

Audit Committee, 8 September 2015

Internal Audit Report – Registration Transformation and Improvement Project

Executive summary and recommendations

Introduction

As part of the Internal Audit Plan for 2015-16, Grant Thornton have undertaken a review of the Registration Transformation and Improvement Project.

Decision

The Committee is asked to discuss the report

Resource implications

None

Financial implications

Internal audit fees £38,523 plus VAT per annum, increasing by no more than CPI.

Appendices

Internal Audit Report – Registration Transformation and Improvement Project

Date of paper

28 August 2015

Health and Care Professions Council

Internal Audit 2015-16: Registration Transformation and Improvement Project

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For information		Final report issued	26 August 2015

Introduction

The Health and Care Professions Council (HCPC) is a regulator whose primary objective is "to safeguard the health and well-being of persons using or needing the services of registrants". To achieve this, HCPC maintain a register of health and care professionals who meet their standards for training, professional skills, behaviour and health. As of 31 March 2015, the HCPC regulated c.330,000 individuals, known as registrants, from the 16 professions they regulate, including speech therapists, paramedics and physiotherapists.

HCPC are planning to replace their core registration system, which was originally implemented in July 2003. Since its implementation, changes have been made within the Registration process but this core system has not been updated to fully reflect all of these, with updates being made elsewhere to support these changes in the processes. The current registration system does not support functionality including, for example, Continuing Professional Development, Returners to Practice, and enhanced International Application Assessment verification.

The full programme of work is formed of two separate but related projects:

- Registration Process and System Review: This project was established to conduct research and development, analyse requirements and, if a case is made to revise processes and build a new system, create a business case for the second project to design and build a new system, including delivery phases and methods.
- Design and Build (now referred to as the Registration Transformation and Improvement Project): If the case is made that processes do need to be revised and systems need to be replaced then a new project will revise processes and build the new system.

As part of the Grant Thornton 2015/16 Internal Audit Plan, we agreed with the Audit Committee and management that we would undertake a project audit because it would be the largest project, by measure of cost and complexity, undertaken by HCPC and therefore may have a significant impact on the organisation.

Scope of engagement

The recommendation from the Registrations Process and Systems Review Project is to tender for the design and build of a new Registrations System. The project is currently estimated to cost in the region of c.£4 million over a five year period, commencing in 2015. Grant Thornton has been engaged by HCPC to:

- assess and comment on the programme budget, investment case, solution approach and implementation plan,
- assess and comment on the approach to the project delivery and already identified delivery risks.

The reviewed focussed on the following:

- a) is the proposed level of programme investment appropriate to address the requirements as identified in the Project Initiation Document and business requirements specification
- b) have reasonable alternatives been properly considered, is the choice of the preferred option supported by sufficient reliable evidence, and does it represent value for money
- c) does the current programme budget include estimates for appropriate resources and efforts to mitigate identified risks, and is the budget based on appropriate business requirements

Grant Thornton approach

A preliminary briefing session was held on 8 July 2015 attended by Grant Thornton representatives and members of the HCPC management team including:

- Andy Gillies, Director of Finance
- Gregory Ross-Sampson, Director of Operations
- Guy Gaskins, Director of IT

The context and scope of the project review and audit were discussed at this briefing session and the scope of engagement defined accordingly. Prior to initiation of the project review, Grant Thornton issued an information request for project documentation; including such items as the Project Initiation Document, Business Case, Project Plan, Statement of Requirements and proposed budget. Draft versions of these documents were provided to Grant Thornton prior to commencement of the engagement, with incremental and final versions provided during the course of the engagement.

An interview schedule was proposed and agreed with the HCPC management team, through which to understand, question, challenge and evaluate aspects of the project approach, plans and management controls as per the stated review objectives in the agreed scope of engagement. The schedule of interviews conducted was as follows:

Name	Role	Duration	Date
Gordana Vitkovic	Lead Business Analyst, Optevia	1.5 hours	31-Jul
Greg Ross-Sampson	Director of Operations and Project Lead	1.5 hours	03-Aug
Richard Houghton	Head of Registrations and Senior User	1 hour	03-Aug
Martha Chillingworth	Senior Project Manager	2 hours	03-Aug
Guy Gaskins	Director of IT and Senior Supplier	1.5 hours	05-Aug
Marc Seale	Chief Executive and Project Sponsor	1.5 hours	05-Aug
Andy Gillies	Finance Director	1 hour	05-Aug
Claire Reed	Project Portfolio Manager	1 hour	05-Aug
Dushyan Ashton	Registrations Manager	30 minutes	05-Aug

Further meetings with the HCPC management team were held during the period of our engagement to provide feedback on insights captured and clarify points of discussion.

Overall health of the HCPC Registrations Transformation and Improvement Project

The value in external assurance not only lies in reviewing project health and highlighting potential areas of risk, but in our opinion even more so in recommending mitigating actions and suggesting improvements that HCPC may wish to consider going forward to increase the likelihood of a successful delivery.

