



National Audit Office

**REPORT BY THE
COMPTROLLER AND
AUDITOR GENERAL**

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Cross government

Digital Britain One: Shared infrastructure
and services for government online

Key facts

£128m

Directgov

Lifetime cost 2004-05 to 2010-11

£204m

Business.gov

Lifetime cost 2002-03 to 2010-11

£147m

Government Gateway

Lifetime cost 2005-06 to 2010-11

Costs	Directgov	Business.gov	Government Gateway
Lifetime cost	£128m 2004-05 to 2010-11	£204m 2002-03 to 2010-11	£147m 2005-06 to 2010-11 (Costs from launch in 2001 to 2004-05 are not available)
Financial benefits to government	Not tracked	Not tracked	Not tracked
Financial benefits to users	Not tracked	Benefits to businesses estimated (£668m in 2010-11)	Not tracked

Wider benefits to the UK taxpayer

Number of government websites converged into service (by end of March 2011)

Availability (2010-11)

Cost per visit (2010-11)

Total number of visits (2010-11)

Directgov

287

99.9%

£0.14

187m

Business.gov

175

100%

£1.70

17.7m

Wider benefits to the UK taxpayer: Government Gateway

Number of public sector bodies using Gateway in 2011

77

Number of live services in 2011

227

Availability (2010-11)

99.9%

Peak traffic successfully handled

2.5m transactions
(January 2011)

Summary

- 1** In 2000 the Government decided to move public information and transaction services online. This reflected an increasing expectation that people and businesses wanted to find information online 24 hours a day and frequently also prefer to do business with government online rather than via the post or telephone. However, Government was also aiming to modernise public service delivery and reduce costs.
- 2** The Government initially recognised that, to encourage online services to develop, it would need to make critical ICT infrastructure and technical expertise available for public bodies to share and reuse. This would save time, cost and reduce risk in developing individual services. The Cabinet Office decided to build the Government Gateway (Gateway), which was launched in January 2001. Gateway is a set of secure, accredited technical support services which are integrated within online services such as tax return filing. It allows people and businesses to exchange personal information with government securely or make financial payments safely through the internet. The Cabinet Office originally developed Gateway but responsibility was transferred to the Department for Work and Pensions (DWP) in 2008.
- 3** In 2005, the Government estimated there were over 2,500 websites which public bodies had separately developed and hosted. The Government considered that this confused citizens and businesses trying to find information and services and led to unnecessary costs. The Government therefore decided to rationalise all websites progressively and converge their public-facing content onto two services. Directgov (www.direct.gov.uk), managed by the Cabinet Office, provides government information for the public. The Business.gov service (a 'family' of four websites for the four nations of the UK, for example www.businesslink.gov.uk for England), is now managed by HM Revenue & Customs (HMRC) and provides government information for businesses and their agents. In 2006, the Cabinet Office began to work with departments to implement the website rationalisation policy. Since 2007 the Cabinet Office has provided funding to the Central Office of Information (COI) to deliver this work.
- 4** This report evaluates the value for money of the investment in shared infrastructure and services, and of rationalising and converging the websites that have underpinned government online services. Gateway and the Directgov and Business.gov services provide shared infrastructure and services that have been reused by many public bodies to develop their own online services. This has increased standardisation in government information for public and business users through a collaborative process. Throughout this report, 'users' denotes the public and businesses that use government online services; 'stakeholders' are the local and central government organisations and devolved administrations that use the shared infrastructure and services.

5 This report is based on the concept that ICT-based government services should have the same business rigour as any other aspect of government. ICT is not a special case and ICT-based services must be able to demonstrate their focus on achieving value for money by evaluating likely costs and benefits, monitoring them as the service develops and by building in all the necessary elements of success, such as robust governance structures, process controls, staffing capabilities and management information flows. With that in mind, our work on Gateway and the services has been based on a standard analytical framework of business performance.

