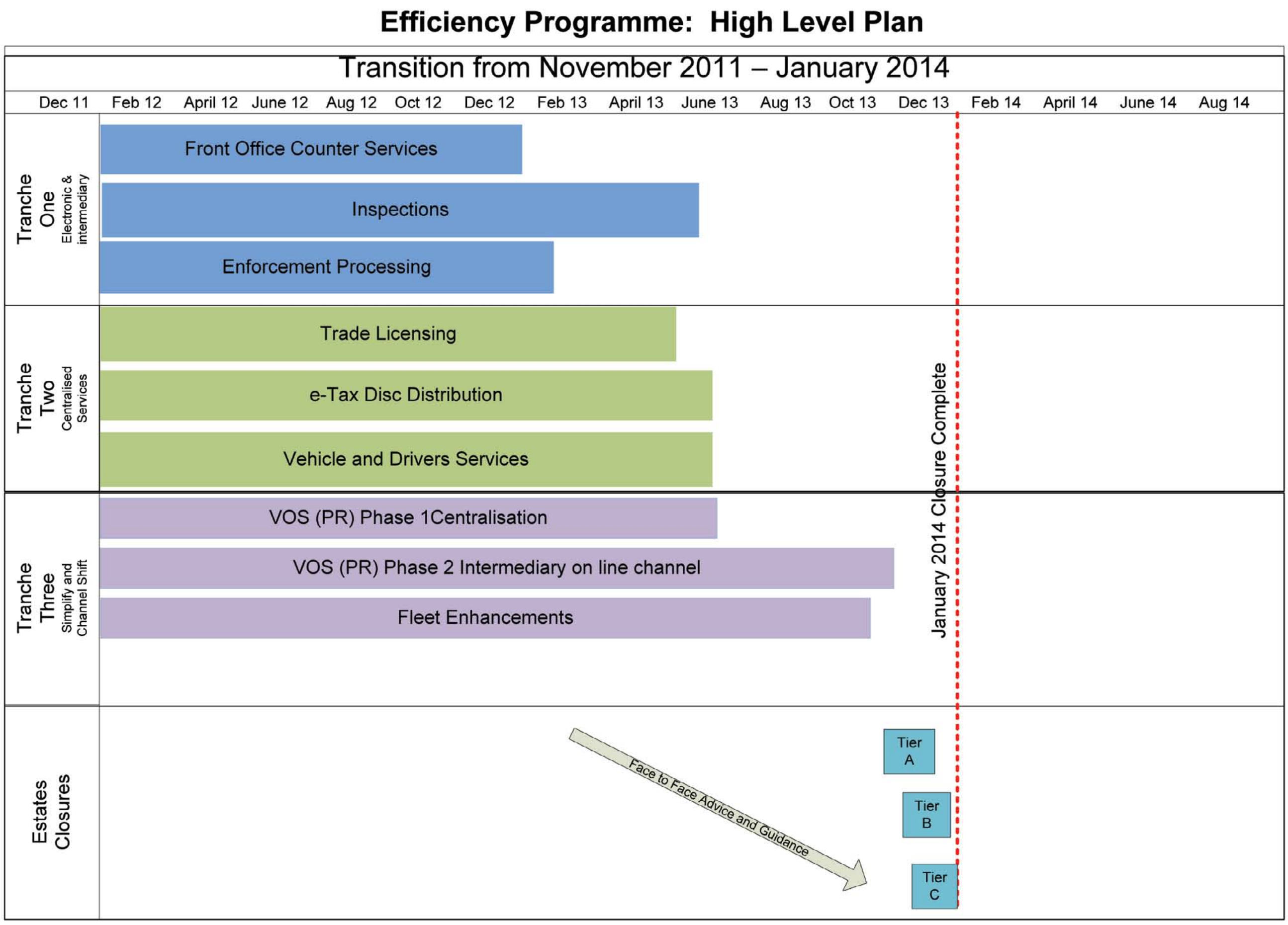
6. Project Review and Evaluation

The project will utilise the MPA Review processes to deliver independent project assurance to the Programme SRO and Project Executive.

All recommendations raised by MPA Review Teams will be reported via the Project Board and resolution actions will be implemented in line with the detailed recommendations. The project will engage with the Department Gateway Co ordinator (DGC) to ensure the project aligns with the procedures and standards set by MPA for conducting and organising Gateway Reviews.

As part of the detailed planning for the delivery project, an analysis of all approvals required external to DVLA will be undertaken and factored into the project schedule.
The Risk Potential Assessment of the project is high.

7. High Level Implementation Plan



Appendix 7 – Proposed dates that the offices would be handed over to Estates (Draft Plan)

Proposed Date for handover to Estates	Office	
October 31st 2013	Aberdeen Ipswich Edinburgh Lincoln Brighton Stockton Swansea	Oxford Sheffield Carlisle **Chelmsford** **Bournemouth** Shrewsbury Norwich
November 29th 2013	Dundee Maidstone Theale Worcester Chester Bangor	Beverly Inverness Peterborough **Sidcup** Truro **Exeter**
December 20th 2013	Borehamwood **Birmingham** **Glasgow** Bristol **Newcastle** Manchester Wimbledon	**Leeds** Portsmouth **Nottingham** Northampton Cardiff **Preston**