A project audit provides an opportunity to highlight the issues, concerns and challenges that can be expected and encountered in the execution of a project. Unlike compliance audits which predominantly seek to verify adherence to a set of pre-defined processes, the value of a project audit comes in evaluating the mechanisms and completeness of decisions taken to control time, cost and quality, in addition to assessing the effectiveness of risk management, control, and the governance framework. They allow for the identification of pre-emptive or corrective action which if implemented by the project team, may increase the likelihood of success.

Inevitably in any project in its early stage, there are trade-offs to be made in managing time, cost and quality, which has been the case for this project. HCPC's approach to this project reflects a series of conscious decisions, on occasion consciously deviating from what could be considered best practice. The team has sought to ensure a pragmatic and reasonable approach which reflects the project's sense of urgency and budgetary challenge, while ensuring appropriate control and governance remain intact.

Whilst this report identifies a number of suggested actions to ensure the project is setup for success, our overarching view is of a project which appears to be well governed and documented, and in line with this review, has a high standard of compliance to the HCPC Project Management guide¹. The project team approach appears indicative of a structured, controlled and well governed project which has taken on board learning from previous projects. In our opinion, appropriate consideration has been given to the nature of costs and risks expected from a project of this kind. The soundness of the proposed budget is dependent a single vendor estimate at this stage, and limited available data in the public domain to provide a comparative estimate. However, in our opinion the project plan reflects appropriate activities and controls to enable the project team to achieve a greater level of cost certainty before overcommitting resources to the project.

We have assessed the Registration Transformation and Improvement Project against the following Grant Thornton project success criteria, highlighting where factors for success will need to be sustained across several project disciplines.

¹ HCPC Project Management Guide v1.8

Interpreting the assessment categorisation

Rating	Summary	Description
Green	Areas of strength	General adherence to considered project delivery best practice or HCPC Project Management methodology.
Amber	Suggested area of management focus	General adherence to considered project delivery best practice or HCPC Project Management methodology, but with deviation from plan and approach within an internally defined framework. Focussed attention in stated areas is recommended otherwise, in our opinion, the project may be at risk if areas highlighted are not appropriately addressed.
Red	Requires immediate attention	Project is at significant risk due to lack of, or inappropriate, control mechanisms. Management action required.

Green = areas of strength, Amber = suggested area of management focus, Red = requires immediate attention

	Grant Thornton Comment	Rating	Management Response
1	Strategic alignment		
	<ul style="list-style-type: none"> The Registrations project appears to be clearly aligned to the HCPC's vision and strategic intent for the provision of Registrant services. However, the decision to mitigate delivery risk through the current planned phasing of functionality (eg. postponing the implementation of extended CRM capability; online applications, direct debit payments) will require HCPC to actively manage stakeholder expectations (eg the ability to transact online), but also consciously consider whether the approach reflects the timely needs and interests of both HCPC (to exploit a position of 'digital by default') and their Registrants, as surfaced through the requirements gathering process. Operational efficiencies made possible by transitioning to a new technology platform and operating model will not be realised until the latter years of the project. HCPC may wish to evaluate a more aggressive implementation plan, accepting a higher level of delivery risk to make a more informed decision. Best practice would suggest a more detailed analysis of cost/benefit versus delivery risk to determine an implementation phasing which delivers greatest value to the HCPC and its Registrants at an acceptable level of risk. An illustrative example is provided in Appendix 3. 		<ul style="list-style-type: none"> Key stakeholders, the Registrants and Applicants, have not been given a date when these new processes and systems will be made available to them; as such they have little expectation of when this project will be delivered, and will continue with the status quo. The decision to phase the CPD Proof of Concept, followed by the replacement of the core registration system, then the online applications was a conscious one whereby we have prioritised quality and risk mitigation over benefits realisation. This phased approach is considered to be the best fit for HCPC. We considered building the core Register functions first, with a full cost/benefits analysis within the Full Business Case for Council. However this is too large a commitment of money and resources to act as a proof of concept. If we have chosen the wrong supplier, or the wrong software, we may have committed a large amount of time and money before we find out. We also considered implementing the Online Applications phase first, however this would require significant integration with the current core registration system, introducing an unacceptably high level of risk and additional cost.
2	Clarity of scope and content		
	<ul style="list-style-type: none"> The business drivers for change have been clearly articulated. Project objectives and deliverables have been specified. In our opinion however, documenting and 		<ul style="list-style-type: none"> Detailed Critical Success Factors have been completed as part of the Full Business Case package going to Council. As per the project plan, the first

