

Cabinet Office

Matthew Rycroft Permanent Secretary Home Office 2 Marsham Street London SW1P 4DF Nick Smallwood Chief Executive, Infrastructure and Projects Authority 1 Horse Guards London SW1A 2HQ

25 March 2020

Duncan Tessier Suspicious Activity Reports (SARs) Reform Programme By Email

Dear Duncan,

Role as Senior Responsible Owner for the Suspicious Activity Reports (SARs) Reform Programme

We are writing to confirm your appointment as Senior Responsible Owner (SRO) for the SARs Reform Programme (part of the wider Economic Crime Portfolio), which forms part of the Government Major Project Portfolio (GMPP). You will be directly accountable to Julia Kinniburgh, DG Serious and Organised Crime, under the oversight of the Permanent Secretary and the Minister of State for Security.

You will undertake this SRO role alongside your other responsibilities. You must ensure that you allocate sufficient time to fulfil the responsibilities that being an SRO entails and, as set out in Annex 1, the time taken up by the Economic Crime Portfolio, including SARs Reform, is expected to be about 75% of your time. This will be reviewed periodically to ensure that an appropriate balance is maintained across the full range of your responsibilities.

As SRO, you will have personal responsibility for delivery of the SARs Reform Programme and will be held accountable for: the delivery of its objectives and policy intent; securing and protecting its vision; ensuring that it is governed responsibly, reported honestly, and issues escalated appropriately; and influencing constructively the context, culture and operating environment.

Key decisions on GMPP level projects and anything which is otherwise novel, contentious or commercially sensitive, or which Ministers have asked to see must be submitted in a timely manner to the Permanent Secretary and Ministers as appropriate.

In addition to your internal accountabilities, you should also be aware that SROs are held personally accountable to Parliamentary Select Committees. You will be expected to account for and explain the decisions and actions you have taken to deliver this programme (or specific milestones). Your accountability for the delivery of SARs Reform Programme commences from the date of this letter.

It is important to be clear that your accountability relates only to implementation; it will remain for the Minister to account for any relevant policy decisions and their development.

You should follow the guidance in the document at Annex 1 which sets out in detail SRO roles and responsibilities. You should also make sure you understand the guidance 'Giving Evidence to Select Committees – Guidance for Civil Servants' which is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364600/ Osmotherly Rules October 2014.pdf

You should also make yourself aware of the Infrastructure and Projects Authority (IPA) guidance on management of major projects at:

https://www.gov.uk/government/organisations/infrastructure-and-projects-authority

Tenure of Position

You are required to undertake this role until the completion of delivery and subsequent closure of the programme which is estimated for end of 2023/24. This date will be refined when the programme plans its closure stage.

Extent and Limit of Accountability

You will be expected to progress the programme in line with Spending Review and Home Office allocations, and as agreed by the Portfolio and Investment Committee (PIC). The programme is funded in part by the private (banking) sector and PIC funding authorisations (of Home Office funding) will be confirmed separately and will be kept under review in the light of delivery progress.

You are authorised to approve expenditure up to this limit and within your delegated financial authority. Appropriate authority should be sought for expenditure which breaches this allocation. The Chief Portfolio Officer (CPO) and the Finance Director should be involved in such discussions along with the Director General, Capabilities & Resources (DG-C&R). You should operate, at all times, within the rules set out in 'Managing Public Money'. Additionally, if relevant, you must be mindful of, and act in accordance with, the specific HM Treasury and Cabinet Office spending controls relevant to the SARs Reform Programme. Funding — especially underspends - must not be flexed within or between allocations without reference back to PIC.

You must escalate to PIC and DG-C&R:

- Proposed changes to the programme scope which impact on the intent or its expected benefits realisation, or which have wider impacts for other programmes or projects, or for Home Office transformation more generally
- Slippage or any proposed change which materially impacts on wider Home Office objectives, including ministerial objectives, or adversely affects completion of any of the programme's tranches or its funding
- Issues which you are unable to resolve, including the need to either pause or terminate the programme where necessary.

Your role as SRO is a corporate responsibility and you are expected to:

- Establish and progress the programme in line with the Home Office Project Delivery Framework, ensuring the effectiveness of its governance, assurance and programme management arrangements, including:
 - Appointing, chairing and setting priorities for the Programme Board;
 - Ensuring the effectiveness and performance of the programme organisation;
 and
 - Ensuring appropriate first line assurance is in place backed up by the commissioning of timely assurance and audit reviews.
- Submit the programme's business cases and other reports as appropriate to PIC, the IPA and HM Treasury. In doing so, you will monitor the programme's status, its

forecast timescales, costs and benefits and key risks and dependencies, and report issues openly and transparently.

