



National Audit Office

**REPORT BY THE
COMPTROLLER AND
AUDITOR GENERAL**

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The Cabinet Office

Implementing the Government ICT Strategy: six-month review of progress

Summary

1 This report is an early review of the progress the Government has made in implementing the *Government ICT Strategy* (the Strategy), since its launch in March 2011. The Strategy was published by the Cabinet Office and contains 30 actions, which are designed to: reduce waste and project failure in ICT, create a common ICT infrastructure, and reform public services and make government more efficient.

2 In July 2011, the Committee of Public Accounts welcomed the Strategy, but described it as 'very ambitious'. The Committee was concerned that it would deliver no greater benefit than its predecessors. Given the concerns of the Committee, we have assessed the: leadership and incentives to comply with the Strategy; planning to deliver business change and measure benefits; communication and engagement with stakeholders; and whether the deadlines have been met.

Key findings

3 **The Cabinet Office has made a positive and productive start to implementing the Strategy.** The Cabinet Office has established new roles to lead and deliver the Strategy. Many senior ICT professionals have worked together on the actions due in this period and most have been delivered on time.

4 **All parts of central government agree the principles of the Strategy, but the Cabinet Office needs to do more work to achieve full engagement with departments' plans.** Meeting targets for cost and staff reduction in ICT is challenging, but central government cannot reduce costs sustainably if departments and agencies work alone. Government must use simplified and shared ICT infrastructure, reuse ICT solutions and deliver better performance in technology-led change. The Strategy offers some solutions to these issues.

5 **The Government is implementing the Strategy differently than previous strategies and there is a greater chance that the actions will be embedded into the largest departments. In particular:**

- **The Cabinet Office has brought together a broader set of skills and delivery experience.** The chief information officers (CIOs) and senior directors from the six largest spending departments are supported by ICT and procurement professionals from the Cabinet Office. This mix of staff from across government are making sure that Strategy solutions are aligned with the business needs of departments.

- **The Cabinet Office has created a new CIO Delivery Board (the Board) to lead implementation.** Led by the Government CIO, the Board has fewer members and is more focused on decision-making. It meets monthly and is in contrast to previous arrangements for strategy delivery where the Cabinet Office consulted quarterly across all departments. This enables the Board to make faster progress.
- **Members of the Board are directly responsible to the Government CIO and the Minister for the Cabinet Office for implementing the strategy across government.** Their personal objectives have been changed to reflect this accountability. They are also accountable to their own ministers for delivering ICT services.
- **The Cabinet Office is applying mechanisms that make sure departments comply with the Strategy.** The Major Projects Authority operates the ICT spending controls on projects over £5 million in value and provides assurance on around 200 central government major projects. The Authority will be checking that new business cases involving ICT comply with the Strategy as new common infrastructure, methods and standards are approved.
- **The Cabinet Office is introducing stronger programme and portfolio management.** The Strategy contains a complex set of interrelated actions. The Cabinet Office has grouped these actions into 19 technical delivery areas in the *Government ICT Strategy – Strategic Implementation Plan* (the Plan) published on 21 October 2011. The senior responsible owners of the projects have started to map dependencies between the various technical solutions that they are required to deliver. The Board is developing a ‘dashboard’ to monitor overall progress on implementation.

6 Although the Board has made progress in implementing new technical solutions, we have identified areas where progress has not advanced sufficiently in the first six months. This does not imply a lack of attention on the part of those involved, but reflects the ambition the Government has for the pace of change. Progress needs to be made on a number of parallel fronts:

- **The Cabinet Office has not yet developed a system to measure sustained change arising from implementing the Strategy across central government.** The Board has explained how individual actions will progress and included benefit forecasts and output metrics for some of the delivery areas in the Plan. The Cabinet Office has not yet defined how reform and improved efficiency in public services will be measured across central government, as business outcomes against an agreed baseline.

- **The Board has been managing and planning the resources to deliver the Strategy informally, but without a clear resource plan, short-term capacity and capability gaps may start to hinder progress.** The Government has always intended to implement the Strategy using existing resources. We have estimated that at least 70 people (full-time equivalents) from the public sector have worked on planning and implementing the Strategy in the first six months. As of October 2011, based on forecasts from the Board members, we estimate that these resources will need to more than double over the next 18 months. At least another 78 staff or contractors (full-time equivalents) are needed. Many will need to have specific technical and business skills to meet the requirements of the work. However, there is no evidence that the Board is undertaking resource planning to move 19 technical delivery areas into a major cross-government business change programme.
- **The Board has not yet done sufficient planning about when and how central government bodies will adopt the Strategy solutions.** The Board does not have an implementation schedule by department for all the delivery areas.

Conclusion

7 At the end of the first six months, new arrangements are in place to implement the Strategy. The leadership, governance and compliance mechanisms for delivery are different from those of the past and have the potential to deliver benefits. Government has adopted a pragmatic and collaborative approach and has largely met the first round of the Strategy deadlines. Thirty actions from the Strategy have been rationalised into 19 delivery areas with a more consistent plan about how the new approaches, new standards and common ICT infrastructure will be taken forward.

8 Against this positive backdrop we have some significant concerns:

- Planning – the Strategic Implementation Plan is lacking a resource plan and a map for how and when departments move to the Strategy solutions.
- Capability – establishing a baseline requirement for ICT professional resources across central government has not been carried out, and key immediate skills gaps have not been filled.
- Evaluation – there are no clear criteria for measuring business outcomes.

