

# MHHS IPA

## Work Package 8 - Assure Market Participants' Readiness for Design and Build - Executive Summary

FINAL

October 2022

Confidential



# Executive Summary

This is our final **report** following completion of PPC-run deep-dive sessions and review of PPC final report that was shared with the IPA on 25 October 2022.

## Overall Summary

Based on our review of RA2 responses and our assurance activities to date, **overall participant readiness does not support approval of M3 at this time. However, we recommend DBT activity can and should commence where practical for participants who are ready to progress.**

It is recognised that participant plans for DBT are likely to vary and therefore, whilst some are less progressed in their mobilisation, this may not have an impact on the overall DBT timescale. This should be formally risk assessed and incorporated into the re-plan (e.g. through the Minimum Viable Cohort (MVC) or phased approach) to inform the decision on M3. Programme Participants who are not ready should make every effort to fully mobilise as soon as possible and a further readiness assessment should be performed prior to a further decision on the M3 milestone in January 2023.

Key observations underpinning our view are:

- From our review of RA2 responses and assurance activities performed to date, only 20% of participants who responded have met either all 5 or 4 criteria required for readiness to start DBT. However, the remainder of the participants (80%), including 4 Large and 5 Medium Suppliers, have met 3 or less criteria, indicating a reduced level of overall readiness at M3. This is based on a response of 91 out of 177 participants (note that the 91 respondents account for 98% of market share for suppliers);
- 68% of participants who responded have stated they are ready to commence DBT on 1 November 2022, despite not being ready across all 5 criteria. This is due to Participants planning to start some elements required in DBT and progress outstanding activities following finalisation of the re-plan and design and in part due to the nature and construct of the questions within the RA2. 32% have stated they will not be ready on 1 November 2022 with the key stated reasons for this being a lack of clarity around MHHS Plan/ToM/Design, and impact of other government programmes; and
- The level of documentation provided by participants to date does not provide sufficient evidence to support their readiness position in the majority of cases across all 5 readiness criteria - out of 42 participants (46%) who submitted evidence, only 8 (9%) submitted all required evidence.

In addition to our overarching M3 recommendation, we recommended **improvements are made in the readiness assessment approach to enable greater clarity over readiness** and to provide earlier sight of risks/issues to enable them to be addressed prior to a milestone decision. This approach should be adopted for the additional M3 readiness assessment:

- Readiness assessments should be conducted as a formal assessment where participants self-assess against the milestone acceptance criteria as either 'Fully ready', 'Not yet ready but plans in place to be ready by the milestone' or 'Will not be ready by the milestone';
- Readiness assessments should include 2 to 3 stages of assessment, depending on the risk level, in the lead-up to the milestone. To reduce impact on participants the 2nd stage should enable them to update their existing readiness position to track progress into the milestone;
- Assurance activities by PPC and IPA should focus on assessing whether the evidence supports the self-assessment submitted by programme participants; and
- PPC should define decision making criteria for M3, and any similar milestones such as future readiness assessments, in order to 'pass' the milestone
- Following the follow up M3 assessment the PPC should develop a more comprehensive readiness assessment framework, that would include expectations of participants at each future readiness assessment milestone, create clearer questions or assessment criteria, and set out decision-making criteria for each readiness assessment milestone.

## Key exam questions...

- Based on the RA2 responses received, is the Programme ready to approve M3 and start DBT?
- Is the overall approach to RA2 effective in supporting M3 decision making?



## Positive observations

- PPC's advance engagement with participants on the survey submission dates and plans, clear comms and webinar. High level satisfaction (90% of Participants) with the PCC's engagement.
- Good level of engagement and enthusiasm for participation in the programme from the larger/major Software Providers that provide critical IT services to a number of Suppliers, mitigating concerns around readiness
- Good level of engagement from Large and Medium Suppliers (5 out of 5 Large and 6 out of 6 Medium)

# Scope Area 1 Summary

## Overall Readiness to start M3

### Summary of Positive Observations

- A small increase in the level of engagement has been observed, evidenced through more PPs responding to RA2 survey than to RA1 survey (increase from 46% to 52%). All of the Large and Medium Suppliers and key Software Providers providing services to a number of Suppliers, responded to the survey. However, PPC should continue to assess those PPs who are disengaged to determine the level of risk to the Programme as well as any activities required to drive up engagement.
- Comments from the majority of participants that responded to the survey (90%) reflected positive engagement with PPC, clear communications overall, however, that could be targeted further to Small Suppliers and DNO/iDNO/Software providers.

### Summary of Findings

- The level of engagement, albeit increased from RA1, can still improve especially in Small Supplier, I&C Supplier, DNO/iDNO constituencies. 21 out of 30 Small Suppliers did not engage with the assessment.
- There is a low level of readiness observed across all 5 conditions, however, 62 Participants responded that they are ready to start DBT on 1 November 2022. Out of them only 4 stated that they fully met all 5 conditions (as per CR009 and breakdown below). As these responses have not yet been fully validated with Participants, this poses a risk in being able to understand the readiness position ahead of making the M3 decision.

Number of criteria met	No. Participants	% of overall responses	Type of Participants responding
5 criteria	4	4%	Agents, Central Party, iDNO
4 criteria	14	15%	Large/Medium Supplier, Small Suppliers, Agents, iDNO/DNOs, Software providers
3 criteria	24	26%	Large and 2 Medium Suppliers, DNOs, Agents
2 criteria	28	31%	2 Large and Medium Supplier, DNOs, I&C and Small Suppliers
0-1 criteria	21	23%	Large and 2 Medium Suppliers, I&C and Small Suppliers, iDNO

- Participants also raised challenges in relation to conflicting priorities on other Programmes and government initiatives, as well as lack of clarity over finalised MHHS Plan/Design and Target Operating Model (ToM) being the key reasons of lack of readiness.
- A low level of evidence was received in support of the RA2 submissions. This means that whilst participants may have indicated in their responses that they are ready, or not ready, there is limited evidence to substantiate this.