	Grant Thornton Comment	Rating	Management Response
	<p>gaining agreement for sufficiently detailed success criteria against which progress can be regularly assessed forms an important component of a go/no go decision for the first phase and the enduring project.</p> <ul style="list-style-type: none"> Similarly, the required outcome of each planned sprint is not sufficiently outlined at this stage so as to support a measurable success criteria. The assumption is made that this will be addressed in the detailed design phase which follows. 		<p>undertaking will be the initial design; planned measurable success criteria for each sprint will be determined as part of this work.</p>
3	Leadership		
	<ul style="list-style-type: none"> There is evidence of strong leadership at both project and Executive Management Team level (EMT). The project team and HCPC EMT promote trust and transparency with the Council, where the strategic value of the project and its approach and deliverables are actively challenged. The project team demonstrate effectiveness at facilitating timely decision making and managing stakeholder groups, driving the Registrant vision and confronting complex issues to ensure continued progress. 		<ul style="list-style-type: none"> Openness and Transparency are core values within HCPC, and all projects are run with this ethos. HCPC operates with a culture of continuous improvement, whereby all people are invited to make suggestions on how processes can be improved.
4	Rigorous governance and control		
	<ul style="list-style-type: none"> The project board has been established with suitable representation across the HCPC. When interviewed, all parties understood their role as part of the project team and considered that they had appropriate involvement and influence in the project. A single point of accountability has been established through delineation of project roles and responsibilities in accordance with the HCPC Project Management Guide, with escalation procedures in place which provide for controlled decision making. 		<ul style="list-style-type: none"> HCPC have a mature Project Management Methodology, and 14 years' experience of running projects. The methodology follows PRINCE2, however much of the decision making (including go/no-go decisions) is formally given to EMT, providing an additional level of independent scrutiny for all projects. There will be a formal Quality Assurance role on the Registrations Transformation and Improvement Project Board.

	Grant Thornton Comment	Rating	Management Response
	<ul style="list-style-type: none"> Consideration is currently being given to the appointment of a dedicated quality assurance role in recognition of the criticality of the project. 		
5	Appropriateness of chosen solution		
	<ul style="list-style-type: none"> Prior to initiating the detailed design and build phase, best practice would require a more detailed exercise to assess the functional fit and development cost of a range of solutions in meeting the defined business requirements (beyond MS Dynamics CRM). In our opinion, the decision to deploy MS Dynamics may be an appropriate choice given the stated business requirement and alignment with HCPC's IT Strategy. HCPC have compiled a body of evidence to support their choice of MS Dynamics. The extent to which the solution remains sustainable will depend on maintaining an appropriate balance of configuration over customisation. Participants in the requirements gathering process were consciously guided to a greenfield solution, unconstrained by existing process and systems, with limited emphasis at this stage on differentiating 'mandatory, must have' requirements and 'nice to have' features. We recommend further challenge and scrutiny on the business requirements during the detailed design and vendor selection stages to identify those requirements which come at a disproportionate cost. In addition this may mitigate the risk of over-engineering the solution at additional cost, to the 		<ul style="list-style-type: none"> In order to have clear and detailed costs of configuring/customising the solution, we would need to spend several months with multiple suppliers, explaining in detail to each one what our functional/non-functional requirements are in order for them to interpret the most opportune approach to develop this functionality. This design work would need to be a costed piece of work from each supplier. Due to the speculative nature of this work, from experience we would not expect the suppliers to develop the best possible solution until they win a bid to build the full solution. The project team made a conscious decision not to invest time and cost with multiple suppliers coming up with several separate speculative options. The decision was made to invest this time and money into building the working product, the CPD module, and thereby testing the concept. A key point in our evaluation criteria during vendor selection will be that they must note whether their estimate against each requirement is for configuration or customisation of Dynamics CRM. Proportionality of the proposed solution will also feature in the evaluation criteria. As per the project plan, the first

	Grant Thornton Comment	Rating	Management Response
	detriment of Total Cost of Ownership, compared to what could be achieved through a more standardised (vanilla) 'off-the-shelf' solution.		undertaking will be the high level design; MoSCoW ² analysis will be undertaken as part of this work.
6	Funding		
	<ul style="list-style-type: none"> The lack of comparable cost estimates sourced from alternative vendors to date has constrained the extent to which the project team can achieve a higher degree of confidence in the design and build costs associated with the chosen technology platform. The budget and business case is therefore reliant on an estimate from a single supplier on the basis of a requirement specification that, in our opinion, has not yet been subject to rigorous challenge in terms of appropriateness to business need. Furthermore, assumptions have been made regarding integration effort and capabilities with 3rd party solutions and cloud based Microsoft Services that may, if inaccurate, adversely impact the build costs. Following the competitive tender process and before contracts are signed with a chosen vendor, we recommend a further project checkpoint be introduced, to review the cost commitments and ensure they remain aligned with the forecast budget and business case. To mitigate the risk of budgetary overspend, project funding will be released in a phased approach in accordance with the project plan. 		<ul style="list-style-type: none"> As outlined in the previous section, the project team made a conscious decision to invest in a proof of concept that includes a working viable product at its conclusion, rather than invest time and cost with multiple suppliers coming up with several separate speculative options. Due to the size and complexity of this project, the project team decided at the beginning to add additional levels of go/no-go decisions and checkpoints throughout this project. For example, on top of the existing project management corporate governance, gateway reviews were introduced to this project. A project checkpoint has been put into the plan, before contracts are signed with the chosen vendor. As mentioned in the Registration Transformation and Improvement Project Corporate Project Risk Register, there are three mitigations to ensure this project does not overspend. They are i) Phasing of the project ensures clear contractual and delivery break points ii) Gateway reviews allow us to procure before each phase, so can re-tender for competitive costs iii) Initial CPD Proof of Concept phase providing confidence in estimation process.

