



OGC Gateway™ Process  
Review 0: Strategic Assessment

**Version number:** Final

**Date of issue to SRO:** 8 May 2014

**SRO:** Sarah Walker

**Department:** HMRC

**OGC Gateway™ Review dates:** 06 - 08/05/2014 inclusive

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## **OGC Gateway Delivery Confidence Assessment**

### **Delivery Confidence Assessment**

AMBER/GREEN

The Review Team finds that considerable work has gone into updating the programme documentation since the first Gateway 0 Review in July 13 along with effective implementation of all the Review recommendations. The Programme Management Office (PMO) is now better resourced to cope with the challenges ahead. Strong linkages have been forged between HMRC personnel and their Scottish counterparts within all three of the Scotland Act Programme projects; an easy and natural confidence was evident between key stakeholders based on consistent and open communications and a mutual understanding of what is required to deliver successful outcomes. This is positive.

It was also evident that the current high level engagement from HMRC officials with the Scottish Government is both necessary and very much appreciated – and should of course continue.

The close-knit nature of the HMRC community involved with implementation of the Scotland Act Programme has inevitably led to strong personal engagement between the projects. While there are clear advantages to this level of 'informal' management there is also a risk that some decisions may inadvertently be made outside the formal process and remain unsighted by the wider community. In order to ensure that due process is maintained and proper direction given, we believe that the role and tasks of the Programme Board should be reviewed so that it can continue to provide valuable oversight for the projects along with strong leadership. This will be especially important as the pace of work increases towards the end of 2014.

We were also made aware of some emerging concerns around the Stamp Duty Land Tax (SDLT) project namely, the need to finalise requirements and complete negotiations with HMRC's IT supplier, have an agreed timeline for actual delivery (switch off from HMRC and switch on for Revenue Scotland) and ensure there is capacity to manage the switch on. As this is the vanguard project for change under the Scotland Act 2012, alterations to current tax arrangements, especially the Land and Buildings Transactions Tax (LBTT) element in Scotland, are likely to bring considerable official and public interest at the outset. Any failure to deliver is likely to have reputational impact for both HMRC and Revenue Scotland, irrespective of formal responsibilities. We believe this area is now worthy of increased focus at Programme Board level.

Finally, the Review Team was encouraged by the positive, knowledgeable and professional approach demonstrated by the individual projects to the implementation programme. We were also pleased to note a clear sense of purpose to deliver each element effectively.

The Delivery Confidence assessment RAG status should use the definitions below.

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

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### **Summary of Report Recommendations**

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

<b>Ref. No.</b>	<b>Recommendation</b>	<b>Critical/ Essential/ Recommended</b>
1.	<b>To review the role and tasks of the Programme Board and respective responsibilities of the PMO in order to maximise successful delivery of the Programme.</b>	<b>ESSENTIAL by July 2014</b>
2.	<b>The Programme Board should ensure that the JCOM regularly reviews the Programme's communications activity to ensure that there is consistency of message from strategic to tactical levels.</b>	<b>ESSENTIAL by July 2014</b>
3.	<b>To develop a joint contingency plan at Programme level to ensure the seamless switch over from SDLT to LBTT.</b>	<b>ESSENTIAL by September 2014</b>
4.	<b>To develop a comprehensive Risk Register for the Programme Board as a standing agenda item.</b>	<b>ESSENTIAL by July 2014</b>

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

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

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

## **Background**

### **The aims of the programme:**

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

The high level scope of the Scotland Act Programme is:

- Implementation of SRIT from April 2016
- Transfer of full responsibility to the Scottish Parliament for taxation of land transactions from April 2015 as smoothly as possible (SDLT)
- Transfer of full responsibility to the Scottish Parliament for taxation of disposal of waste to landfill from April 2015 as smoothly as possible (LFT)

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

### **The driving force for the programme:**

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

### **The procurement/delivery status:**

Key delivery milestones for the Programme over the next 12 months are:

- Agreement to the Transition MOU on devolved taxes (July 14)
- Disapplication of SDLT in Scotland from 1 April 2015
- Disapplication of LFT in Scotland from 1 April 2015
- SRIT – agreement on the approach to identification of Scottish Taxpayers (2014)

### **Current position regarding OGC Gateway™ Review:**

A Gateway review 0 on the Scotland Act Programme was conducted in July 2013. There were six recommendations all of which have been actioned. The Scottish Rate

of Income Tax (SRIT) Project also underwent a Gateway Review 2 in February 2014. There were six recommendations which have all been addressed; four have been actioned and two are currently work in progress.

A summary of recommendations, progress and status from the previous Gateway Review can be found in Appendix C.

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

### **Purposes of the OGC Gateway™ Review**

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

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

### **Conduct of the OGC Gateway™ Review**

This Gateway Review 0 was carried out from 06 May to 08 May at HMRC, 100 Parliament Street, London. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank all interviewees for their openness in conducting the review. We are also grateful to [REDACTED] for his contribution to the Team and especially to [REDACTED] for his tireless, professional and efficient administrative support and for the preparation and provision of all the documentation.

