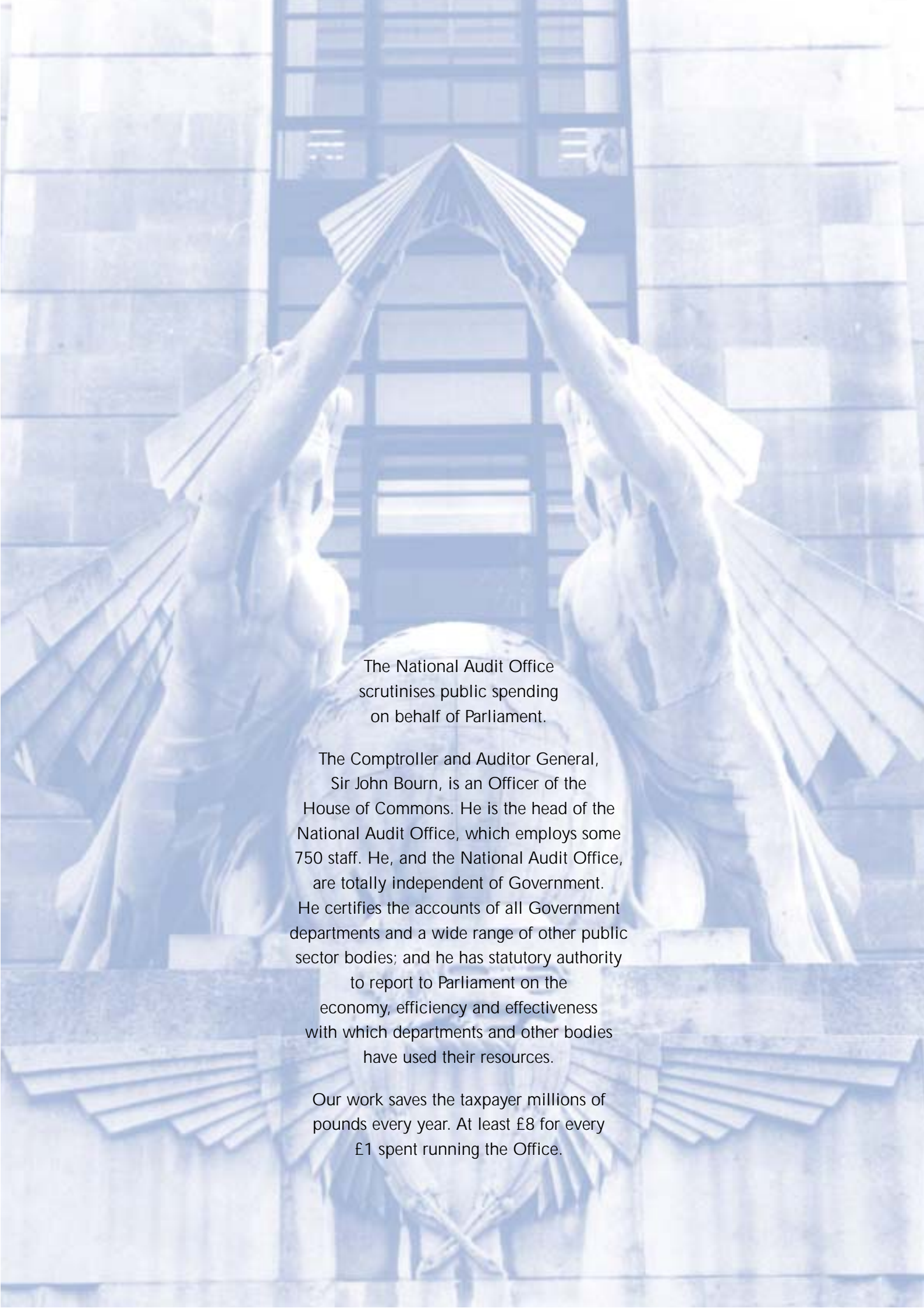


The Invest to Save Budget

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
HC 50 Session 2002-2003: 22 November 2002





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The Invest to Save Budget



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This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

John Bourn National Audit Office
Comptroller and Auditor General 14 November 2002

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This report can be found on the National Audit Office web site at www.nao.gov.uk

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Preface

At the heart of the Government's drive to improve public services is the view that innovation can play an important part in identifying new ways of delivering services. The **Invest to Save Budget** (ISB) programme administered by the Treasury and the Cabinet Office is intended to support innovation and has provided £310 million to over 330 projects involving government departments, local and health authorities, voluntary bodies and the police, working together to achieve improvements in service delivery and efficiency.

The report looks at what the programme has achieved so far. It draws out wider messages about the management and successful implementation of innovative projects, how the key lessons from the projects are spread and what individual projects have delivered. We found that projects have fostered better working together by organisations, departments, agencies and local authorities, but there is less evidence as yet of what the programme has achieved in terms of tangible outputs. Many projects are at the early stages of implementation but many others have been subject to delay.

As the programme is a form of venture capital, not all projects are expected to succeed. If a project does not yield the benefits expected, this is not necessarily a failure provided that lessons are drawn and disseminated. With the notable exception of the Department for Work and Pensions' "ONE" project, which was well evaluated and lessons from the project used in the development of Jobcentre Plus, less thought appears to have been given as to how the key lessons from the projects should be disseminated. As a result, key lessons about projects and the way innovative activities have been managed may be lost. This raises the risk of duplication of effort and additional costs.

The study team consisted of Nick Lacy, Phil Hyde and Ed Turner and the examination involved a detailed review of ten projects to assess how they had been selected and managed, and whether they had delivered service benefits and efficiency gains. As part of the study a paper was commissioned from Professor Tom Ling, the National Audit Office's Senior Research Fellow which looks at innovation in the private sector and is available on the National Audit Office website (www.nao.gov.uk).

executive summary

- 1 A key feature of the Government's drive to improve public services is the view that innovation can play an important part in improving public services and securing efficiency gains. Ground breaking projects have the potential to offer significant service delivery and efficiency benefits. The Invest to Save Budget (ISB) programme is essentially a form of venture capital intended to allow new and innovative service delivery methods to be tested to determine whether or not they should be implemented more widely across government.
- 2 The ISB is a joint Treasury and Cabinet Office programme, started in 1998-99, which provides funding for new public sector projects in which two or more bodies work together to achieve improvements in service delivery and cost savings. As at July 2002 the programme had allocated £310 million to 334 projects involving government departments, local authorities and health authorities, voluntary bodies, the police and other public sector agencies, over four annual funding rounds. Although 'Invest to Save' suggests that it is a vehicle to deliver financial savings, this is not its primary purpose although some projects may identify opportunities to secure efficiency gains (**Figure 1**).
- 3 The report looks at what the ISB programme has achieved so far (**Part 1**) and examines in more depth ten ISB projects (**Figure 2**) with a combined value of £90 million in the Department for Work and Pensions (**Part 2**), the Home Office (**Part 3**), and the Office of the Deputy Prime Minister and the Department for Transport (**Part 4**). The report draws out wider messages about the management and successful implementation of innovative projects.

1 The ISB programme is about promoting

- Improved services.
- Efficiency gains.
- Partnership working.
- Innovation.
- Sustainability.



Source: ISB website

2 The costs and benefits of ten ISB projects examined

Purpose	Cost (£m)	Benefit
The ONE Project (Case Study 1)		
ONE is a project to enable people to claim benefits from a single contact point rather than separately from local authority, benefit offices and Jobcentres. It also develops a new approach by requiring all new claimants to consider their capacity to work and their job prospects before receiving benefits.	Total	116.4
	ISB	79.5
	Partners	36.9
		Realised
		Over 800,000 benefit claimants dealt with by ONE pilot offices. Nearly 300,000 personal adviser interviews conducted, with a significant increase in lone parents and sick or disabled clients who had discussed work at the beginning of their claim, and an increase in take up of work related courses by lone parents. Also there are some indications that more lone parents and sick or disabled people have moved off benefit and into work. Lessons learned have helped with the design of Jobcentre Plus and led to improvements in procedures and services.
		Expected
		The Department for Work and Pensions hope to learn further lessons from ONE that will help with the continued development of the Jobcentre Plus service. (Further evaluation of the impact of ONE on getting people into work and a cost benefit analysis of the project are planned early in 2003.)
Electronic Links to the Police National Computer (Case study 2)		
A project aimed to develop a standard Information Technology 'interface architecture' so that new computer systems being developed within the criminal justice system could be linked to the Police National Computer to access information on criminal convictions in connection with arrest, sentencing and probation processes.	Total	1.71
	ISB	1.32
	Partners	0.39
		Realised
		Common architecture developed for linking other organisations' systems to the Police National Computer, and a link to the Court Service's IT system established.
		Expected
		Combined annual savings in staff time of £122,000, with an additional £11,000 if the Probation Service joins. (Cumulative benefit of all criminal justice organisations implementing electronic links may be around £17 million, less implementation costs which have not been quantified.)
Sussex Integration of Justice Project (Case study 3)		
A project to reduce the need to send papers by post and fax to process offenders by linking the Information Technology systems of three organisations - the Police, Courts and Crown Prosecution Service in the Sussex pilot area.	Total	0.53
	ISB	0.39
	Partners	0.14
		Realised
		A non-secure e-mail connection between the Police, Crown Prosecution Service and Magistrates' Courts Committees in the pilot area of Sussex. Also a CD-ROM documenting project findings, business maps, analysis and source materials.
		Expected
		Increased amount of joint working between the three organisations. Although the initial connection between the police and the Courts was not secure, by Autumn 2002 the Criminal Justice IT Unit was beginning to roll out secure e-mail on a national basis.
Data Exchange and Sharing between the Forensic Science Service (FSS) and the Police (Case study 4)		
An abortive project which sought to use information technology to exchange forensic science information between the Forensic Science Service and police forces in Leicestershire, Northamptonshire, Staffordshire and Warwickshire.	Initial bid was	£0.25 million
		Expected
		Abortive work done on the project highlighted the need for better information exchange between the FSS and its police customers and the project was quickly curtailed. The FSS hopes that, by the end of 2002, the planned benefits from the ISB project will be available as a result of enhancements made to its regular information systems.
Joint Approach to Money Laundering (Case Study 5)		
A project to allow for better sharing of information relating to suspicious money transactions. It aims to develop electronic means for bodies to make financial disclosures to the National Criminal Intelligence Service. It will also give agencies information so that they can carry out their own investigations.	Total	3.7
	ISB	2.8
	Partners	0.9
		Expected
		This joint approach should increase the number of financial disclosures and identify professional institutions who do not comply with money laundering regulations. Administrative efficiency savings may be in the region of £1 million per year. There is also scope for better identification of benefit fraud and tax avoidance, which may allow savings of several million pounds per year.