² The MoSCoW method is a prioritisation technique used in software development to reach a common understanding with stakeholders on the importance they place on the delivery of each requirement. MoSCoW stands for “must have”, “should have”, “could have”, and “would like to have”.

	Grant Thornton Comment	Rating	Management Response
7	Resources and commitment		
	<ul style="list-style-type: none"> Resources and budgets appear to be forecasted, modelled and monitored appropriately. Scenario modelling has been completed to illustrate the financial impact of project decisions taken in relation to project phasing, and to determine the possible impact from identified risks escalating into live issues. Commitment of resources to support the project through the design, build, test and implementation stages has been provisioned for in the project budget, thereby reflecting the true overhead to the organisation from temporarily redeploying operational resources onto project activities. 		<ul style="list-style-type: none"> HCPC have a mature Project Management Methodology, and 14 years' experience of running projects. One strand of HCPC's Project Management Methodology is dissecting the success and delivery of the project and documenting the lessons and advice to be pushed forward to future projects. New projects starting up always review previous lessons learned.
8	Team effectiveness		
	<ul style="list-style-type: none"> The project has drawn on key internal subject matter expertise from operational teams in the definition of 'to-be' process models and gathering of business requirements. Cross-functional inputs have been sought to ensure clarity and understanding as to cross departmental touch points and efficient ways of working. The project team have a sound appreciation of the skills and capabilities required to ensure their collective effectiveness. Specialist skills have been procured into the project (namely a business analyst with specialist knowledge and experience of MS Dynamics CRM implementations), along with training and up-skilling of project participants to improve the quality of outputs. 		<ul style="list-style-type: none"> The success of any project is dependent on it being designed by the people who will use the system. All HCPC projects are business-led, therefore ensuring that the business owns the quality and functionality of the product.

Detailed findings

The following pages present our findings and opinions compiled from the key stakeholder interviews upon which our conclusions, recommendations and risk analysis (Appendix 2) are drawn.

a) Project Scope

- The business drivers for change appear to be clearly articulated within project deliverables.
- In our opinion, the objectives of the project have been defined in accordance with the business drivers, however there appear to be inconsistencies in how these are articulated across the PID, business case and Business Analysis Summary Report.
- The project scope is considered to be clearly defined.
- Project deliverables have been outlined, however, in our opinion, documenting and gaining agreement for sufficiently detailed success criteria against which progress can be regularly assessed forms an important component of a go/no go decision for the first phase and the enduring project. It is assumed that success will be measured as a by-product of timeliness, expenditure and the extent to which the stated objectives have been met.

In our opinion, success criteria should be explicitly defined in alignment with the project scope and objectives via a structured and collaborative process, whereby all decision making stakeholders have the opportunity to provide input, challenge assumptions, negotiate success criteria and provide authorising acceptance.

b) Solution Approach

i. Requirements gathering and specification

- The project team engaged the services of an external Business Analyst with appropriate experience in CRM full lifecycle implementation.
- Process modelling and requirements gathering workshops were structured and co-ordinated in accordance with four core process groups; UK Registrations, International registrations, Financial processes, CPD.
- The business analysis team and internal process subject matter experts (SMEs) were co-located for a period of four to six weeks, during which processes were mapped, requirements captured and processes re-engineered.
- Cross-functional teams were formed to review interdepartmental touch-points and handoffs. Furthermore, regular meetings were convened with HCPC legal representatives to address challenges and uncertainties identified during the workshops which could not be answered by the project team.
- A total of c.2,500 requirements were captured and prioritised, along with c.75 'to-be' business processes modelled.
- External insights were sourced from end users via Registrant surveys to inform the requirements specification.
- The project team made the decision to not document the 'as-is' business processes and deemed that a formal gap analysis, comparing each line of the requirements with the current solution would not be a productive exercise.

- It is understood that participants within the requirements gathering workshops were encouraged to think in an unbounded manner and to define the capability of a greenfield, 'platinum solution'. This approach may have potentially increased the likelihood of over-engineering the solution at additional effort and cost with marginal benefit to be realised.
- To mitigate this risk, the validity, appropriateness and feasibility of business requirements were duly challenged by the Lead Business Analyst, so to, the extent to which the requirements could be met through configuration of the MS Dynamics platform versus more complex and costly customisation.
- The agile approach to solution design and build, delivered through a series of sprints, should allow the project team to learn, adapt and modify their approach during the development phase. However, this relies on maintaining a clear view of what the ultimate goal is of each iterative sprint to ensure that the project remains on track to deliver the scoped functionality.
- The project team has stated that quality will remain a key driver through these series of sprints, with a focus on maximising the level of value add while considering appropriateness and proportionality of the resultant product.