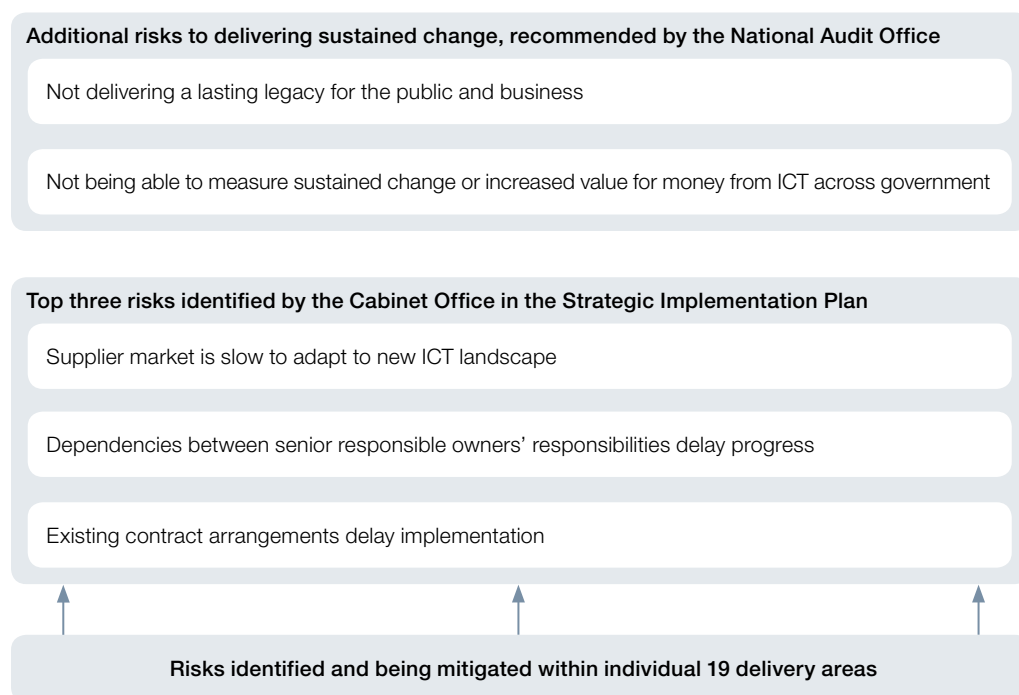
These concerns can be dealt with but need to be addressed in the short term if they are not to become significant barriers to progress.

Recommendations

9 The Cabinet Office identifies three key risks in the Plan. These are: the supplier market adapts slowly; unidentified dependencies between the 19 delivery areas slow down progress; and existing contracts prevent or delay implementing parts of the Strategy. Although these are important risks that need to be managed, they have been identified ‘bottom-up’ by senior responsible owners’ risk assessments of their individual delivery areas. These risks do not fully reflect the scale of business change across government and so far, the Cabinet Office has paid less attention to how it drives a major cross-government behavioural change programme that affects all of the civil service.

10 We have identified two additional high-level risks (**Figure 1**). These are: the Strategy does not deliver a lasting legacy for the public and business, and government cannot measure progress or demonstrate value for money as the change programme proceeds.

Figure 1
Risks to the Cabinet Office in delivering the Strategy



Source: National Audit Office

11 To help government mitigate these two additional risks and broaden the focus to driving business change, we make the following recommendations:

Delivering a lasting legacy for the public and business

- a** **The Board should do more to help government organisations to use the new ICT products and services created through the Strategy to realise benefits.**
As the technical work matures, the Board should plan how and when government organisations can use the new solutions being developed, such as cloud computing and ‘agile’ delivery. The Cabinet Office should also carry out more detailed planning about how it will work with central government and ICT suppliers to overcome barriers to change and agree manageable plans to adopt new practice.
- b** **The Cabinet Office needs to engage more with the senior civil service who are not ICT professionals so that government reform programmes have ICT at their core.** The Chief Operating Officer for the Efficiency and Reform Group told the Committee of Public Accounts that government has learned that there is no such thing as an ICT project, only business projects involving ICT. To do things differently, government requires large-scale behavioural change. The Cabinet Office needs to increase its activities to explain, in non-technical language, how the Strategy will improve the way government operates and enhance civil service capability to deliver better public services.
- c** **Gaps in ICT capability remain a serious challenge to implementing the Strategy.** The new *Government ICT Capability Strategy* sets out how ICT skills in the public sector can be improved in the medium- to long-term. However, the Cabinet Office and departments and agencies need to immediately address capability gaps, particularly in procurement, supplier relationship management, new methods (for example, ‘agile’ delivery) and digital services.
- d** **The Cabinet Office must maintain a productive relationship with suppliers, as both sides face fundamental change in conducting their business.** Changes in procurement are crucial to implementing the Strategy. Both government and suppliers need confidence that leaner processes and stronger capabilities are coming. It is important to celebrate some of the successes where the ICT and procurement professions across government have worked together with industry to shape better contracts. This will help to maintain productive relationships.

Measuring progress and value for money

- e The Cabinet Office needs to develop measures to show progress and the value for money achieved by implementing the Strategy.** The Cabinet Office needs to define a small number of business outcomes for the Strategy and the baseline against which they will be measured. With limited resources, the Cabinet Office needs sufficient management information to prioritise projects that show significant benefits, cutting areas that are delivering only marginal return.
- f Maintaining an effective portfolio management team in the Cabinet Office will help government oversee successful outcomes.** The Government ICT team in the Cabinet Office needs to have the necessary technical skills, capacity and authority to challenge the Board members, ICT suppliers and government organisations about how they implement new solutions.
- g There are important lessons that the Cabinet Office could learn from international experience.** The experiences of the American, Australian, Danish and Dutch governments in integrating systems and developing common infrastructure, moving public services online and managing and developing the skills of the ICT workforce are valuable. The Cabinet Office should use the lessons learned by others to maintain the momentum to implement the Strategy and produce stretching plans and benefit forecasts in the delivery areas where this has not already been done.