## **Findings and recommendations**

### **1: Policy**

The Review Team was assured that there remains a clear commitment to the effective and timely implementation of the Programme from sponsors at senior levels within both HMRC and the Scottish Government. We also heard that engagement between both organisations had developed significantly since the last review, as a result of regular dialogue at all levels. We comment further on this later in the report.

We noted that the Programme's governance is now fully established through the Programme Board, complementing boards in place for the three projects. We were reassured that the Programme Management Office (PMO) has seen a significant increase in resource, with programme and PMO managers now in place. As a result, the Programme is now underpinned by greater levels of documentation and process; these include a detailed programme plan, strategies for communications and stakeholder management, and programme risk register.

With the Programme's foundations now well established, it is transitioning into a period of increasing delivery activity up to April 2015. As noted in the previous review, the operating environment for this Programme remains complex and ensuring successful delivery is likely to require the Programme Board to play a significant leadership role.

The Review Team reflected that now may therefore be a sensible point in the programme's lifespan to review the role and tasks of the Programme Board, to ensure it can continue to provide leadership and direction of the programme as a whole and effective oversight of the individual projects.

We also heard that there was some confusion around levels of delegated authority and whether specific decisions should be taken at programme or project level. We noted that additional clarity had been provided by agreeing a decision matrix specifically for the SRIT project, and the Board may wish to consider a similar decision matrix for the Programme.

As noted above, the Review Team was reassured that the PMO is now well established. However, it would be timely to review the respective roles of staff within the PMO to ensure they complement the Programme Board.

#### **Recommendation 1:**

**To review the role and tasks of the Programme Board and respective responsibilities of the PMO in order to maximise successful delivery of the Programme. [ESSENTIAL by July 2014]**

## 2: Business Case and stakeholders

The Programme is funded by the Scottish Government, and the Review Team was reassured that both the Scottish Government and HMRC colleagues are focussed on ensuring the programme delivers value for money. However, the Review Team also noted there had been concerns about the programme's grip on finances, with particular concern from the Scottish Government about initial costings for the IT solution on the SDLT project. We were told that significant improvements have been made in recent months with a new accountant now in place within the PMO, and projects are now better equipped to forecast and track expenditure. Stakeholders from the Scottish Government noted these developments and told us they were reassured by the improvements that had been made.

Usually we would expect to see a Business Case for a programme at this stage of maturity, but given the scrutiny by the Scottish Government which is funding this Programme, the Review Team supports the approach of the SRO not to produce a formal Business Case in this instance.

The stakeholder landscape remains a complex one given the distinct and separate nature of the organisations involved, and the highly political environment in which the Programme is operating. However, as noted earlier, the Review Team heard consistently of the very positive working relationships now in place between HMRC and their Scottish counterparts. Of particular note are the regular informal meetings the SRO has with colleagues in the Scottish Government and the positive tone that HMRC's Tax Assurance Commissioner has struck on various visits to the Scottish Parliament.

A Joint Communications Working Group (JCOM) has also been established to integrate work on communications across the programme and we heard that this is providing an effective way of joining up project activity at working level. We also heard of the challenges in respect of communications: the difficulty in communicating relatively complex messages about the programme's implications for taxpayers and businesses; and the political sensitivities which need to be considered in any messaging but which may not be apparent at working level.

The regular informal networking and communications working group provide a solid foundation. However, the Programme Board may now wish to provide greater direction for JCOM to ensure communications activity is coherent across both HMRC and the Scottish Government projects, and fully informed by developments in the wider policy and operating environment.

### Recommendation 2:

**The Programme Board should ensure that the JCOM regularly reviews the Programme's communications activity to ensure that there is consistency of message from strategic to tactical levels [ESSENTIAL by July 2014]**



### **3: Management of intended outcomes**

The implementation programme has a set of success measures brought together from the SRIT and SDLT projects as a way of determining the successful transition to the new arrangements within HMRC. While some of these measures relate to the turning off of SDLT and LfT (from HMRC's perspective), and the introduction of SRIT, some of these residual activities will need to be tracked in the longer term. The Review Team believes that in the first instance this might be the work of the PMO.

It is understood that the complementary Tax Administration Programme (TAP) in Scotland is looking at benefits realisation from a Scottish government perspective. This is not part of this review.

As highlighted in Section 1, key stakeholders expressed confidence in HMRC's ability to deliver the individual projects and the professionalism with which engagement with Scottish Government colleagues at all levels is taking place. The Review Team was made aware that joint working needed to be particularly 'tight' in the co-ordinated switching off of SDLT (HMRC) and the switching on of LBTT (Revenue Scotland). This is due to take place on 1 April 2015. Should there be any delays to this important first stage of the implementation programme, there would need to be an agreed joint contingency plan in place to mitigate any risks which might arise. The Review Team believes that this merits Programme Board consideration.