In our opinion, the requirement specification should be scrutinised in the forthcoming detailed design period to validate that the stated requirements are in keeping with the core principle of delivering a solution appropriate and reasonable to the needs of HCPC Registrants.

Furthermore, in our opinion, the required outcome of each planned sprint are not sufficiently defined so as to support a measurable success criteria. We would recommend that a sprint goal is agreed for each, with a clearly defined and measurable set of acceptance criteria that can be tested and signed off by the appropriate business owner.

ii. Solution option assessment

- The project team have identified and evaluated the following solution options to find the best fit with the business case, statement of requirements and the anticipated budget;
 - i. Take no action (reference case),
 - ii. Tender for the design and build of a new Registration system (proposed option),
 - iii. Develop a new Registration in-house,
 - iv. Increase functionality of the existing Net Regulate Registration system,
 - v. Sourcing of Registrant system functionality via (Software As A Service).
- Best practice would suggest each solution option is assessed in respect to; the percentage of requirements the option would meet, the estimated cost of following the option, the internal and external risks the option would address, and the cultural fit of the option to the way the organisation currently works.
- Each solution should be compared in terms of the Net Present Value (NPV) of the investment required, as well as the total cost of ownership over a period of at least five years.
- Having selected a proposed option, the project team conducted a series of site visits³ to other comparable regulatory bodies to identify a suitable CRM platform. The purpose of these visits was predominantly to discuss their approach to the delivery of their regulatory

³ Regulators including the General Dental Council, the Scottish Social Services Council, and the Care Council for Wales. Furthermore it is being implemented by the General Optical Council and the General Pharmaceutical Council.

requirements and to assess the appropriateness and capability of Microsoft Dynamics CRM to serve as the underlying platform.

- Internal discussions were held to identify potential alternatives to Microsoft Dynamics CRM and to explore the respective advantages and disadvantages between an IT supplier model (Siebel, Oracle, SAP) to a platform model (MS Dynamics).
- Having determined that MS Dynamics was the preferred solution option, the design and build estimates for delivering the requirement specification were estimated on the basis of effort required to configure and customise MS Dynamics. As such, there is no comparable cost estimate for delivering the stated business requirements through alternative platforms and therefore no clear means through which to assess whether the proposed level of investment is appropriate to address the requirements defined.
- In our opinion, the decision to deploy MS Dynamics may be an appropriate choice for the following reasons:
 - HCPC should benefit from the ongoing research and development of a large software provider, in this instance Microsoft, and continued platform development, without the requirement for HCPC to directly invest in this specific technology capability.
 - Access to an extensive pool of development expertise, removing their current reliance on a single supplier for technology enhancements.
 - Alignment with the documented and approved HCPC IT Strategy.
 - The project team conducted preliminary research to understand the CRM market segmentation in order to focus on the right category of vendor that is the right size for their needs. In particular, analysis and insight from Gartner and Forrester research bodies was sourced, defining Microsoft Dynamics CRM as a 'top quadrant' / leading solution in the CRM solution landscape, with a significant base of both enterprise and midmarket customers
 - According to Forrester⁴, the MS Dynamics CRM solution is attractively priced when compared with other vendors, especially when the solution is bundled with other products in the Microsoft range such as MS Office and Power BI. Furthermore, they consider the product to have a solid road map and vision for future enhancements.
- Total cost of ownership (TCO) is a key determinant in the sustainability of the chosen solution platform. A high level of customisation will ultimately increase the TCO of the platform and result in additional maintenance overhead.

The project team has adopted a key design principle of configuration over customisation, however, in our opinion, further challenge and scrutiny on the business requirements during the detailed design phase may further help to mitigate the risk of over-engineering the solution at additional build cost and to the potential detriment of TCO to what could be achieved through a more standardised (vanilla) 'off-the-shelf' solution.

c) Risk management

- A risk workshop was held upon initiation of the Registration Process and Systems Review Project.
- Risks have been identified and documented within the Project Risk Register and Corporate Risk Register.

⁴ The Forrester Wave™: CRM Suites For Midsize Organizations, Q1 2015

- Each risk has been assigned a risk score based on its likelihood to materialise and potential impact, along with an assigned mitigating action. Risk mitigations have been reflected in the project plan, budget and related project deliverables (ie. Communications Plan, Quality Assurance Plan) where appropriate.
- The risk registers are managed by the Project Manager (MC), and reviewed by the Project Board on a fortnightly basis.
- The HCPC Executive Management Team are provided project updates on a six weekly basis.
- The Council are provided with project updates at each Council meeting.
- The project team have defined multiple scenarios for the project implementation plan to reflect the risks identified, from which to agree the most appropriate and realistic timeline and budget for delivery.
- Management stated that lessons learned from past projects have been reviewed and considered appropriately in planning and budgeting activities for this project.