Purpose	Cost (£m)		Benefit
City of Bradford Metropolitan District Council: Bradford Partnership for joined up working (Case study 6)			
The project is a pilot 'one-stop-shop' to give citizens of Bradford access to the City of Bradford Metropolitan District Council's and the Inland Revenue's services as well as information on job availability and benefits from the Department for Work and Pensions.	Total	3.15	Realised
	ISB	2.1	To improve public access to services Bradford MDC and their partners have developed a one-stop-shop that is opening in spring 2003.
	Partners	1.05	
			Expected
			If successful, the one-stop-shop is to be rolled out throughout Bradford.
London Borough of Lewisham: Life Events Access Project (Case study 7)			
The project is a pilot to give citizens access to services via a Web site arranged around eleven life events such as seeking employment or dealing with death, giving access to the relevant service providers' (central or local government and the voluntary sector) web sites via hyperlinks.	Total	2.0	Realised
	ISB	1.2	A web site based around life events and a process mapping toolkit helping to link over 600 processes needed to deliver a range of public services. The latter is in use in 350, out of 388, English local authorities.
	Partners	0.8	
			Expected
			The web site is due to go live in autumn 2002 (over a year later than planned), giving the public better access to services.
Norwich City Council: Norwich Connect (Case study 8)			
A project piloting increased access to the Council's services via an Internet portal arranged around life events, provision of electronic access kiosks and two one-stop-shops in relatively deprived areas.	Total	0.16	Realised
	ISB	0.04	Norwich have developed a strategy for making services more accessible including a portal on their website, two one-stop-shops in deprived areas and extra electronic access kiosks (making available a computer and a telephone).
	Partners	0.12	
			Expected
			Norwich plan to realise these improvements to public services by implementing their strategy later in 2002.
Office of the Deputy Prime Minister: Promoting Electronic Government (Case study 9)			
A project to develop a self-assessment toolkit for local authorities to assess their progress in developing electronically available services to help meet the Prime Minister's target of all government services being available online by 2005.	Total	0.8	Realised
	ISB	0.6	Promoting Electronic Government produced by May 2002 the planned benchmarking toolkit, good practice case studies and guidance on procurement. Early results indicated that 80 per cent of the target group of English local authorities had registered on the website and 51 per cent had accessed the highest level package. More complete evaluation of the impact is planned late in 2002 when the material has been available for several months.
	Partners	0.2	
Vehicle Inspectorate: SOLUS (Case study 10)			
A project to link the IT systems of the Vehicle Inspectorate and the Magistrates Courts to register and transmit the details of prosecution cases involving unsafe and polluting vehicles in order to increase efficiency and help prevent cases failing through being time expired.	Total	0.13	Realised
	ISB	0.092	The Vehicle Inspectorate have developed an electronic case recording and controlling system (SOLUS), which has been used to transmit case documents on line to the Procurator Fiscal's system in Scotland. (The system is not electronically transmitting cases to the Magistrates' Courts because their system to receive them is not yet available.)
	Partners	0.038	
			Expected
			When the Magistrates Courts' IT system comes online SOLUS is expected to transmit dangerous and polluting vehicle prosecution cases electronically thereby saving about £60,000 per year in costs and preventing about 120 cases a year being lost because they are out of time for bringing prosecution to court.

Key findings

Appraisal - whether the criteria for selecting projects for support from ISB were properly adhered to.

- 4 The criteria for selecting projects for support from the ISB are deliberately very broad to encourage a wide range of ideas to come forward. Projects should:
 - i be founded on a partnership;
 - ii be innovative in concept;
 - iii provide additionality - the project would not have gone ahead if ISB funding had not been provided; and
 - iv deliver measurable benefits to service users and taxpayers. We found:
- 5 **On selection** - The 260 projects funded up to round 3 were selected from some 1,000 expressions of interest and 400 formal bids. Projects vary in size - 27 are over £2 million; 61 between £1-2 million but the average cost is £924,000. At £80 million the largest project is the Department for Work and Pensions' ONE project to enable people to claim benefits from a single contact point. Since the ISB programme started the quality of business cases justifying projects has improved but there are still weaknesses in the assessment of risk such as if the take up of a new service by the public is lower than expected how the impact of this might affect the viability of a project. Departments considered that tight timescales particularly in round 1 to develop and submit expressions of interest and work up applications and business cases had led to more mainstream projects being put forward than ones which were more innovative in developing and testing new ideas. Although departments had the opportunity to identify innovative projects between rounds they tended to wait until the rounds were announced before identifying suitable projects. Many projects put forward by departments tended to be more mainstream than 'cutting-edge'. As insufficient good quality projects were proposed nearly £20 million was not allocated in round 3 and rolled forward to 2002-03. In round 4 nearly £15 million was not allocated and rolled forward to 2003-04.
- 6 **On partnership working** - the projects selected for ISB support and all the projects we examined had a strong element of bodies working together which provides opportunities for future collaborative working. It is as yet too early to assess whether these partnerships are sustainable after ISB support has ceased but project managers were generally optimistic about the potential for future collaborative working.
- 7 **On expected returns** - Just over a third of projects are intended to achieve efficiency gains and two-thirds improvements in service delivery. The expected benefits to costs on ISB projects is, on average, in the order of 2:1. A different approach is taken by some research and development companies who are prepared to fund high risk venture capital projects for an expected return as high as 8:1 or even 12:1.
- 8 **On the allocation of ISB support** - Much of the spending is to support key government programmes, such as increasing public access to services, tackling social exclusion and improving educational opportunities for young people. While half of the projects focus on improving the effectiveness of existing services, less than one in five is about achieving quicker service response times, reducing the cost of delivery or developing a better understanding of what citizens want from public services.



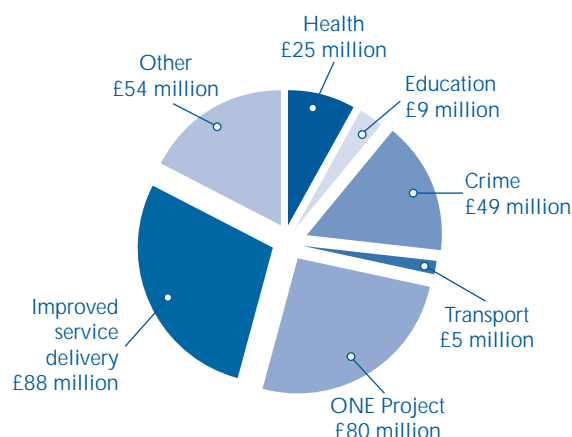
Management - whether the use of ISB funds was adequately monitored

- 9 **On the management of the programme - As ISB is a form of venture capital, not all projects are expected to succeed.** If a project does not yield the benefits expected this is not necessarily a failure provided that lessons are drawn and disseminated. For example, the abortive project on data sharing between the Forensic Science Service and the Police (Case Study 4) illustrates how effective risk assessment can limit nugatory expenditure, and even prompt alternative means of achieving a project's planned objectives. Most projects have, however, proceeded. The independent evaluations commissioned by the Treasury suggest that lessons about the management of the programme in earlier rounds have not yet been fully taken on board by departments such as the need for all those involved with a project to have the same agreed objectives.
- 10 **On risk - There are risks associated with innovative projects and with bodies working together for the first time.** One of the main risks associated with the projects stems not from their innovative nature but from departments' limited monitoring and reporting of what has been achieved and the absence of mechanisms for routinely disseminating lessons learnt on innovative ways of working and better service delivery methods that have the potential for wider adoption across government. Although the Treasury has disseminated lessons learnt through conferences and the ISB website this is dependent upon the feedback it receives on the performance of ISB projects.
- 11 **On evaluating the added value of ISB projects - For earlier projects evaluative criteria to assess the extent to which they achieved their intended outcomes were not routinely set at the time funding was approved,** although this has improved with more recent projects. Guidance on project evaluations is set out in the bidding guidance, the ISB website and more generally in the Treasury guidance on Appraisal and Evaluation ('The Green Book'). While defining a project's intended outcome too narrowly can reduce managers' scope to be innovative some evaluative criteria are needed to determine whether the cost of each project is justified in terms of the benefits it is likely to achieve and whether the project, if successful, is likely to have good potential to be more widely implemented by other organisations.