#### **Recommendation 3:**

**To develop a joint contingency plan at Programme level to ensure the seamless switch over from SDLT to LBTT [ESSENTIAL by September 2014]**

### **4: Risk management**

The Review Team noted that risks are well managed at the Project level but currently few seem to be escalated to Programme level. With the increased resourcing available to the PMO there is now a dedicated Programme Risk Manager who should be able to identify appropriate risks and ensure that the SRO and Programme Board are properly apprised. We saw that good relationships had been established between the PMO and the project boards in operational communications terms, which in turn has enabled a common understanding and better management of potential risks in this key area across the Programme as a whole.

We also believe that as the date for SDLT switch off approaches (1 April 2015) there will be an even greater requirement for a coherent and comprehensive communications plans linking all key stakeholders to ensure that there are no surprises which could have significant political implications. Equally, it will be

essential for the success of this part of the implementation process for both project teams (HMRC and Revenue Scotland) to have agreed plans of action including milestones, timeline and risks (see also comments in Sections 2 and 3). We would anticipate that this is an area for the Programme Board to consider.

As we commented in Section 1 it is timely to review the functions and tasks of the PMO in support of the Programme Board. This might include a more substantive Risk Register and more frequent review at Board level. We believe that this should now become a standing agenda item for the Programme Board.

#### **Recommendation 4:**

**To develop a comprehensive Risk Register for the Programme Board as a standing agenda item. [ESSENTIAL by July 2014]**

#### **5: Review of current outcomes**

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

The Review Team notes that both SRIT and SDLT projects are well managed and focussed on what they are required to deliver. In terms of delivery the SDLT project will be at the forefront of the Scotland Act implementation Programme and as already reported on, it should receive appropriate Programme Board level focus and support.

#### **6: Readiness for the next phase – Delivery of outcomes**

Consideration for the next phase might include the following:

- Good communications at all levels within the Programme to mitigate any risks and misunderstandings that might arise from the wider stakeholder community
- Understand fully all IT related activities in the Programme
- Continued refinement of the Programme costs
- Continued and strengthened relationships with all Scottish interlocutors

**The Review Team recommends that the next OGC Gateway™ Review 0 is in early 2015 in advance of the anticipated switch off of the SDLT and LfT Projects.**

## **APPENDIX A**

### Purposes of OGC Gateway™ Review 0: Strategic assessment

- Review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to overall strategy of the organisation and its senior management.
- Ensure that the programme is supported by key stakeholders.
- Confirm that the programme's potential to succeed has been considered in the wider context of the organisation's delivery plans and change programmes, and any interdependencies with other programmes or projects in the organisation's portfolio and, where relevant, those of other organisations.
- Review the arrangements for leading, managing and monitoring the programme as a whole and the links to individual parts of it (e.g. to any existing projects in the programme's portfolio).
- Review the arrangements for identifying and managing the main programme risks (and the individual project risks), including external risks such as changing business priorities.
- Check that provision for financial and other resources has been made for the programme (initially identified at programme initiation and committed later) and that plans for the work to be done through to the next stage are realistic, properly resourced with sufficient people of appropriate experience, and authorised.
- After the initial Review, check progress against plans and the expected achievement of outcomes.
- Check that there is engagement with the market as appropriate on the feasibility of achieving the required outcome.
- Where relevant, check that the programme takes account of joining up with other programmes, internal and external.

**APPENDIX B**

**Interviewees**

Name	Role
Sarah Walker	Programme SRO, Head of Devolution Team
██████████	Programme Manager
██████████	Programme Communications Manager
██████████	Communications lead – Revenue Scotland
Paul Keane	Director, National Audit Office
██████████	Cost Analysis and Accounting Manager, PDP
██████████	Lead Project Manager, SDLT
██████████	Head of Fiscal Devolution, HMT
██████████	Policy Lead, SDLT
██████████	Director, PDP
Angela Walker	SRO, SRIT
██████████	Programme Manager, SRIT
Alistair Brown	DG Finance and Programme Manager, Fiscal Responsibility Implementation Programme, Scottish Government
██████████	Chief Operating Officer, Revenue Scotland
██████████	Fiscal Responsibility Manager, Scottish Government
██████████	Constitutional Policy Advisor, Scotland Office
Jon Sherman	SRO, SDLT

## **APPENDIX C**

### **Recommendations from previous OGC Gateway™ 0 Review**

<b>Recommendation</b>	<b>Progress/Status</b>
To engage fully with all key Scottish Government stakeholders	Completed
To enhance the structure and resource of the Programme Management Office	Completed
To review all key stakeholders in order to establish their inter-relationships and inter-dependencies	Completed
To produce and manage a comprehensive Programme level Stakeholder and Communications Plan in order to ensure a consistent approach and accountability	Completed
To develop and manage an integrated programme and customer communications strategy and delivery plan	Completed
To develop an end-to-end Programme plan identifying key milestones and decision points	Completed

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