In our opinion, risks are being appropriately identified and managed by the project team. The project team have identified the major risks common to a project of this nature, and outline risk management plans exist through which to mitigate these risks.

d) Project Oversight and Governance

- The project team have identified potential risks with staff project commitments to ensure that resources with the appropriate skills are in place to deliver the projects and support the day to day business operations.
- Appropriate project governance including defined project roles and responsibilities; decision making and escalation processes and an agreed programme reporting cycle, in accordance with the organisations agreed assurance framework has been established.
- The proposed solution supports the organisations strategic IT approach, and is aligned to the business requirements through staff and subject matter expert engagement in the business process redesign activity.
- The annual budget review by the Council may be used to maintain the balance between initiatives that continue to run the current business and those that have the potential to transform the business. The proposed phased development and implementation project plan may allow the HCPC to reduce or halt funding each financial year if cost overruns or delays are experienced.

The appropriate management structure and controls are key to good project governance and are essential to the successful delivery of an IT project or programme. In our opinion, the project is demonstrating a robust approach to project governance. The project team approach is indicative of a structured, controlled and well governed project which has taken on board learning from previous projects.

e) Investment case and programme budget

- In our opinion, appropriate consideration has been given to the nature of costs expected from a project of this kind, covering items such as infrastructure, licencing, design, development, testing, security, training, maintenance, support and business readiness. Subsequent recalculations are being incorporated to reflect the open decision to deploy MS Dynamics either on-premise or in the cloud.
- Design and build costs for the proposed solution have been estimated by Optevia, based on their interpretation of business requirements. A greater level of cost certainty is dependent on detailed

design analysis in the next project stage, along with comparative development estimates from alternative vendors.

- There is very limited data available within the public domain from which to form a judgement as to whether the budget for this project is akin to recent implementations by regulatory professional membership bodies. Insight gathered in respect to a similar CRM implementation project by one comparable UK regulatory body revealed a phased budget of £7m over a four years was invested to implement Siebel CRM functionality for all transactional operational processes (therefore broader in scope to the HCPC registrations project); case management, registrations, online applications, online portal, fitness to practice and contact centre.
- As well as a contingency provision of 15% of total cost, the current budget and project plan includes a provision for resources and efforts to mitigate risks identified, in particular;
 - provision for design auditing to ensure alignment with best practice development standards thereby ensuring the resultant platform can be supported by a wide resource pool,
 - design consultancy to optimise the user experience (UX),
 - 'backfill' resource costs have been included to reflect the true cost to the organisation from temporarily redeploying operational resources onto project activities,
 - issue resolution from previous sprints.
- Management stated that the planned phasing of project deliverables has been designed to mitigate delivery risk, predominantly through commencing with a 'pilot' module for Continuous Professional Development (CPD), rather than prioritising the implementation of core CRM capability, cutover to the target CRM platform and decommissioning of the existing Net Regulate system in the first phase. While this approach offers a lower delivery risk, it could potentially result in Registrant expectations not being met in a timely fashion given 'value add' functionality is scoped in phases 2 and 3, in addition to delaying the realisation of benefits stated in the business case. A rephrasing of the project plan, while posing a higher level of delivery risk, could result in earlier realisation of benefits and a more attractive NPV.

In the interest of making a fully informed decision, it is our recommendation that a further delivery option be considered which reflects a more aggressive implementation plan. While this is likely to carry a higher level of delivery risk, correspondingly it should yield earlier value creation. A detailed analysis of cost/benefit versus delivery risk should inform and support the decision on implementation phasing to determine a plan which delivers greatest value to the HCPC and its Registrants at an acceptable level of risk and opportunity cost.

An indicative NPV cost benefit analysis for an accelerated delivery plan has been provided in Appendix 3 which prioritises the migration from Net Regulate to MS Dynamics at the expense of an upfront pilot phase. In addition, this delivery option may further serve to mitigate the current supplier risk and dependency on Energsys through earlier migration and decommissioning of the Net Regulate system.

- At this stage of the project, the budget and business case is reliant on an estimate from a single supplier on the basis of a requirement specification that, in our opinion, has not yet been subject to rigorous challenge in terms of appropriateness to business need. We reiterate the earlier recommendation that the requirement specification should be scrutinised in the forthcoming detailed design period to validate that the stated requirements are in keeping with the core principle of delivering a solution appropriate and reasonable to the needs of HCPC Registrants.

- The planned procurement exercise will provide a comparative set of implementation costs from alternative vendors. In our opinion, before the contracts are signed, there should be a project checkpoint to review the cost commitments to ensure they are aligned with the forecast budget.
- Based on the information made available to us and the present lack of comparable development estimates, we are unable to form a firm conclusion as to whether the proposed level of investment is appropriate to address the requirements as identified in the Project Initiation Document and business requirements specification, however there is a level of assurance that the budget has not been underestimated based on the following:
 - The projected costs have been defined in context to a greenfield solution, which, while providing a degree of headroom in delivering the core functionality required of the system, may have overstated the cost to deliver an 'appropriate and reasonable' solution.
 - The design and build costs supplied by Optevia, an experienced MS Dynamics vendor, reflect a 'worst case' (upper range) estimate for development, including the cost of integrating with new and existing systems.

