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By email only

Meg Hillier MP
Chair of the Public Accounts Committee

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<u>Accounting Officer Assessments: Permanent Secretary Letter to PAC Chair</u>

Dear Chair,

Thank you for your letter regarding the Accounting Officer Assessments of ten Home Office programmes I provided to the Comptroller and Auditor General on 6 September. I am grateful for your acknowledgment of the improvements in transparency in respect of these programmes and I assure you that the Home Office will continue to provide open and transparent reporting when there are notable changes to projects.

I do of course recognise the concerns you raise regarding the delivery status of some of these programmes. The Home Office's change portfolio is one the largest and most complex in Government, consisting of 27 programmes that span a wide range of strategic capabilities. The scale and complexity of what we are delivering concurrently results in several challenges to delivery.

At present, delivery confidence across the portfolio is assessed as Red, carrying with it significant delivery risk. In large part this is driven by a significant growth in the size and complexity of the portfolio over the last 18 months, along with other contributing factors such as high programme vacancy rates, the need to rapidly respond to emergent priorities and scope creep.

At the portfolio level, delivery performance and risk are regularly evaluated by officials and we have implemented several improvement initiatives in recent months as a result. We have introduced a front door process to control the flow of programmes into the portfolio as well as a new change control approach to reduce scope creep, minimising the totality of risk across the portfolio. We continue to bring additional change resources into the Department as well as investing in the capability of our existing people to build change and project delivery skills.

Ensuring the level of portfolio risk does not increase in the face of the fiscal challenges and operational pressures you reference will be challenging. In response to the Government's efficiency agenda, officials have been leading a thorough portfolio prioritisation exercise. Ministers will be asked to make decisions as part of the forthcoming 22/23 budget planning exercise to ensure the portfolio remains balanced and optimised in the coming months and years ahead.

Independent assurance remains a crucial tool in assessing and mitigating delivery risk at both the programme and portfolio levels. As such, I am pleased that the IPA will be conducting a review of the Home Office portfolio in January 2023 to assess the extent it is controlled, on track to deliver and aligned with departmental and government objectives. The review will provide a holistic understanding of the health of the portfolio and will make recommendations to further improve our portfolio management practices.

At the programme level, you requested further information on three specific programmes which I shall answer in turn.

Digital Services at the Border (DSAB)
In March 2022 the Department agreed the use of up to 18 months of Termination Assistance as part of the existing Warnings Index (WI) contract. This Termination Assistance period, provided for in the existing contract, would have secured services to support the WI system through to completion of decommissioning in October 2023. Since that point further delivery challenges have emerged including the need to include additional requirements to address the increased risk of cyber threat. As a result, the latest version of DSAB's plan indicates that a further extension of 8 months will be required beyond the original 18 months of termination assistance. The additional cost to cover the extension and to effect decommission and disposal of the assets is £9.5m.

With the new anticipated programme closure date of June 2023 in mind (with full decommissioning due to follow and ending in May 2024, if not earlier), the department is starting to plan for the continued development of the capabilities and services postclosure. As part of the wider Home Office move to product centric working, resources and activities are being tracked to ensure there is continuity across from programme delivery into ongoing product management and continuous improvement once DSAB formally closes.

Following the fundamental reset of the programme in 2020, a full update to the business case was produced. While the programme provided some element of cashable benefits, the overwhelming majority of benefits for the programme have always been non-cashable and non-quantifiable relating to the security of the border and maintaining key operational services. While the end date for the programme has slipped, the scale of the benefits remains the same and the assessment of value for money is made on a wider set of parameters than just cashable savings
DSAB's value for money and qualitative benefits remain categorised broadly into three areas:

1) Security: significant improvements to UK security resulting in a reduced risk of a potential terrorist or known criminals entering the UK, increased safeguarding of potentially vulnerable people and an increased ability to track known criminals.
2) Enablement: an important functional enabler for a number of other programmes, whose benefits realisation is captured within their own individual business cases.
3) Experience: improved staff experiences via more efficient systems and evident investment in improved ways of working.

An evaluation of the benefits and the agreement of the plan to realise non-quantified benefits will form part of the formal programme closure process.

As you note, there were previous issues with the department's ability to operate the Border Crossing system at scale which led to the cancellation of the roll-out of an earlier version (v0.4) of the system. I am pleased to report that this issue has now been resolved and the current version of the Border Crossing system (v1.0) has now been deployed to 63 different sites, successfully processing over 126 million passengers, including over peak travel periods.