6 As part of developing online services the Government has begun to implement a new digital strategy. This is based on recommendations made by the UK Digital Champion in October 2010. To deliver the new strategy, the Government Digital Service (GDS) was established in the Cabinet Office in March 2011 with a new Executive Director for Digital recruited from the private sector in July 2011. The strategy aims to move all public information services to digital delivery ('digital by default'). While at an early stage, plans focus more on user needs and the quality of services provided by public bodies, as well as a new way to confirm user identity, known as 'federated identity assurance'. The GDS is starting to plan the future of digital policies, governance, shared infrastructure and services. At this point, while key projects are in the initiation phase, it is crucial that the GDS builds in the right mechanisms to deliver value for money.

Key findings

7 The average cost of Gateway, Directgov and Business.gov taken together has been £90.3 million per year over the past three years. Work equating to 74 per cent of expenditure has been outsourced to ICT supply companies. In 2010-11, £59 million was spent running the two services and £22 million on running Gateway.

8 Since Government has not routinely measured the benefits of online services, it cannot demonstrate optimal use of resources. We found only one instance where Government had estimated the benefits of its investment in online services. For 2010-11, Business.gov estimated that it had saved business £21 for every £1 spent. It is likely that there are benefits to providing all the information business needs in one location, but it is not possible to say how much of this benefit would have been delivered anyway, if the information had only been available from the multiple websites from which Business.gov's content is assembled. Stakeholders have not generally modelled benefits through the use of common infrastructure, nor have they had mechanisms in place for tracking and reporting these savings. Whilst we accept the difficulties in determining benefits from shared infrastructure and services, the absence of benefits makes value for money impossible to assess.

9 The Gateway, website rationalisation, Directgov and Business.gov were developed independently at different times and by different parts of Government, resulting in a loss of value for users and inefficient use of resources. There is evidence that poor user experience with Gateway has damaged the reputation of the service provided by Directgov, but under current structures there is no mechanism to resolve this. In addition, some operational inefficiencies have resulted from this fragmented approach to services. For example, Directgov and Business.gov each have their own supporting software, which means that some stakeholders are required to have staff trained in the use of both systems.

10 The different business models of Directgov, Business.gov and Gateway provide lessons for the GDS. Both Directgov and Business.gov have been funded by their home departments, and stakeholders have not generally paid for the web hosting or other digital services that they have used, although some specialised services are paid for by the departments who commission them. In contrast, Gateway matches its costs with payments from its stakeholders. Payments broadly reflect the level of use by each stakeholder but there are plans to develop this commercial model further towards a 'pay as you go' arrangement. Without information on the relative benefits, it is not possible to compare the value for money of the different approaches.

11 The annual cost of Business.gov was between 22 per cent and 26 per cent higher than Directgov over the past three years. The two services have different types of content, audiences, delivery channels and operating models; for example, Business.gov has outsourced much more of its operation than Directgov, under a contract with Serco. Without information on the relative benefits, we have no basis for comparing value for money.

12 While financial benefits are not clear, performance has been managed and most targets have been met.

a Since 2006, 1,526 government websites have been closed under the rationalisation policy. It is not clear how many sites existed in 2006, but the Central Office of Information (COI) reported that on 1 July 2011 there were 444 open government websites remaining. Departments were committed to closing 243 of these. The Cabinet Office did not have a mandate to compel stakeholders to close their websites, so it is not possible to say if progress would have been quicker if the timing of closures had not been voluntary. To date, not all public bodies have complied. Some continue to develop new websites and, in some cases, use alternative website names to bypass the ban on new websites. The number of such sites is not known, but the COI reports that examples included marinemanagement.co.uk (now defunct) and censusjobs.co.uk.