Conclusion

The Registration Transformation and Improvement Project team is conscious of the environment within which HCPC operates, both in terms of its fiscal responsibility to ensure value protection for the HCPC and its Registrants, and the importance of a stable technology environment to support the continued, unhindered operations of the HCPC.

The project appears to have taken into account the scale and complexity of the change in context to the organisation in order to establish an appropriate project structure, governance and delivery approach. The project team's approach appears indicative of a structured, controlled and well governed project which has taken on board learning from previous projects.

The organisational context has led to the adoption of a risk sensitive approach in the shaping and delivery of the project while having to make trade-offs in the conception of the project to ensure a pragmatic and reasonable approach, for example, consciously mitigating the additional project costs associated with a more comprehensive market test of solution options in the business case stage. A further risk versus reward trade-off in accepting a risk sensitive approach is the potential opportunity cost to the HCPC (from postponed realisation of benefits) and the potential for Registrant expectations to be underserved in the coming years.

The current budget forecast and business case is reliant on an estimate from a single supplier on the basis of a requirement specification that, in our opinion, may benefit from further scrutiny to ensure appropriateness of need in order to avoid over-customisation and build cost disproportionate to benefit. Management have confirmed that this will be a key focus in the detailed design phase which follows. In our opinion, appropriate consideration has been given to the nature of costs and risks expected from a project of this kind, and the planned procurement exercise in the next stage should provide a comparative set of implementation costs from alternative vendors on which to make a more comprehensive investment decision.

Whilst this report has identified some suggestions for improvement to ensure the project is setup for success, our overarching view is of a project which appears to be well governed and documented, and in line with this review, has a high standard of compliance to the HCPC Project Management guide⁵.

⁵ HCPC Project Management Guide v1.8

Acknowledgement

We would like to thank those HCPC staff who assisted us during the course of the review and also to the contractors who have provided additional information.

Grant Thornton LLP
August 2015

Appendix 1 – Document Reviews

The Registrations Project team provided Grant Thornton with a selection of the current, most relevant documents related to project governance, delivery planning, budget and solution.

Summary of document review
Business Case <ul style="list-style-type: none">• Business Case Build Project v0.8• Business Case Budget v0.3 markup
Project Initiation <ul style="list-style-type: none">• Registrations Transformation and Improvement Budget v0.9• Registrations Transformation and Improvement Project Initiation Pack
Risk Management <ul style="list-style-type: none">• Registrations Transformation and Improvement Risk Log
Business Analysis <ul style="list-style-type: none">• As-Is Processes• Business Analysis Summary Report v1.0• Business Analysis Summary Report Appendices• Optevia Business Analysis Report v0.93
Vendor estimates <ul style="list-style-type: none">• BDB Invoice Reg Project• Microsoft QuoteRef_336829• Optevia Budget est phasing v1.0• Optevia Budgetary numbers for HCPC Registrations Solution Final• Purple web dev HCPC_statement of work v3• Rackspace final-contract July 2014
Documents pertaining to Education System implementation <ul style="list-style-type: none">• Project Cost Tracking – online renewals• Budget overview for EMT FINAL• Education actuals• Education System Build PID 2015 v1.5 Final• EMT 24 September 2013 minutes

Appendix 2 - Risk analysis

Our analysis of risk management was structured in accordance with the four risk dimensions shown below.



Our key findings are as follows;

Risk Area	Positive	Negative
Business change	<ul style="list-style-type: none"> Plan to develop the Continuous Professional Development (CPD) module first as a Proof of Concept because it can be considered a standalone module and therefore considered low risk There is a corporate risk register in place that is discussed at the Council meeting Corporate communication – updates provided to staff on project progress 	<ul style="list-style-type: none"> Registrant expectations may not be met in a timely fashion because "value add" is in final project phase – eg. monthly direct debits
Design	<ul style="list-style-type: none"> Key subject matter experts from the business units were included in the business process redesign workshops Cross functional input and review of common departmental touch points Sourced insights from registrants (surveys and feedback) 	<ul style="list-style-type: none"> Lack of clarity as to minimum product set to meet current business requirements Lack of management scrutiny on requirements specification "Platinum solution" Build estimates do not reflect / identify relative costs of requirements categorisation i.e. cost