Performance - whether ISB supported projects have achieved tangible outputs and improved performance and efficiency gains, and whether lessons learnt have been disseminated widely

- 12 **On achievement** - Only 40 (15 per cent) of the 260 projects supported in the first three rounds of the ISB programme were completed by July 2002. It is therefore not yet possible to assess fully what the ISB programme has achieved. Initial results show that:
 - Benefits most typically include improving the public's access to information (the Department for Work and Pension's ONE pilot project has made it possible for job seekers to access information on a whole range of job vacancies through one point of contact); better co-ordination of service provision, for example working towards bringing together the emergency call handling services of the Ambulance Service, Police and Fire Brigade in Cleveland; and intervening earlier to tackle issues more effectively, for example a Prisoners' Passport project on Teeside where prisoners are offered advice on jobs, housing, health and benefits in the months before their release to help reduce re-offending.
 - Twenty-eight per cent (£88 million) of the £310 million spent so far has been allocated to projects to deliver improvements in health, education, transport and tackling crime.

3 Allocation of ISB Funding Rounds 1-4



Rounds 1 - 4

Shows that around £88 million (28 per cent) out of £310 million has been allocated to projects which are directly aimed at improving services in the four key areas of crime, health and education and transport.

Source: ISB Statistics

- A further 28 per cent has been allocated to delivering local improvements in public service delivery mainly through better use of IT.
 - Twenty-six per cent (£79.5 million) has supported a single project - the Department for Work and Pension's One project which pilots a one-stop-shop making it possible for people to claim benefits and receive employment advice from a single location.
 - Projects have fostered more working together by public sector organisations at a local level. As yet there is, however, less evidence of what programmes have achieved in terms of more tangible and sustainable improvements in services partly because many projects are at the early stages of implementation. Many have also been delayed with consequential under spending of funds, for example, of £12 million allocated by the Department for Transport, Local Government and the Regions¹ to local authorities in 2000-01, some £8.5 million (70 per cent) was unspent. In 2001-02, £4.8 million (28 per cent) of £17.2 million allocated was unspent.
 - At June 2002, 19 projects had had a formal evaluation. These were variable in the extent of their analysis partly reflecting the size and value of the project. Seven of the evaluations contained a basic review of project expenditure while 12 provided quantitative and qualitative analysis of what projects were achieving.
- 13 On wider take up of innovative solutions and sustainability** - The most successful ISB projects are those whose benefits:
- i continue once funding has ceased; and
 - ii are mainstreamed and rolled out across government.

The ISB will fund up to 75 per cent of the cost of a project which otherwise would not have gone ahead. Apart from the Department for Work and Pensions' ONE project how projects will continue once funding has ceased has often not clearly been thought through. Over the course of the first three rounds of ISB funding the percentage of projects reported as likely to be more widely adopted after funding has increased from 42 to 60 per cent. Nevertheless more developed ways of sharing the benefits and lessons learned from ISB projects are needed so that a wider range of public service providers are aware of them and encouraged to adopt them.

¹ Responsibility for Local Government has now transferred to the Office of the Deputy Prime Minister.


Key Conclusions

- 14 The ISB has had some notable success in promoting wider recognition by departments and agencies of the importance of innovation in improving public services. There is also some evidence of greater understanding of the risks associated with innovation and ISB projects have brought together bodies to work more closely together. Uncertainty remains, however, as to what ISB projects have achieved in terms of sustainable longer term improvements in service delivery and operational efficiency because many projects have yet to be completed.
- 15 The ISB is the equivalent of private sector venture capital where experience suggests that to be successful some management flexibility and risk taking is needed. A willingness to be innovative is, however, more likely to become widespread if public sector organisations have confidence that the risks associated with innovation are managed in a way that the chances of projects being successful are increased. Our findings suggest that for ISB projects departments need to improve their risk management in four respects.
- 16 **More targeting of ISB support.** Departments have concentrated their efforts on identifying projects to get the ISB programme off the ground. This has resulted in somewhat of a scatter gun effect with a large number of projects being supported. While this means that the potential for innovation is widely spread there is a risk that financial support is so widely dispersed that its impact is reduced. The chances of promoting successful innovation are likely to increase if the ISB targeted its support on a smaller number of key areas which have most potential to benefit from innovation. These might include different ways of making services more accessible and convenient for the public to use, making it possible for people to apply for and receive public services online, and improving the speed of delivery.
- 17 **Better project oversight and monitoring.** Most ISB funded projects are small in comparison with departments' total spending. Projects therefore tend to receive less attention than departments' larger programmes. As, however, the potential return from ISB projects in terms of how to deliver better services should be significant this should justify closer management oversight to increase their chances of success. Departmental management need to involve themselves more in reviewing the progress of ISB projects, assessing what is, or what is not contributing to their success and considering the sustainability of project benefits.
- 18 **More focus on achievement.** The extent to which the results of ISB projects are evaluated is variable. There is a risk therefore that better ways of delivering public services may not be widely implemented. Conversely a new approach which initially seemed to have good potential but which was subsequently not realised may be tried elsewhere thus wasting public money because the lessons learned were not widely communicated. The achievements of ISB projects need to be evaluated and more widely reported.
- 19 **Greater attention to the sustainability of benefits.** Careful consideration is needed as to who should be responsible for the implementation of new ways of delivering a service which an ISB project has demonstrated to be practicable. For example, the management of the service could rest with the lead organisation which received ISB support and developed the initial idea but the private sector may have the necessary skills in product development and marketing to ensure successful implementation.

Recommendations

20 On the basis of these conclusions we make four main recommendations intended to help departments promote the realisation of the benefits of innovation.

- 1 **Focusing ISB support more on tackling the key barriers to improving public services.** The Department for Work and Pensions' One project is unique in ISB terms as it addresses a major barrier to service improvement - the inconvenience and difficulties which people experience in claiming benefits. Other ISB projects have tended to be not so well thought through or have either been more mainstream than "cutting edge" projects sometimes previously relegated to lower priority or projects considered by departments to be simply good ideas. As a consequence financial support can be piecemeal and uncoordinated thus reducing its impact. **Departments should focus more on identifying the barriers to improved service delivery and ensure that the projects they propose for ISB support are better targeted to identify how these barriers can be tackled in new and innovative ways.**
- 2 **Providing more support for managers responsible for innovative projects.** All ISB projects should be subject to sound project management but realising the benefits of innovation also requires managers to be flexible and receptive to new ways of delivering services. Where a service has been delivered in the same way for many years a significant barrier may be a reluctance to change. Managers are more likely to be prepared to adopt new innovative approaches if they have more exposure to different practices that have been proven to work. **One way of achieving this would be to circulate the results of ISB projects more systematically, ensure that they are easily accessible as well as making it simpler for those involved in successful projects to be consulted to share both good practice and knowledge of risks requiring careful management.**

- 
- 3 **Better assessment of costs and benefits.** Identifying the benefits which can be attributed to ISB support can be difficult because some projects may be part of a larger programme or ISB funding may be one of several factors contributing to the benefit. It is nevertheless important that an assessment of benefits, together with the extent to which they represent innovation that can be more widely applied, is made. **As with any venture capital, the rate of return achieved in terms of the actual or expected benefits for the level of investment should be calculated and made available for each ISB project. In this way other public sector organisations can form a better judgement as to whether projects are worth implementing more widely.**
 - 4 **Ensuring the sustainability of benefits.** The benefits of the Department for Work and Pensions' ONE project are likely to have a longer lasting impact through the influence the project has had on the design of Jobcentre Plus. For other ISB projects there is less evidence that sufficient consideration is given to the sustainability of benefits and innovation once ISB funding ceases. All successful projects should have well thought through plans for ensuring that the improvements in service delivery which they have achieved will continue. **This should include how new approaches successfully piloted can be more widely implemented and who should be responsible for this; identifying possible sources of future funding; and how best to deal with any barriers that exist which could prevent the wider realisation of project benefits.**

Annex A

Key questions for departments to ask when taking forward innovative projects

Successful innovation involves three key stages

Stage 1: Identification of the key areas where innovation is needed - Improving public services is very much about looking afresh at long established ways of doing things or tackling deep seated problems. In particular, it means (i) considering how the service could be improved through the eyes of the key users; (ii) having identified potential improvements determining the barriers which have to be overcome to deliver the improvements; and (iii) considering how other organisations in a range of sectors have tackled such barriers. Innovation can contribute to each of these stages. For example, in the case of (i) thinking about how the service improvements achieved by major retailers will have influenced the public's expectations of the service they receive from a public sector organisation.

Key Questions for departments to ask:

- i Has the service currently being delivered been assessed from a range of different stakeholder perspectives - users of services, suppliers, those delivering the service to consider how it might be improved?
- ii Has the service been compared with other public, private and voluntary sector methods of service delivery to consider how existing ways of working might be done differently?
- iii Are those responsible for delivery encouraged to think the "unthinkable" and challenge long held views about what can be done and what cannot?
- iv Are reliable ways in place to keep up to date with latest developments in technology?
- v Is sufficient time allowed for key staff to brainstorm and think through potential development opportunities?
- vi Is there a research and development programme and how well is this targeted on improving key services and operational efficiency?
- vii Is there sufficient senior leadership and support for innovation and are staff aware of this?
- viii Is promoting and supporting innovation an element of the organisation risk management strategy?