### Summary of Recommendations

1. PPC to conduct a follow up assessment in January 2023, following the plan baseline. It should target those Participants who have reported as not being ready, those needing clarity of the ToM, Design or Programme Plan, those who have failed to provide sufficient evidence for RA2 and those that are prioritised for a potential phased DBT approach that LDP are considering.
2. PPC to risk-assess Participants readiness in support of the re-plan (eg., through identification of potential the Minimum Viable Cohort (MVC) or ability to support a phased approach)
3. PPC to engage with Participants who raised conflicting priorities or lack of understanding of Plan/Design/ToM to understand impact on timescales
4. Future Assurance activities by PPC and IPA should focus on assessing whether evidence supports self-assessments from programme participants.
5. PPC to assess the use of 3rd party IT providers and their readiness to support mitigation of the risk around their delegated PPs lack of readiness.
6. PPC should continue to assess those PPs who are disengaged or require targeted support to determine the level of risk to the Programme as well as any activities required to drive up engagement and provide support.

## Scope Area 1

The scope was delivered under IPA Work Package 8 (WP8) 'Participant readiness for Design, Build and Test' and focused on assessing overall participant readiness for M3. The scope of assurance activities along with the current status included:

- Collating and analysing all RA2 responses against M3 entry criteria - **Complete**
- Agreement of common themes in relation to M3 Entry Criteria with SRO, LDP, PPC, and Ofgem - **Complete**
- Validate common themes and conduct impact assessment on M3 with a subset of Participants - **Complete through deep-dive sessions**
- Report to PSG on Overall Readiness Risk landscape - **In progress**

# Scope Area 2 Summary

## PPC's approach to assess M3 readiness

### Summary of Positive Observations

- Increased duration of the RA2 response period given to participants and more in depth support and guidance provided over the preparation webinar.
- RA2 report prepared by PPC is structured in a clear manner, and it provides a good level of statistical information over Participants readiness, presenting accurate summary of the responses received across 5 areas conditioned in CR009 and Overall Readiness.

### Summary of Findings

- The pathway from RA2 submission to a decision on M3 is currently unclear. While we have used the *CR009 - M5 and M3 milestone date changes* as the minimum set of conditions for our analysis of participant readiness, we believe that it would be beneficial to have a clear decision making framework for how the submissions are assessed and how this informs the decision making process for M3. This should be developed ahead of the proposed follow up assessment in January 2023.
- The Readiness Assessment approach currently doesn't assume multiple submissions to be able to allow sufficient time to validate Participants' responses and embed key actions to support participants in mitigating the risks impacting their readiness. The approach and RA cadence doesn't account for assurance activities, leaving tight timelines to analyse data and validate assurance findings with relevant stakeholders.
- The RA questionnaire is designed in such a way that the questions may be misinterpreted by Participants, which makes it unclear whether they achieved readiness for the M3 milestone by the target date and in line with agreed criteria. Examples are in the detailed observations section.
- The PPC report provides a good level of statistical analysis over PP readiness and highlights readiness gaps in regards to insufficient evidence. However, it does not articulate the impact of these gaps. The report also doesn't provide any view on what PPC actions are to support PPs to close the gaps.
- The PPC report does not provide a holistic risk assessment over PP readiness position, and associated recommendation to the SRO to take a decision. This is made more challenging by the lack of clear decision making criteria.
- Through deep-dive sessions PPC should request additional information from Participants that are not sufficiently ready to better understand their plans on how they are going to close the gaps, agree on dates and request supporting evidences.

### Summary of Recommendations

- **Short Term** - PPC to define decision making criteria for M3 in order to 'pass' the milestone following the follow up assessment. This does not need to be threshold based however, should consider the following questions:
  - Do PPC have a good understanding of the issues being reported and are able to articulate the risk and any mitigations
  - Are the mitigating actions credible and able to be completed ahead of the next key check point?
  - Is there PPC support planned and evidenced, where practical, to help PPs engage and understand what is expected of them?
  - Has there been an internal risk assessment based on items such as market share or types of PP to assess impact to Programme Delivery, this may be based around the MVC concept once established?
- **Longer term** - Building on the above, PPC should develop a more comprehensive readiness assessment framework this should:
  - Include expectations of participants at each future readiness assessment milestone
  - Create clearer questions or assessment criteria for PPs to assess against, tailored where practical to PP type
  - Set out an approach whereby there are multiple (minimum 2) submissions ahead of an readiness assessment milestone. This allows for early risk identification and corrective action to take effect ahead of decision making
  - Decision making criteria for each readiness assessment milestone. This may include an internal threshold based framework to ensure that the Programme can be confident that sufficient PPs to maintain delivery momentum.
  - Readiness assessments should be conducted as a formal assessment where participants self-assess against the milestone acceptance criteria as either 'Fully ready', 'Not yet ready but plans in place to be ready by the milestone' or 'will not be ready by the milestone'.

## Scope Area 2

The scope are was delivered under IPA Work Package 8 (WP8) 'Participant readiness for Design, Build and Test' and focused on assessing the PPC approach to assess M3 readiness. The scope of assurance activities along with the current status included:

- Review PPC approach to assessing participant readiness for M3 - **Complete**
- Attend a subset (5) of the individual PPC bilateral meetings with Participants - **Complete**
- Review outcomes reached by PPC and assess the degree to which the process was followed and the conclusions reached - **Complete**
- Provide an independent view on efficacy of the PPC processes to assess M3 readiness - **Complete**

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