	<ul style="list-style-type: none"> • Prince II / Agile approach design and build may provide an aligned approach to business requirements and prevent excessive on design without development • Further design workshops planned for more detailed requirements • External Business Analyst was a SME on MS-Dynamics CRM • Business representatives visited reference sites of other regulators to review their systems and processes • Research material from Software Specialists including Gartner and Forrester • Design auditor and User Experience consultants included in outline project budget • Delimited business options for increased certainty in plans and budgets 	<p>of "must have" vs "should or could have"; no cost for configuration vs customisation</p> <ul style="list-style-type: none"> • No comparable cost estimates for alternative platforms through which to assess value for money • Assumptions have been made regarding integrations capabilities with 3rd party solutions and cloud based Microsoft Services that may adversely impact the build costs (eg API's currently exist for all in scope solutions requiring integration)
Project	<ul style="list-style-type: none"> • A project risk register has been developed from an initial project risk workshop for key stakeholders • An appropriate governance structure has been created with the Project Board, Portfolio Manager and Council receiving regular project updates • Scenario planning to stress test approach based on identified risk mitigation eg. phase the project so that CDP element is completed first to confirm cost model vs replace Net Regulate and financials upfront to address potential supplier risk issues • Agile approach allows reprioritisation / rephasing should risks escalate into greater priorities (subject to budget and resource constraints) • Consideration is being given to providing a full-time quality assurance role within the Project portfolio / project management office 	<ul style="list-style-type: none"> • There is a lack of clearly defined project success criteria against which the final project deliverables can be measured • Requirement specification, in our opinion, has not yet been subject to rigorous challenge in terms of appropriateness to business need
Resources	<ul style="list-style-type: none"> • The project budget includes costs to provide backfill resources to seconded onto the project team and also for specialist contractors including user experience and software code auditors 	<ul style="list-style-type: none"> • There has been no challenge by senior management on the specified requirements or a cost / benefit breakdown on these requirements • Contingency built into costs because the design is for a 'Platinum'

- The budget has been phased across the timeline and deliverables and will be subject to approval under the existing EMT portfolio governance framework
 - There is a recognition in the project team that a weak change control process in the Education Project led to over customisation and increased cost and time to deliver
- solution rather than a fit for purpose solution
- The budget has been based on a single supplier quote against un-scrutinised high level requirements. More detailed design workshops may result in an escalation of costs

Appendix 3 – Grant Thornton

Indicative NPV Analysis

The figures quoted in this section are indicative estimates which reflect the phasing of costs and benefits expected from a more aggressive delivery timeline. These workings are subject to review and validation by the project team.

A further delivery option has been modelled to reflect an accelerated implementation plan (posing a higher level of delivery risk), to reflect the following high level phasing:

- Procurement activity through 2015 to appoint vendor
- High level design Q4, 2015
- Setup - 3 sprints, Q1, 2016
- Phase 2: Net Regulate & Online renewals - 14 months duration (February 2016 through April 2017) based on same procurement terms as Setup phase
- Repeat procurement exercise to appoint vendor for next phase (if considered necessary)
- Phase 1: CPD and Phase 3: Online applications to run concurrently (May 2017 through Jan 2018)

This is a more aggressive timeline but would allow for earlier benefit realisation and release of value-add functionality to Registrants. The current delivery plan produces an NPV of £3.65m. This accelerated delivery plan results in an estimate NPV of £3.2m due to benefits (predominantly associated with paper and postage costs) partially commencing mid 2017 (50% of estimated annual benefit), with full realisation (100% of estimated annual benefit) mid 2018, one year ahead of the current plan.

Key Assumptions						
Discount Rate	3.5%					
	OPTIONS					
	1 (aggressive)	1 (current)	2	3	4	5
	External Supplier	External Supplier	In-house Team	Develop NetReg	Do Nothing	Outsource Function
Costs of Project						
Phase 1 - CapEx & OpEx	£1,291,989	£1,161,931	£2,115,703	£854,508	£0	Not costed
Phase 2 - CapEx & OpEx	£1,709,800	£1,919,214	£2,680,556	£1,709,017	£0	
Phase 3 - CapEx & OpEx	£981,267	£902,434	£1,435,323	£1,281,763	£0	
Total Costs	£3,983,055	£3,983,580	£6,231,582	£3,845,288	£0	£0
Benefits from Project						
Phase 1	£178,746	£178,746	£178,746		£0	
Phase 2	£-747,717	£-319,762	£-747,717		£0	
Phase 3	£0	£0	£0		£0	
Total Benefits	£-568,971	£-141,016	£-568,971	£0	£0	£0
Non-cash Benefits (exc'd from NPV)						
Release of 3 FTE RA's Time	£-84,000	£-84,000	£-84,000		£0	
Net Costs (Benefits)	£3,414,085	£3,842,564	£5,662,611	£3,845,288	£0	£0
Project Evaluation						
Net Present Value (NPV) - 5 Yrs	£3,208,603	£3,656,200	£5,153,332	£0	£0	
Decision	For comparative purpose	Proceed	Decline	Decline	Decline	Decline
Reason	High delivery risk	Best option/lowest risk	Not good VfM/too risky	Current system not fit for purpose	Current system not fit for purpose	Not inline with strategy



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