Stage 2: The promotion of innovation - this covers the ways in which innovation can be fostered and helped for example by setting aside specific funds to support innovative projects (ISB), by accepting that some projects may fail or be less successful but this in itself can lead to positive lessons, by encouraging staff at all levels to try something new, by providing support and advice to those managing innovative projects.

Key Questions

- i Is there a clear business case for the investment in innovation (What is the expected rate of return from the investment, including potential benefits from wider adoption of the idea if it is successful)?
- ii Are those innovating clear about what they are expected to deliver?
- iii Is it clear what form the innovation takes (new process, new way of working, new service, new way of procurement, innovative project management etc)?
- iv Are mechanisms in place which support innovation (financial and other incentives and a non-blame culture)?
- v Is the innovation project well managed (Has sufficient flexibility been given to enable the ideas to flourish while ensuring the work remains on track, is it clear who is responsible for taking forward the innovative idea, is the innovation measured against a baseline)?
- vi Have the risks associated with innovative projects been managed?

Stage 3: Dissemination of lessons learnt - this covers the collection and spreading of lessons learnt about the innovation to other parts of government. It also covers good practice on how to promote and manage innovative projects and ideas so that they deliver the expected benefits in terms of improvements in public services and efficiency.

Key Questions

- i Are mechanisms in place to spread good practice about successfully managing innovative projects?
- ii Are arrangements in place to disseminate good practice from innovative projects to other parts of government so they do not reinvent the wheel?
- iii Is information shared across government on the key areas where innovation is needed?
- iv Are there clear responsibilities for identifying key areas where innovation is needed and co-ordinating the effort and results from investment in these areas?
- v Is there a marketing strategy to ensure that solutions proven to work do not 'wither on the vine' and that the benefits across government from the investment are maximised?
- vi Is there a comprehensive and systematic collection of proven innovative projects which have successfully improved services and efficiency?

Part 1

What the Invest to Save Budget has achieved so far

1.1 This part of the report explains: (i) what the ISB is intended to achieve; (ii) the risks associated with innovative projects; (iii) how projects are selected for ISB support; (iv) what the ISB programme has achieved so far; and (v) how we did the study.

What the ISB is intended to achieve?

- 1.2 The ISB is a joint Treasury and Cabinet Office initiative which provides funding for new public sector projects in which two or more bodies work together to achieve improvements in service delivery, cost savings or (in some cases) both. The programme provides funding for projects that increase the extent of joint working between different parts of government; identify innovative ways of delivering public services; and reduce the cost of delivering services and/or improve the quality of services delivered to the public (Figure 4).
- 1.3 The programme had at July 2002 invested £310 million in 334 projects. Only 15 per cent (about 40) of the 260 projects supported in the first three rounds of the programme from 1998-99 to 2000-01 were completed by June 2002. The key expected outputs of ISB projects are joining up services at the point of delivery (88 per cent of project managers consider this to be a key output of their project), providing people with government services online (82 per cent) and building partnerships between delivery organisations (79 per cent) (Figure 5).

1.4 The key intended benefits are increasing public access to services, tackling social exclusion and focusing on issues impacting on education and young people. There is less emphasis on projects aimed at transport and tackling fraud (Figure 6). Half of the projects focus on improving the effectiveness of existing services. Less than one in five of the projects are about achieving quicker response times, reducing the cost of delivery or understanding what citizens want from the service (Figure 7). Projects of this kind should reduce the risk that services or delivery methods are developed which citizens do not necessarily find attractive to use or are not sustainable on cost grounds.

Risks associated with innovative projects

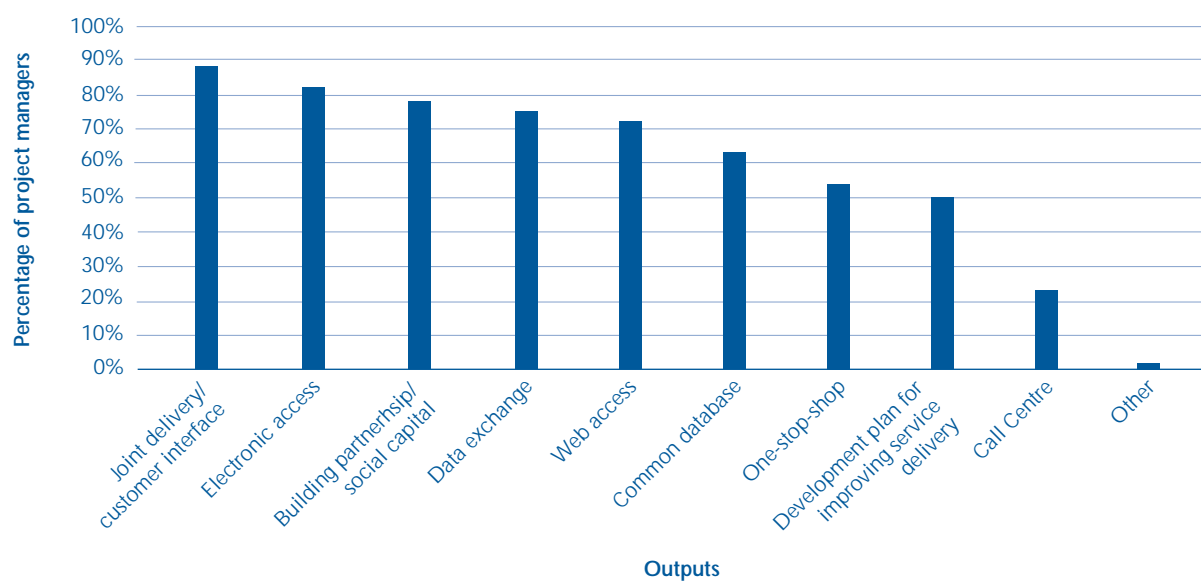
1.5 The ISB programme arose from the Government's concern² that new approaches which had good potential to help improve services were not being adopted because they were perceived by civil servants to be too inherently risky. As a consequence the public sector was not benefiting from improvements in public services which innovation could make possible. In response the ISB is intended to foster changes in departments' methods of working which promote successful innovation and which bring together two or more public service bodies to encourage them to work more closely to deliver projects from which lessons can be learned and widely adopted to improve service

4 The ISB programme is about

- **Improved services** - for example setting up a one-stop-shop for people to receive careers guidance and mentoring.
- **Efficiency gains** - for example developing a common referral system for landlords, police and other service providers in cases of anti-social behaviour.
- **Partnership working** - for example several agencies in London sharing information on individuals with serious mental illness, in order to reduce the number of preventable incidents involving these individuals.
- **Innovation** - for example using information technology to provide faster exchange of data between the Inland Revenue and employers.
- **Sustainability** - for example improving general knowledge about the nature and extent of geographical information that exists in the UK.