- Lead the programme in a way which maximises delivery of shared corporate capabilities, for use across the Home Office and wider government.
- Adopt Home Office data management principles in taking forward the SARs Reform
 Programme to ensure that data is collected and stored in such a way as to enable
 sharing of data, reuse where appropriate, and that it is protected in line with GDPR
 requirements.
- Take account of Home Office and wider government initiatives.

Objectives and Performance Criteria

To visibly and actively lead the SARs Reform Programme through the Target Operating Model design, development, delivery and IT Transformation, followed by a structured closure of the programme by the end of financial year 2023-24, taking all appropriate steps to ensure that the benefits outlined in the Programme's approved business case are realised. In particular:

- Monitoring and controlling the progress of the programme at a strategic level, being honest and frank about its progress, risks and issues,
- Communicating effectively with senior stakeholders regarding programme progress and providing clear, appropriate and delivery-focused decisions and advice to the Programme Director,
- Escalating serious issues quickly and with confidence to senior management, and
- Ensuring a plan for both long term benefits realisation and on-going sustainability is agreed with key stakeholders as part of the process of transitioning the programme to "business as usual".

Performance Criteria: Timely delivery of the programme, but also openness and pragmatism of response to risks and issues that threaten that.

DG-SOC has asked the CPO to provide feedback on performance against these criteria.

Description of the Programme

The SARs regime helps to protect the integrity of the regulated sector from exploitation for criminal purposes and provides critical intelligence to disrupt serious and organised crime.

However, the current SARs regime is no longer fit for purpose when set against the scale of the threats faced by the UK. The key problems currently impacting the SARs regime are:

- a high level of compliance reporting in some parts of the regulated sector, resulting in inefficiencies, whilst there is under-reporting in other parts of the regulated sector;
- ii. insufficient human resource capacity within the UKFIU which limits their ability to analyse financial intelligence or engage with reporters, law enforcement agencies, or international partners; and
- iii. under-utilisation of SARs by law enforcement, due to a combination of lack of awareness, inefficient IT, and insufficient numbers of financial investigators, resulting in missed opportunities to improve law enforcement outcomes; and
- iv. legacy IT systems which are inefficient and ineffective for all users and are prone to introducing poor quality data into the system.

The purpose of the SARs Reform Programme is to address the problems with the current regime in order to more effectively and efficiently protect the integrity of the regulated sector

and disrupt money laundering, terrorist financing and other offences. The Programme has four strategic outcomes:

- To **Protect** the regulated sector from exploitation for money laundering and terrorist financing, and helps to ensure the UK is not a safe haven for illicit finance.
- To deliver improved **Pursue** capabilities to support the targeted disruption of money laundering and terrorist financing; of other offences (incl. tax offences) under an "all crimes" approach; and increased freezing, restraint, seizure, and recovery of criminal assets.
- To ensure SARs are effectively utilised to: develop our (public and private)
 understanding of threats; identify operational opportunities; inform policy and
 supervisory responses; measure our performance; and provide a valued service to
 international FIUs.
- To ensure the end to end SARs regime is efficient and robust for all participants, including our international partners, and enables a tailored approach by participant where appropriate.

Programme Status

We note the report provided to PIC on 19 March 2020 recorded the status of the programme at this point.

Personal Development

To ensure that you are best able to discharge your SRO role and responsibilities for a GMPP project, you have already applied to enrol in the Major Projects Leadership Academy (MPLA).

SROs are encouraged to become accredited IPA Reviewers and to lead or participate in such reviews for other Government departments in the wider public sector or other areas of the Home Office as appropriate. We suggest participation in such reviews at least once every 12-18 months to maintain your accreditation.

We would like to take this opportunity to wish you every success in your role as SRO.

MATTHEW RYCROFT

Permanent Secretary Home Office

hows shready,

NICK SMALLWOOD

Chief Executive Officer

Infrastructure and Projects Authority

I confirm that I accept the appointment including my personal accountability for delivery of the SARs Reform Programme as detailed in the letter above.
Name of SRO:
Signature of SRO:
Date:

Annex 1 - The Role of the Senior Responsible Owner

You are personally accountable for ensuring the ongoing delivery of the SARs Reform Programme, an integral component of the Economic Crime Portfolio. You are responsible for securing the resources necessary for the success of the programme and for ensuring that the related implementation and transition activities realise the agreed objectives and benefits. You will be personally accountable to Parliamentary Select Committees and be expected to explain the decisions and actions you have taken. This could include where a Minister has intervened to change the programme during the implementation phase in a way which has implications for the cost and/or timeline of implementation. You will be able to disclose your advice about any such changes.