Future Border and Immigration System (FBIS) & Future Supplier Services (FSS)
While scope creep of programmes is to be avoided where possible, we also need to remain flexible to respond to critical world events (Ukraine, Afghanistan) as well as changing requirements from the Government. Responding to these changes has increased the scope of the FBIS programme, however, each change is assessed through a rigorous change control process to ensure the integrity of the priority streams of the FBIS Programme (eVisa, ETA, AUK2, Sponsorship). We will deliver the vast bulk of our scope within the originally agreed timelines. We do now believe that there are some elements which will slip beyond the end of the current timeline, including some parts of sponsorship reform programme, each of these will be fully assessed and reviewed within the department as part of a revised business case in spring 2023.

The Home Office has put in place stringent approaches to ensure that key dependencies between all of our programmes are agreed, mapped and monitored to ensure ongoing delivery alignment. In the case of FBIS and FSS, there are two formal mechanisms through which the alignment of timetables and requirements are maintained: representatives of each programme sitting on each other's Programme Boards, and; monthly dependency management sessions where plans are shared, aligned and tracked. The physical Visa Application Centres (VACs) that FSS is reprocuring will still be needed for certain Customer cohorts post-FBIS delivery, and the volume-based pricing model of the FSS contracts will factor in the decrease in customers through those VACs.

With regards to benefits, due to their length, a full breakdown of FBIS's expected benefits and the key underlying assumptions as well as the detailed approach by which the double-counting of benefits between FBIS and IPT has been avoided is available in the Annex. Benefits realisation is reviewed by the Programme Board on a quarterly basis. The programme also holds an in-depth benefit review session chaired by the SRO and attended by key stakeholders on an annual basis, or in line with key delivery

milestones. Should any material changes to the benefits be proposed at one of these sessions, this would need to be approved through the formal governance process.

Immigration Platform Technologies (IPT) programme
In your letter, you reference the risk of poor data quality in the legacy systems with respect to the transition to the successful adoption of the new Atlas system and requested further detail on the department's strategy for improving this legacy data. As part of the work to end the requirement to add data onto two systems (CID and Atlas) a surge team was put in place to validate data alongside operational business units, cleansing in excess of 80,000 records. This gave the operational business units the confidence to stop double keying data into both CID and Atlas in October 2022. Further work is continuing to identify and cleanse any remaining data issues and this is being undertaken by a dedicated team within the programme and in conjunction with the business area that owns the data.

While staff have previously been diverted to respond to other urgent priorities, IPT continues to be prioritised against other programmes and this has ensured that resources will continue to remain available to work on IPT deliverables. As a result, good progress has been made against the remaining items in the IPT roadmap, prior to the formal decommissioning of CID in 2023. Operational business units are fully supportive of the prioritisation of IPT and have made operational staff available to test and accept functionality into service.

Finally, as highlighted, historically IPT has seen a significant number of change requests. I can confirm that an enhanced change control process is now in place that requires all change requests that affect the programme's critical path, or exceed a certain financial threshold, to be approved at the IPT Programme Board. This has had the desired effect of reducing the number of change requests and protecting the programme's scope.

I would be happy to address any further questions you have on these matters at my next PAC hearing on 1 December or in writing.