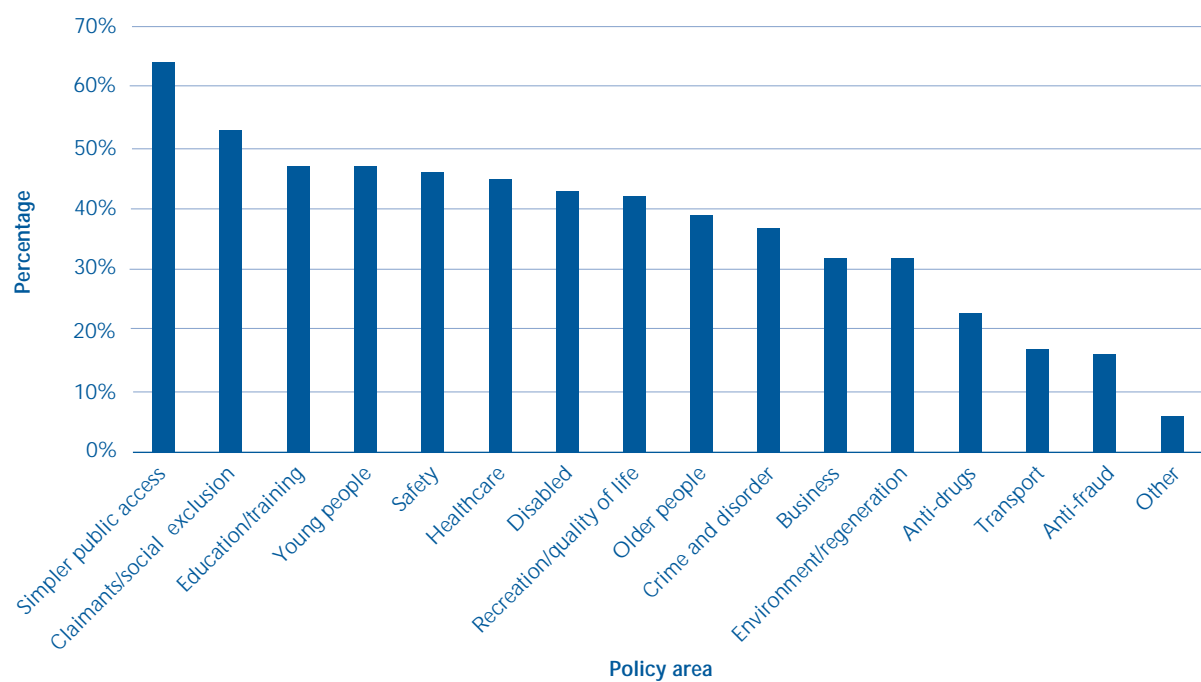
Source: ISB website

5 Invest to Save Budget main project outputs



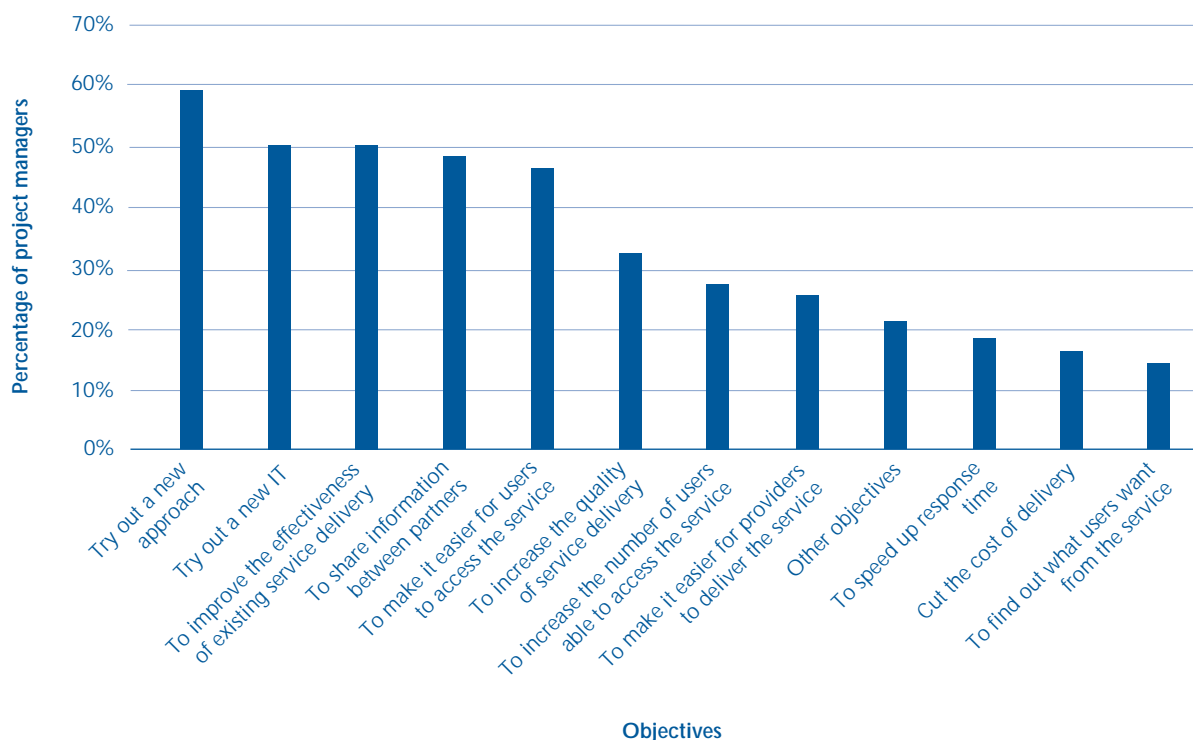
Source: SQW Ltd report May 2002 survey of project managers

6 Policy areas covered by Invest to Save Projects



Source: SQW Ltd report May 2002 survey of project managers

7 What are the objectives for the ISB projects?



Source: SQW Ltd report May 2002 survey of project managers

delivery. The importance of ensuring the cost effectiveness of joint working arrangements to improve service delivery was highlighted in the Committee of Public Accounts Report on Better Public Services through Joint Working in April 2002 (Figure 8).

- 1.6 Innovation can take many forms. For example, an innovative approach in a traditional area of government activity such as construction could be in the design of a building which saves fuel costs; in procurement it could involve the wider use of forms of contract which reduce procurement costs such as framework agreements. Examples of innovation more likely directly to improve service delivery include harnessing IT to improve people's access to services; re-engineering existing working practices so that administratively burdensome procedures are reduced; and providing services in a range of different ways and locations which the public find more convenient.

- 1.7 There are a number of risks associated with supporting 'innovative' projects. The key risk is that innovative projects, in general, may have limited sustainable impact on the quality of service delivery and/or the cost of provision. Furthermore, any lessons learnt may not be effectively disseminated and acted upon by other organisations. One way of addressing this risk is to have robust and timely project evaluations to measure the benefits achieved. More specific risks to the value for money of funds invested in innovative projects include:

- **failure to follow appropriate selection criteria** leading to the selection of projects that do not demonstrate real innovation and that are unlikely to deliver measurable and sustainable benefits. Alternatively a project might be funded which would have gone ahead anyway;
- **inadequate monitoring of project funds and poor project management** which may result in failure to intervene in projects that are struggling, avoidable costs once failure becomes inevitable, or threats to the success of promising but difficult projects not being tackled early enough;

8 Committee of Public Accounts recommendations on improving joint working to deliver better public services

The Committee of Public Accounts in their report 'Better Public Services through Joint Working' in April 2002 highlighted that the Departments working with other organisations need to establish arrangements for assessing the cost effectiveness of joint working arrangements, including the difference they make to the quality of public services and overall value for money achieved. They recommended departments should:

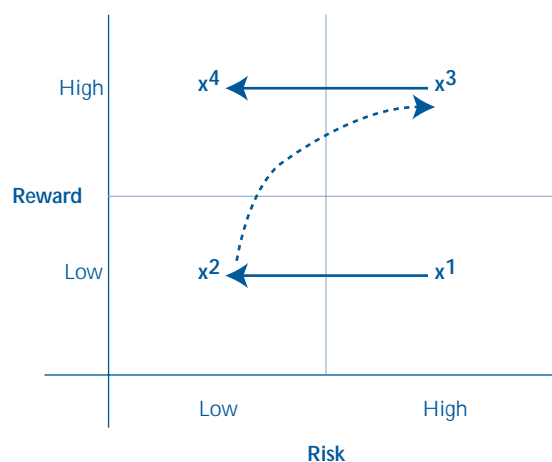
- give careful consideration to the financial arrangements in designing joint working arrangements - setting budgets and clear targets as to what is to be achieved while allowing partner organisations to decide how to use the money to meet the targets should enable them to design services which best reflect local needs;
- have reliable information to demonstrate that expenditure on joint working has achieved what was intended. Departments should look for ways to integrate different reporting requirements and share information so that organisations only have to provide information in one format to one location;
- ensure that appropriate performance measurement systems are in place together with arrangements for collecting reliable and comprehensive information. Departments should publicise what working together has achieved in terms of tangible improvements in public services.

Source: Committee of Public Accounts, 28th Report 2001-02

- **inadequate management of risk**, particularly that associated with IT projects which have a poor track record of delivery, for example because the project design has not been sufficiently well thought through; suppliers failing to meet cost, time and quality standards; or insufficient take-up of electronic services by people to realise efficiency gains. Public sector workers are more likely to identify and apply new ideas if they can be confident that the associated risks are well managed;
- **insufficient action to identify the lessons from project success or failure**, and the absence of effective mechanisms to disseminate these lessons.

- 1.8 It is important that the innovation results in sustainable improvements in public services measured in terms of a good return for the investment. **Figure 9** sets out a model for how the return on innovative and potentially risky projects can be enhanced by good project and risk management and the selection of projects which offer a higher rate of return. This approach is similar to that adopted to **venture capital** (**Figure 10**) in the private sector.

9 Understanding the relationship of risk to reward - A model for getting a higher return from investment in higher risk and innovative projects



x¹ = Current position of ISB projects
 x² = Position with improved monitoring, reporting and dissemination of results
 x³ = Position of venture capital projects, which can have a potentially high return but carry a high risk
 x⁴ = Ideal position - low risk and high return

NOTES

1. There is a low return on the expenditure on Invest to Save projects but a higher risk that lessons learnt and new ways of working will not be widely taken up because of weaknesses in the monitoring and reporting on project outcomes. This reduces the opportunities to deliver improvements in services and efficiency. If reporting systems are improved then the risk can be reduced from x¹ to x².
2. By increasing the innovative nature of the projects supported by the programme and learning and disseminating good practice departments should be able to get a higher return on the investment. Risks are likely to increase however, if management is not adapted to take account, projects would be at x³ i.e. potentially high return but also greater risk - closer to the position of venture capital projects.
3. By managing the risks associated with innovative projects departments could reduce the overall risk and move to the ideal position x⁴ high returns with comparatively low risks to service delivery and achievement of key policy objectives.

Source: National Audit Office

10 What is venture capital?

A pool of risk capital, typically contributed by large investors, from which allocations are made to young small companies that have good growth prospects but are short of funds.

How projects are selected for ISB support?

1.9 The criteria for selecting ISB projects are deliberately very broad to encourage a wide range of ideas to come forward. Projects should:

- **be founded on a partnership** - two or more bodies should be involved;
- **be innovative in concept** - the project should break new ground;
- **provide "additionality"** - the organisations concerned were not going to carry out the project anyway, or at least not in the same form or to the same time-scale. If, for example, the spending department involved is normally funded for this kind of activity, the bid will not be seen as having additionality;
- **deliver measurable benefits** to service users and/or taxpayers.