You must ensure the effectiveness of the governance, assurance and project management arrangements and maintain them throughout the life of the programme. You should adopt best practice and be prepared to justify any deviation from it, in line with the Government Functional Standard for Project Delivery and other guidance published by the Cabinet Office.

An SRO will:

- Be a visible, engaged and active project leader, not a figurehead;
- Deliver the agreed outcomes and benefits;
- Create an open, honest and positive culture committed to delivering at pace;
- Challenge senior officers and Ministers when appropriate and escalate quickly;
- Provide appropriate support, steer and strategic focus to the Programme Director and ensure that they have a clear and current letter of appointment; and
- Have sufficient time, experience and the right skills to carry the full responsibilities of the role.

Specific SRO accountabilities:

Ensure that the programme is set up for success

- Ensure that the programme is set-up to make an unambiguous and demonstrable link to strategic policy:
- Translate this policy intent into clear deliverables which are established and agreed with senior stakeholders:
- Carry out a robust and commercially viable options appraisal, which balances risk with opportunity, as part of initial programme feasibility;
- Establish a firm business case for the programme during the initiation/definition
 phase and ensure that any planned change continues to be aligned with the
 business;
- Identify and secure the necessary investment for the programme's business case (this includes both budget and operational resource);
- Design and implement robust, appropriate and transparent programme governance; and
- Build strong and effective relationships with key stakeholders, justifying their trust and retaining their confidence, and obtain their commitment to benefits realisation.

Ensure that the programme meets its objectives and delivers the projected benefits

- Gain agreement to the programme objectives and benefits amongst stakeholders, including ministers where appropriate;
- Understand the broader government perspective and its impact on the programme;
- Ensure the strategic fit of the programme objectives and benefits;
- Agree a clear and simple approach to performance management and monitor delivery of the objectives and benefits, taking appropriate action where necessary to ensure their successful delivery;

- Develop the programme organisation structure and plan;
- Ensure that there is a coherent organisation structure and appropriately detailed programme plan;
- Build the right team, securing necessary resources and skills and providing clear lines of accountability; and
- Provide appropriate support, steer and strategic focus to the Programme Director.

Monitor and take control of progress

- Monitor and control the progress of the programme at a strategic level, being honest and frank about its progress, risks and issues;
- Ensure that any changes to agreed programme benefits are flagged appropriately within programme governance and that the business case is updated accordingly (throughout programme life-cycle);
- Ensure that the integrity of the programme is maintained and speak truth to power including to Parliamentary Select Committees; and
- Communicate effectively with senior stakeholders regarding programme progress and provide clear, appropriate and delivery-focused decisions and advice to the Programme Director.

Ensure problem resolution and referral processes are appropriate and effective

- Identify, understand and drive the successful mitigation of programme risks;
- Escalate serious issues quickly and with confidence to senior management and/or Ministers;
- Develop strong and effective engagement between the programme team and its stakeholders and sponsors;
- Ensure that communication processes are effective, and that the programme's objectives and deliverables continue to be consistent with the organisation's strategic direction;
- Ensure that the programme is subject to suitable assurance arrangements, including reviews at appropriate stages, and that these are captured in an Integrated Assurance and Approval Plan (IAAP) that includes commercial, technical, financial and other assurance;
- Recognise the value of robust programme review and ensure it occurs at key points in the programme lifecycle, particularly at the pre-initiation (feasibility) and initiation stages;
- Make certain that any recommendations or concerns from reviews are met or addressed in a timely manner; and
- In the event of a 'red' or 'amber-red' review or a 'red' or 'amber-red' quarterly GMPP review rating, ensure that the Permanent Secretary (copying in the Chief Portfolio Officer) has been made aware of the situation and has been briefed accordingly.

Manage formal programme closure

- Formally close the programme and ensure that the lessons learned are documented within the final evaluation report and disseminated to key stakeholders;
- Ensure that the post implementation review takes place and that the output is communicated to appropriate stakeholders;
- Ensure that arrangements for a return on investment report, including benefits realisation plans are agreed with the Portfolio and Project Delivery Directorate (PPD); and
- Ensure a plan for both long term benefits realisation and on-going sustainability is agreed with key stakeholders as part of the process of transitioning the programme to "business as usual".