Yours sincerely,

Matthew Rycroft CBE
Permanent Secretary of the Home Office

Annex A: Breakdown of FBIS's Expected Benefits and Key Underlying Assumptions

£m - Real 21/22 prices	Option E - Absolute (against BAU) - Central volumes										
Implementation costs	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
Capital Implementation costs	125	207	201	118	20	0	0	0	0	0	671
Simplify	*37*	*52*	*43*	*25*	*0*	*0*	*0*	*0*	*0*	*0*	*158*
Enable	*59*	*65*	*69*	*36*	*12*	*0*	*0*	*0*	*0*	*0*	*242*
Digitise	*8*	*43*	*48*	*34*	*3*	*0*	*0*	*0*	*0*	*0*	*136*
Cross-cutting	*21*	*46*	*40*	*22*	*5*	*0*	*0*	*0*	*0*	*0*	*135*
Resource Implementation costs	44	74	65	46	35	0	0	0	0	0	266
Simplify	*1*	*3*	*3*	*2*	*2*	*0*	*0*	*0*	*0*	*0*	*11*
Enable	*4*	*14*	*11*	*5*	*3*	*0*	*0*	*0*	*0*	*0*	*36*
Digitise	*3*	*6*	*6*	*6*	*2*	*0*	*0*	*0*	*0*	*0*	*22*
Cross-cutting	*37*	*52*	*47*	*33*	*28*	*0*	*0*	*0*	*0*	*0*	*197*
Total Implementation costs	170	281	266	164	56	0	0	0	0	0	937
Ongoing costs and Benefits											
Resource BaU costs	60	172	284	396	351	346	353	360	362	355	3,037
Simplify	*2*	*3*	*3*	*3*	*3*	*3*	*3*	*3*	*3*	*3*	*33*
Enable	*14*	*64*	*127*	*156*	*98*	*98*	*98*	*98*	*98*	*98*	*948*
Digitise	*1*	*16*	*44*	*91*	*107*	*96*	*97*	*99*	*100*	*92*	*743*
Cross-cutting	*43*	*88*	*109*	*145*	*144*	*149*	*155*	*160*	*161*	*162*	*1,314*
Resource BaU Benefits	(0)	(0)	(1)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(22)
Simplify	*(0)*	*(0)*	*(0)*	*(1)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(14)*
Enable	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Digitise	*-*	*-*	*(0)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(8)*
Net Resource (Benefits)/Costs	60	171	284	393	348	343	350	356	359	352	3,015
Fee income											
Fee income	(165)	(108)	(185)	(315)	(336)	(372)	(417)	(456)	(465)	(471)	(3,290)
Net Public sector (Benefits)/Costs	(165)	(108)	(185)	(315)	(336)	(372)	(417)	(456)	(465)	(471)	(3,290)
Wider Social benefits											
Skilled Work - Net fiscal balance	(298)	(620)	(1,371)	(1,645)	(1,914)	(2,173)	(2,417)	(2,668)	(2,926)	(3,187)	(19,220)
Simplify - Graduate route	(749)	(1,135)	(1,376)	(1,465)	(1,511)	(1,532)	(1,549)	(1,569)	(1,589)	(1,609)	(14,082)
Simplify - Sponsorship	-	-	-	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(26)
Digitise - Border security	-	-	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(74)
Wider Social (Benefits)/Costs	(1,046)	(1,755)	(2,756)	(3,123)	(3,438)	(3,717)	(3,978)	(4,250)	(4,529)	(4,809)	(33,402)
Net (Savings)/Costs											
A: Net - Option E	(982)	(1,412)	(2,391)	(2,881)	(3,370)	(3,747)	(4,046)	(4,350)	(4,634)	(4,928)	(32,740)
B: Net- Relative to baseline	(812)	(913)	(1,172)	(1,375)	(1,543)	(1,623)	(1,646)	(1,678)	(1,701)	(1,731)	(14,194)
C: (NPV)/NPC- discounted	(812)	(882)	(1,094)	(1,240)	(1,345)	(1,366)	(1,339)	(1,319)	(1,292)	(1,270)	(11,960)
D: (NPV)/NPC- cumulative	(812)	(1,695)	(2,789)	(4,029)	(5,374)	(6,740)	(8,079)	(9,398)	(10,689)	(11,960)	

Annex B: Approach to Avoiding Double-Counting of Benefits Between FBIS and IPT

FBIS identifies benefits via a top-down approach, we then perform a bottom-up check once benefits are identified. We avoid double-counting by:

a) Developing logic maps where we are able to identify the capabilities and activities FBIS is delivering (by project). We then draw out the outcomes, benefits and dis-benefits. This top-down approach ensures that benefits identified are directly link to the capabilities and activities delivered by FBIS.

b) Only benefits identified as part of the logic mapping sessions may be included in the PBC. If FBIS is not delivering the product, capability or change activity, it will not be included as a benefit.

c) All cashable benefits included in the PBC is signed off by the Budget Holder impacted – the Benefits Owner. The Benefits Owner reviews all documentation for their benefit(s) including the logic maps, method of calculation, assumptions around the benefit and the final numbers. They formally sign off the benefit profiles before it can be included in the PBC.

d) We share quantified FBIS benefits with other programmes which are closely linked to FBIS, i.e. have a dependency on FBIS or vice versa. Any issues will be clarified and agreed before it is included in the PBC.