1.10 The ISB Committee - made up of Treasury and Cabinet Office staff together with a representative from the Audit Commission - has strategic oversight of the programme and proposes funding allocations to Ministers. The programme is administered jointly by the Treasury and the Cabinet Office through the ISB Unit, which resides in the Treasury and is run by three Treasury staff. Departments are responsible for ensuring that regular reports on project progress are sent to the Treasury as well as evaluations when the project has finished. These roles and responsibilities are set out more fully in [Figure 11](#).

1.11 Two conditions have to be met to obtain ISB funds:

- project partners are required to raise at least 25 per cent of the cost of the project from within the partnership, as this demonstrates commitment to the project. Using funds from other sources is specifically excluded. Their contribution should usually be in 'cash' rather than in 'kind'.
- projects should have a capital/resource split in the order of 20/80 per cent, i.e. 20 per cent of the overall funds can be used for capital purchases and 80 per cent should be used for the resource costs of the project.

1.12 The bidding and selection process for ISB projects is shown at [Figure 12](#).

1.13 The 260 projects funded up to round 3 were selected from some 1000 expressions of interest and around 400 formal bids. The Treasury and Cabinet Office also scrutinise potential projects to ensure that the main risks have been identified and that mechanisms are in place to manage those risks.

1.14 As the programme has progressed, the trend has been towards larger numbers of less expensive projects. The first round had an average project funding level of £3.5 million (although artificially inflated by the Single Work Focused Gateway ONE project - removing this gives an average of £1.2 million), the second round had an average of over £0.5 million, and the third just below £0.5 million. The ONE project received twice as much (£80 million) as the 84 projects (£40 million) led by local authorities in the second and third rounds ([Figure 13](#)). The Department for Work and Pensions and local authorities have received 50 per cent of the total funds available under the four rounds of funding to July 2002 ([Figure 14](#)).

What the ISB programme has achieved so far

1.15 Most of the 260 projects funded in rounds 1-3 were directed at improving service to the public (64 per cent), rather than efficiency gains within the partnership bodies (36 per cent). In addition, the majority of projects (nearly 60 per cent) have been based upon the development of information technology in some form as a means to improve service delivery ([Figure 15](#)).

1.16 To help ensure that projects have positive impact they should be (i) based on a sound business case setting out the intended benefits together with a reliable estimate of associated costs; and (ii) be evaluated to assess the extent to which intended benefits are achieved.

a) The need for a sound business case

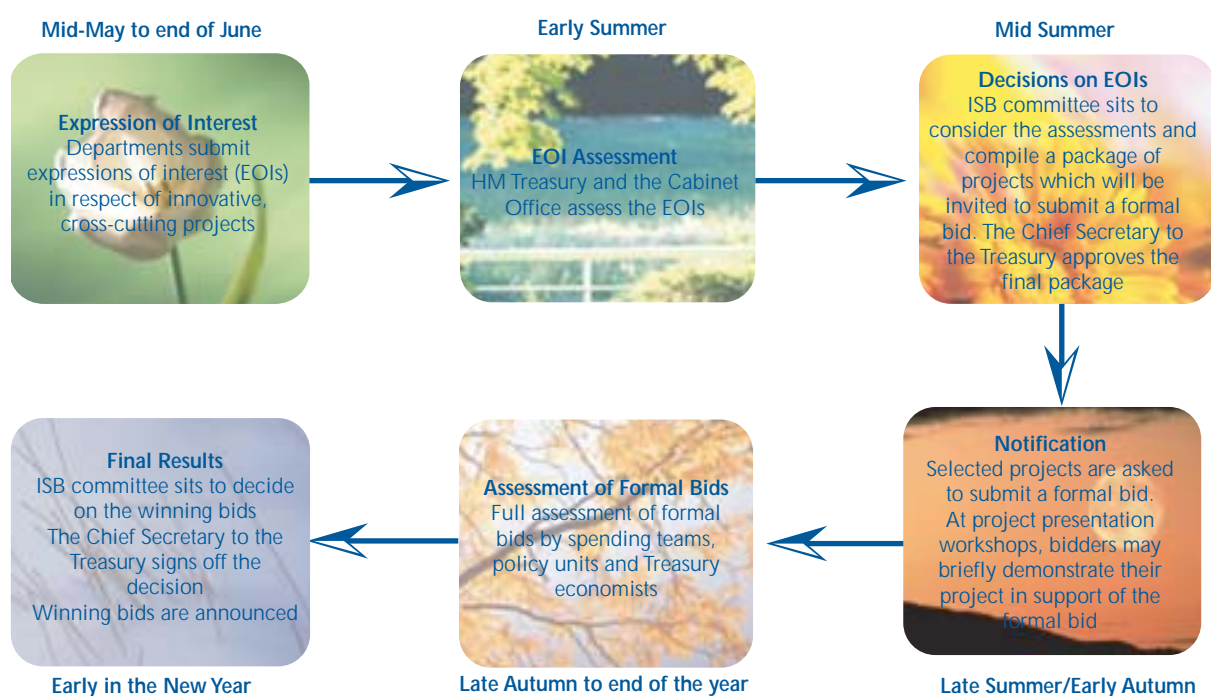
1.17 Our review of 20 business cases for projects funded as part of round four of the ISB programme indicated that their quality had improved since round one. Most of the key aspects of a sound business case were fully or partially met and there were examples of good practice ([Figure 16](#)). Most business cases included critical success factors which had been a weakness in earlier rounds and provided some assessment of quantified benefits and baselines against which to measure performance. Risk assessment was generally less well covered - for example the risk that the take-up by citizens of a new service is lower than expected as well as having in place strategies for dealing with such risks.

11 ISB Roles and Responsibilities

Organisation	Responsibility
ISB Committee	Made up of Treasury and Cabinet Office members together with an Audit Commission representative, the ISB Committee has strategic oversight of the programme and proposes funding decisions to ministers. The programme is administered jointly by the Treasury and the Cabinet Office through the ISB Unit, which resides in the Treasury and is run by three Treasury staff assisted by secondees on short-term attachments from other parts of the Civil Service.
The Treasury's ISB Unit	The Unit manages the overall selection process, including expressions of interest and monitors the progress of projects and the allocation of funds to successful projects. It also reviews evaluations reports on what has been achieved and commissions overall evaluation of the programme. It also has a wider role to disseminate lessons learnt and facilitate sharing of experience across departments for example through conferences.
The Cabinet Office	The Cabinet Office assists the ISB Unit to determine the criteria against which organisations are invited to submit bids (for example to ensure projects which deal with issues such as e-government and social exclusion are adequately represented in the bidding criteria and in evaluating the subsequent bids), sharing with Treasury the work involved in evaluating the expressions of interest, attending moderation meetings to ensure a consistent approach and participating in bidder workshops to advise prospective organisations about their bids.
Departments	Departments are responsible for identifying and selecting potential projects for ISB support and once funds have been allocated for monitoring and reporting to the ISB Unit on progress and ensuring evaluations are undertaken of completed projects. They also have a wider role to disseminate lessons learnt and identify methods of working which may warrant wider adoption to improve service delivery and efficiency.
Project Partners	Each project must have either a designated Accounting Officer (central government) or a designated Chief Officer (local government) who is personally responsible for the propriety and regularity of the expenditure and the value for money of the project. The ISB Unit recommend that the simplest way of satisfying these requirements is for one of the partners to take lead responsibility for the project and for their Accounting Officer or Chief Officer to take personal responsibility for it. For projects led by voluntary or community sector bodies the Home Office Accounting Officer fulfils this role.