- b** **Directgov and Business.gov have both met the targets they were set by the Cabinet Office in 2008, for the convergence of agreed public-facing content over the three year period 2008-09 to 2010-11.** Working with stakeholders, Directgov moved 95 per cent of public-facing content (287 websites) onto its website against a target of 95 per cent over the three years. Business.gov moved 98 per cent of business-facing content (175 websites) onto its website against a target of 95 per cent in the same period.
 - c** **Directgov and Business.gov have met their convergence targets while maintaining high levels of user satisfaction, although the usage of the Business.gov service has not met targets.** Between 2008-09 and 2010-11, Directgov maintained customer satisfaction between 72 and 79 per cent. In the same period, Business.gov customer satisfaction levels were high, ranging from 93 to 97 per cent. However, only 20 per cent of business people used the service, compared with a target of 45 per cent. No figures are available on the proportion of the public who used Directgov, although it had over 30 million visits per month by November 2011.
- 13** **There is scope for improvement:**
- a** **There are no specific targets for the take-up of Gateway by stakeholders or for users' satisfaction.** In 2011, 77 public bodies used Gateway but no target was ever set for Gateway's optimal usage. Government now has a strategy to introduce a new identity and assurance service that will replace some of Gateway's services. Gateway does not collect information directly about user satisfaction. However, Directgov has identified from comments received on its own website a series of difficulties that users commonly have, especially when using Gateway to register and enrol for new public services or when logging into these services. Gateway is working with Directgov to identify whether these issues are due to Gateway itself and to address them.
 - b** **The Directgov and Business.gov services are experiencing falling levels of stakeholder satisfaction.** Stakeholder satisfaction for Directgov dropped from 71 per cent at the end of 2009-10 to 60 per cent in 2010-11. Stakeholder satisfaction for Business.gov in the same period reduced from 90 per cent to 84 per cent.

14 Pay constraints are a barrier to recruiting and developing digital skills.

The market rate for people with digital skills is equivalent to salaries for senior civil servants. This has presented difficulties in recruiting staff with up-to-date skills and current market knowledge and resulted in decisions to outsource Business.gov and employ interim contractors within Directgov. In 2008-09, when the major drive towards convergence of public-facing content started, 75 per cent of staff costs for Directgov were for interim staff. This reduced slightly to 67 per cent in 2009-10 but was still at 49 per cent in 2010-11.

15 Moving Gateway to the DWP, from the Cabinet Office in 2008 has probably had benefits owing to the DWP's broad ICT infrastructure and service management capabilities. However, the management information is not available to demonstrate this quantitatively.

Gateway is now just one of a set of ICT infrastructure services that are operated by the Corporate and Shared Services IT Directorate of the DWP. While it has a relatively small budget, Gateway is able to draw on the management and technical skills (especially design, security and procurement) within the DWP, as required, thus keeping staff costs to a minimum. Access to this expertise has brought additional rigour into the management and maintenance of Gateway. We also have evidence that the broader purchasing power, market knowledge and supplier relationship management of the DWP have reduced the annual operating costs for Gateway from £28 million to £22 million between 2009-10 and 2010-11.

16 All three services have met high availability targets, delivering nearly 100 per cent service availability for their users and stakeholders.

All three services have detailed business processes in place for quality assurance and change control. Compliance with the processes and controls around publication for the services has been maintained, even as the rate of convergence has increased. However, we did find evidence that stakeholders of Business.gov found operational processes and decision making to be slow, while there is scope to make greater use of data which the Directgov helpdesk collects to improve the service.

17 The technology that underpins the three services is becoming obsolete and is unlikely to be appropriate for the new digital services which the GDS envisages.

The services are still operating largely satisfactorily against their original requirements, but new techniques and products now available on the market are likely to offer better value for money for the future. Alpha.gov, a prototype website for Government to explore new designs and gather user feedback, was completed during 2011 and the GDS is developing a further 'beta' prototype. For Gateway, the DWP is addressing two technical risks. First, investment in new technology is expected during the current year to allow Gateway to continue to be security accredited and, second, storage capacity will need to be increased so that Gateway's largest stakeholder, HMRC, will receive the service it needs during the January 2012 period for filing self-assessment tax returns.

The future

18 At the time of this report, the GDS's plans were at an early stage. However, the GDS is starting to take on responsibility for coordinating all the policies, shared infrastructure and new developments relating to digital services, many of which we have evaluated in this report.