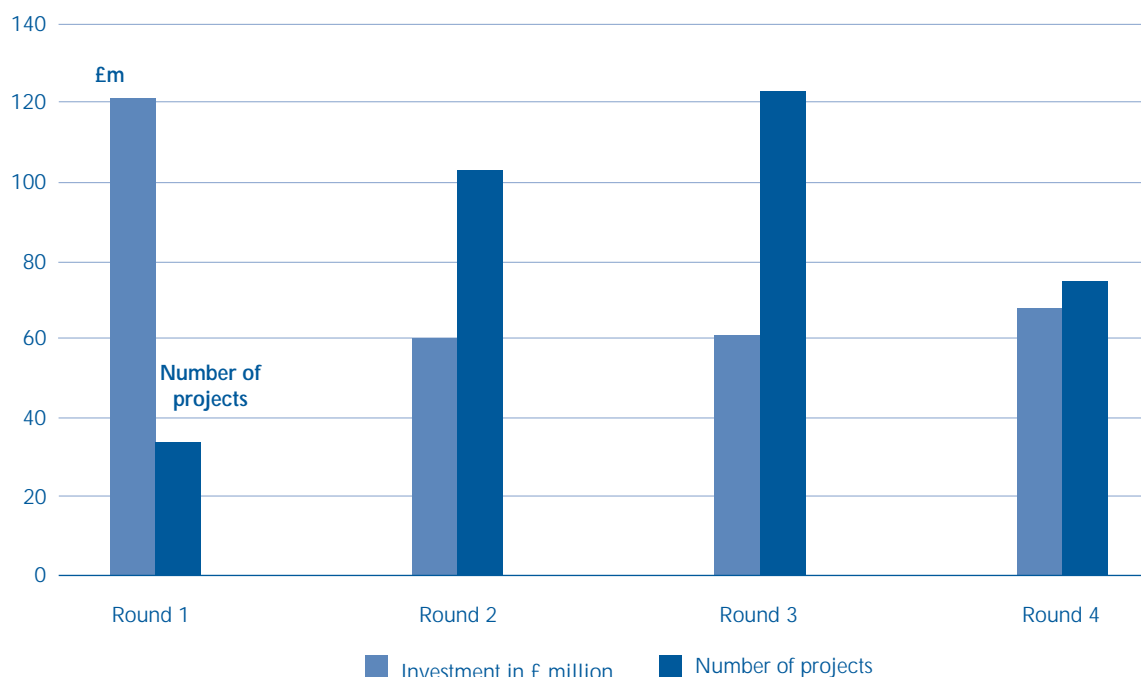
Source: National Audit Office

12 ISB bidding and selection process



Source: ISB website

13 Investment and projects funded by the ISB Programme



Examples of ISB projects

ISB Round 1 - 1999

- Department for Work and Pensions' Single Work Focused Gateway (later called 'One' and was the pilot stage for Jobcentre Plus) designed to provide claimants with an integrated benefit and job finding service - £79.5 million.
- Police Information Technology Organisation's Sussex Integration of Justice pilot, designed to speed up the processing of criminal cases - £394k.
- Office for National Statistics' Single Business Register to test the feasibility of developing a database across government for all departments to use - £440k.

ISB Round 2 - 2000

- Department of Trade and Industry's development of a range of electronic services, such as advice on exports, for small firms as part of the Small Business Service gateway - £10 million.
- Department for Work and Pensions' project to develop a telephone call centre to give advice to businesses on equal opportunities for business - £1.5 million.

ISB Round 3 - 2001

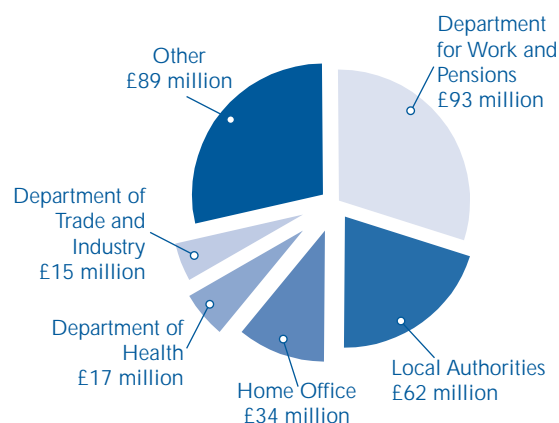
- The Royal Borough of Kingston's development of a single access point to public services and benefits when losing a job, for its 555,000 inhabitants - £3.5 million.
- Office of the Deputy Prime Minister's development of an electronic application system to connect the Rent Service to all local authorities in England - £1.7 million.
- A Department of Trade and Industry development project to allow exporters to apply for Export Licences online - £1.5 million.

ISB Round 4 - 2002

- Department for Work and Pensions' Social Bank project to support local community based organisations in providing advice to those who do not have a bank or savings account - £1.6 million.
- The Driver and Vehicle Licensing Agency's project to develop a secure method of electronic communication with Local Authorities to provide vehicle data for congestion charging, parking offences and abandoned vehicle purposes - £2.7 million.
- Department for Work and Pensions' project to make touch screen technology for accessing job vacancy information available in prisons - £1 million.

Source: ISB Project summaries

14 Expenditure on projects by department



Source: NAO analysis of ISB projects, rounds 1-4

15 Examples of innovation supported by ISB Projects

ISB support has typically supported the following examples of innovation:

- **Improving access to information for users** - bringing together information from different sources to improve access for users. For example, the Department for Work and Pensions project to develop a customer service centre so that jobseekers can access a whole range of job vacancies through one point of contact.
- **Co-ordination of service provision** - bringing partner services together, often under one banner. For example, a project working towards bringing together the emergency call handling services of the Ambulance Service and Police in Cleveland.
- **Electronic information sharing methods** - introducing email access and internet facilities to cut down on paper records or publication costs. For example, a Police Information Technology Organisation project to allow direct access to its criminal records database for other bodies in the criminal justice system.
- **Integrated database systems** - sharing information across partner organisations. A few of these are interactive, including electronic prompting facilities. For example, a multi-agency project to create an interactive shared database of live fish transfers and fish farm registrations in England and Wales. The project was designed to address the problem of rising levels of illegal fish transfers.
- **Early intervention** - to reduce the potential for problems by investing in new preventative measures. For example, a "Prisoners' Passport" project on Teeside, where prisoners are offered advice on jobs, housing, health and benefits in the months before their release. In its first year, the 375 prisoners involved had a reconviction rate of 5 per cent compared to 40 per cent nationally.

16 Examples of good practice from business cases supporting ISB projects

Factor	Good practice examples from business cases supporting ISB projects awarded funds in round 4
Objectives - how the project meets wider government objectives and the ISB programme.	The Environment Agency project to inform the public about severe weather and floods using a range of information technology to improve service delivery and to target warnings. The project supports a key objective to increase the percentage of the 'at risk population' receiving warnings from 58 per cent to 80 per cent by 2010 and reduce the financial and personal cost of flooding by around £3 billion over 10 years.
Critical success factors and how they will be measured including cost, time and quality standards.	Northumberland County Council Fire and Research Services project to develop citizens' fire, and health safety to prevent accidents at home and reduce arson. The project is targeted in regeneration areas based at five local fire-stations using IT to access safety information. The project aims to reduce fire deaths and injuries (deaths from three to one per year and injuries by 20 per cent within 5 years). The overall value of benefits over 5 years including savings in delivery costs and property from reduction in arson attacks is expected to be nearly £25 million compared to project costs of some £1 million.
Analysis of options to ensure that the selected option represents value for money, is affordable, achievable, supported by users and stakeholders, and sustainable.	Department for Environment, Food and Rural Affairs project to develop an intelligent interface and improve the exchange of information between the Department and the Plant Breeding and Seeds Industry and thereby to reduce administrative costs and ensure fees are collected at the time of registration. The business case included a full economic appraisal of the two options considered for the project including the do minimum option.
Assessment of risk - risks of project and impact on service delivery and wider business objectives.	Driver and Vehicle Licensing Agency project to implement a secure method of electronic communication between the Agency and local authorities to provide vehicle data for congestion charging, parking offences and abandoned vehicles. The business case included an assessment of risks such as lack of local authority interest and processing capacity at the Agency and data security.
Skills experience and competencies needed to implement project and capacity of organisations involved to deliver what is expected of them.	Department of Trade and Industry - A redundancy payments case handling system and IT interfaces to enable insolvency practitioners to send redundancy claims and other information through the Government Gateway. The project is to be overseen by a skilled project manager using standard management methodology. The project is broken down into stages with a project closedown stage for the solution to be handed over to the service management team. There is a project Board to control key changes and overall project costs and timescales and a user acceptance committee to ensure that the final product is acceptable to users.
Roles and responsibilities of key stakeholders and partners involved in implementing the project.	Home Office - Development of a new system for handling of missing persons to improve the way cases are investigated by the establishment of joint working between the Police and the National Missing Persons Helpline. The project will allow all cases to be recorded centrally providing better information for analysis and investigation. The project is being overseen by a cross-departmental group including the Department of Health, the Social Exclusion Unit, the Department for Education and Skills, and the Office of the Deputy Prime Minister and Local Government Association.
Mechanisms for monitoring, reporting and evaluating results and marketing good practice to a wider audience.	Department for Education and Skills - The Community Finance and Learning Initiative/Saving Gateway is designed to counter financial exclusion by reaching out to those presently excluded to deliver basic skills training, financial literacy support and access to mainstream financial services. The project team established the evaluation to run concurrently with the pilot to identify lessons learned and what works. The evaluation will consider the prospects for a wider roll out.

Source: National Audit Office analysis of business cases

b) The importance of project evaluation

1.18 In order to learn the lessons from ISB projects evaluations are required on completion or at an interim stage for projects being implemented over several years. We reviewed the post-project evaluation reports held by the ISB Unit, in order to assess the quality of evaluations and what they reveal about the impact of the projects and their key outputs. At June 2002, some 19 projects had had a formal evaluation. These were variable in the extent of their analysis partly reflecting the size and value of the project. Seven of the evaluations contained just a basic review of project expenditure while 12 provided extensive qualitative and quantitative analysis of what projects were achieving.

1.19 We analysed the reports against five criteria which the ISB website states that a post-project evaluation should cover (Figure 17). We found that in most cases the project objectives had been achieved or partially achieved, and that resources had broadly been used as expected. Very few reports set out however whether the project had adopted the most cost effective solution for improving the service and there was less evidence of how lessons learnt by the project were being disseminated.

Results of evaluation of the ISB programme commissioned by the Treasury

a) Interim evaluation, August 2000

1.20 In 2000, the ISB Unit commissioned Segal Quince Wicksteed (SQW) to carry out an interim evaluation of the ISB programme, based upon a review of ten projects from the first funding round (Figure 18). SQW's interim report in August 2000 indicated a number of areas where the cost effectiveness of funding and the management of the projects themselves could be improved:

- Spending departments should do more to encourage bids, monitor project expenditure, evaluate achievements against budgets and targets, disseminate lessons learnt, and embed the ethos of cross-cutting partnership within their organisation and management procedures.
- Project management and monitoring arrangements should be made more robust and transparent by: strengthening guidance; building on the use of PRINCE³; and stressing the need for skilled project managers.