19 Some existing policies and shared services may be reused, but it is more likely that they will be replaced. For example, the Directgov and Business.gov services are expected to be replaced by a new single gov.uk domain during 2012. A public test of the replacement for Directgov is expected to be launched in early 2012 on the new single domain, along with a private 'beta test' of a new publishing platform to replace government department sites. The Government intends to increasingly use social media. Public services and information will increasingly be aimed at those areas of the internet used by particular communities or target audiences such as new mothers or young people.

20 There are positive signs, with the advent of the GDS, that the Government is giving more attention to the critical links between digital strategy and its wider ICT and procurement strategies. For example, the Government's ICT strategy¹ includes standards and essential common ICT infrastructure and services needed for digital services. Also, Government Procurement, part of the Efficiency and Reform Group in the Cabinet Office, will need to establish new supplier relationships to meet the GDS's requirements.

Conclusion on value for money

21 We estimate that the Government has spent on average £90.3 million per year on Gateway, Directgov and Business.gov over the past three years, while the website rationalisation programme has cost between £265,000 and £300,000. We also estimate the lifetime cost of these services since launch has been £479 million, although the costs of Gateway from 2002-03 to 2004-05 were not available. The Government, however, has not generally measured the benefits of this spend, and therefore does not know whether it has under or over invested in these services.

22 From our examination, it is likely that the services have delivered some cost savings to stakeholders and some benefits to users. For example, the Directgov and Business.gov services have enabled citizens and businesses to access information about government in a more organised way. Business.gov has estimated the benefits its service delivers to businesses. However, without robust data to rely on we cannot conclude that the Government has delivered value for money.

¹ The NAO expects shortly to publish a review of the status of implementation of the government ICT strategy.

Recommendations

23 The GDS has only recently been set up but will need to take decisions quickly on governance, policies and investment in services. New perspectives and skills are needed, but also lessons should be learned from the past. This report makes recommendations to the GDS and the Cabinet Office, highlighting important lessons for them as they develop digital services in the future. We have not made recommendations for the services reviewed in this report as each of these will ultimately be changed, replaced or integrated into the GDS.

24 Our work provides five key lessons for the Cabinet Office, including the GDS, and DWP:

- a** **Strong coordination of the various elements of digital service delivery is essential.** Gateway, the website rationalisation programme and the services have been managed by different departments and have not been sufficiently coordinated. The new GDS, residing in the Cabinet Office at the centre of Government, should ensure that the plans for the future, which it is already developing, including the new single domain, new solutions for identity assurance and policies related to digital service delivery, are fully integrated and managed as part of a comprehensive programme.
- b** **To date, investment decisions have been made without sufficient information on costs and benefits.** Converging and rationalising online services has been driven by policy objectives rather than a robust assessment of costs and benefits. As the GDS begins to implement its strategy, during the initiation phase of key projects, it should build its financial and management discipline so that it can make properly informed decisions on the optimal use of resources. Evaluative mechanisms that can accurately and regularly measure the costs and benefits of transforming public services should be inherent in the GDS's normal operation. When working with stakeholders to transfer services to online channels, the GDS should encourage them to develop similarly robust measurement disciplines.
- c** **It is important that the GDS has the authority to implement policy and works closely with stakeholders.** Not all stakeholders have complied with the policy to close websites. Additionally, the services and Gateway show declining levels of stakeholder satisfaction, especially in the past year, during a period when there has been uncertainty about the future development of the services by the GDS. One of the key recommendations from the UK Digital Champion was that the Executive Director for Digital, as head of the GDS, must have absolute control of the user experience across all digital channels. The Cabinet Office should ensure that the GDS both has this authority and actively engages with stakeholders to deliver the best services for users.

- d Addressing the digital skills gap is critical.** Our report has found evidence of skills gaps that have persisted over many years. This needs to be addressed both for the short and the long term. The GDS must develop a centre of technical excellence that is at the heart of the Government's digital strategy, driving forward the fundamental redesign of services throughout the public sector.
- e The new federated approach to identity assurance is innovative and relies on creating a commercial model which is attractive to private sector partners.** The Cabinet Office, working with the DWP, needs to ensure that the identity assurance services currently provided by Gateway continue to be available during the transition to the new model and address the security and capacity challenges that Gateway faces.