17 Analysis of ISB project evaluation reports

Criterion

Project Evaluations 1-19

Have objectives been achieved?



Is achievement measured against a valid baseline?



Have inputs been made as expected and to time?



Has the project made the most cost-effective solution?



Have steps been taken to disseminate the lessons learnt?



● Achieved
 ● Partially achieved
 ● Not covered by evaluation
 N/A - Not applicable

Source: NAO analysis of ISB project evaluation reports

³ PRINCE 2 (Project in Controlled Environments) is a project management method first developed by the Central Computer and Telecommunications Agency (CCTA) as a UK Government Standard for IT project management.

18 SQW'S interim findings

The perceived costs and risks associated with innovative projects have inhibited their development in the past.

These risks can be effectively managed, such that ISB funding could at some point become redundant.

The combination of a partnership objective and an innovation objective has had the desired effect of encouraging organisations to "think outside the box".

Partnerships were generally working well, acting in an inclusive manner but with strong leadership.

Most Round 1 projects were not sufficiently advanced to demonstrate the delivery of quantitative improvements, but their potential was clear.

Project partners had strong intentions to continue or even extend joint-working once ISB funding ceased.

Source: SQM Interim Report, August 2000

- The role of the Treasury's ISB Unit should be clarified to spending departments and should, in addition to managing the bidding and selection process, liaise with spending departments on the direction of ISB, encouraging them to exercise a more hands-on role in project monitoring dissemination of lessons learnt. In response the ISB Unit was expanded to collect lessons learnt from projects at a time when the first tranche of projects was nearing completion.
- The bidding procedures should be amended to give more time to prepare bids, encourage mentoring of less experienced by more experienced partners, specify the minimum stage of development that projects should have achieved - a business plan - and emphasise the availability of seed-corn funding to reach that stage of development.
- Tapered funding at rates lower than 75 per cent of total cost should be available to projects that do not meet all the criteria of the programme. This would include those which: are at too advanced a stage of development; are insufficiently innovative; involve only one organisation; have previously received ISB for work in the same area; or relate to bodies which already have well established cross-cutting partnership arrangements.

b) Follow up evaluation May 2002

- 1.21 The same consultants conducted a follow-up review based on a survey of over 200 project managers and 130 project partners and a more detailed assessment of 35 projects from funding rounds one and two. Their report in May 2002 found that the programme management issues highlighted in the interim review, on which its recommendations for improvement were made, had not been fully addressed (Figure 19). The report highlighted weaknesses in the overall management of the programme and concerns about the

effectiveness of the programme. The consultants' key recommendations, which were mainly accepted by the Treasury, were that:

- Major concerns about the ISB management and the effectiveness of the programme and the potential roll out of lessons learnt from projects needed to be addressed if it is to be continued even with much lower budget levels.

Treasury agreed and ISB funding in the 2002 Spending Review was at a lower level.

- The management of the ISB portfolio needed to be more proactive in promoting sound risk assessment, taking action in projects in difficulties and facilitating rolling out of successful projects.

The Treasury agreed but considered that the need for contingency is best met by the lead department, which should also assess whether a project should be rolled out or 'main streamed'.

- A reduction in the number of projects funded focusing on key policy themes would help the ISB Unit manage the programme.

The Treasury partially agreed, for example to re-visiting the scope of ISB funding, but considered that priority areas should be determined by departments.

- The proportion of the ISB funding of a project should be proportional to the extent of innovation and risk.

The Treasury agreed - currently the majority of projects are 75 per cent funded.

- There should be clearer objectives of project management responsibilities within lead departments, tighter project monitoring and reviews at key stages in a project development and better management information on what projects have achieved.

Treasury agreed and are looking at ways to improve the information on projects

- 1.22 Overall very few projects had any quantification of benefits. Some 22 per cent of the 35 case studies looked at by the consultants had conducted a formal assessment of the costs and benefits, a further 22 per cent had conducted a basic or incomplete cost benefit analysis but 37 per cent had yet to carry out an assessment. In many cases it was too early to assess what had been achieved or there was no baseline for comparisons to evaluate what the project had delivered and in the majority of cases targets had not been set at the start of the project.

19 SQW evaluation of ISB Programme May 2002

■ on promoting innovation and risk taking:

The ISB programme has initiated innovative projects with emphasis on incremental rather than radical innovations and on service delivery methods rather than the service content itself. It has stimulated more partnership working and had a positive impact on the culture of risk-taking that was likely to persist beyond the particular ISB project. The evaluation suggested shifting the emphasis towards innovation and treating partnerships as a useful but not essential enabler for achieving innovation in public service delivery.

Of the 19 projects for which the evaluation was able to obtain ex post estimates, in 11 the benefits outweighed costs by less than or equal to 75 per cent (i.e. a benefit-cost ratio of up to 1.75). Higher risk and high potential gain projects might be expected to have benefit-cost ratios that exceeded 2.0, and some research and development companies set thresholds as high as 8.0 or even 12.0.

■ on effectiveness and sustainability of ISB partnerships:

The projects often involved partners that had limited experience of previous joint working and had promoted more positive attitudes to future joint-working. Some 55 per cent of project managers considered that working on ISB projects had made them likely to work on higher risk projects in future. However, the commitment to joint-working was not present, according to project managers, in about half the ISB projects - and had been declining over the three Rounds. One reason was the absence of quantified benefits from the ISB projects (only about half the project managers claimed that quantitative performance targets had been set for their projects).

■ on the effectiveness of ISB programme management:

Project managers and partners considered that lead departments became less engaged in ISB projects over the three rounds - 35 per cent of project managers considered the lead department showed not very much or no interest in project progress or outcomes.

■ on the impact of the ISB programme:

It was considered premature to attempt to draw conclusions on the overall level of benefits and savings being generated by ISB because so many projects were still in progress or had been delayed. The additionality of the ISB projects was generally high and project managers and partners considered that the value for money of the projects and the potential for future collaborative working was high. However, there was a general lack of quantification of outputs and outcomes, with limited evidence of estimation of benefit cost ratios.

■ on risk management

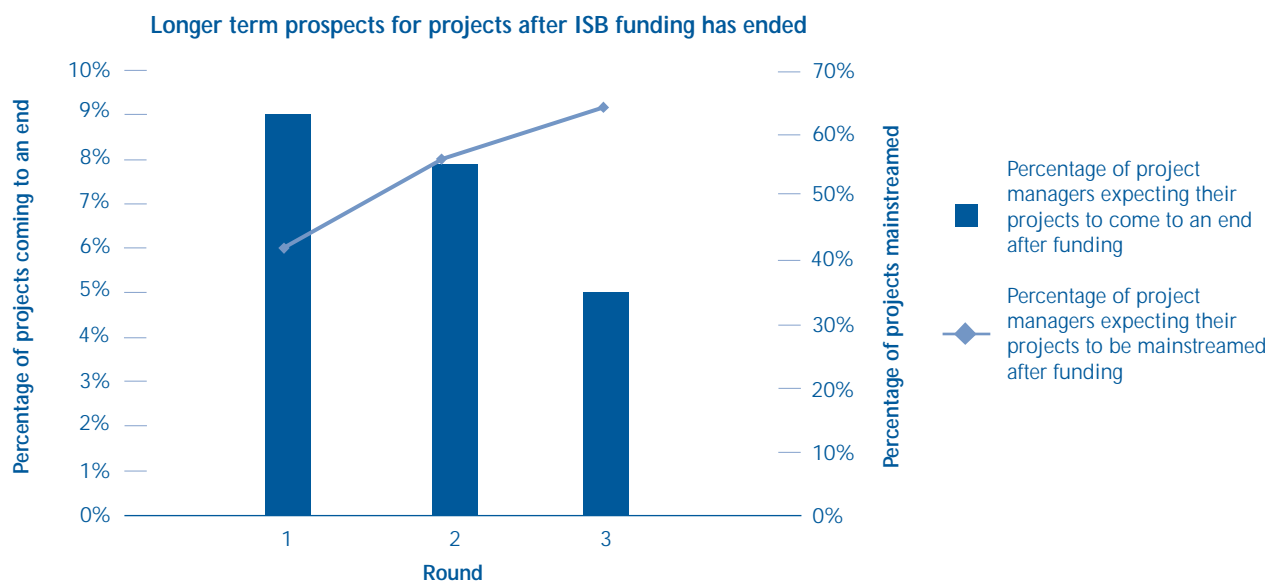
The evaluation contrasted the approach of venture capitalists in the private sector who seek to minimise the actual investment risk they bear by actively intervening with the companies concerned to help manage the investment risks, with that of the Treasury which provides funding without active involvement in investment risk management.

■ on disseminating lessons

Many projects are, or have been, rolled-out that would not exist without the existence of ISB - only 1 in 10 projects had not taken any steps to publicise the project. However, the process of transferring best practice and useful lessons and/or mainstreaming the innovations was left to traditional mechanisms. The evaluation suggested that the ISB could be much more effective if its portfolio and projects were placed within cross-cutting themes to promote joined-up government and e-government, for example by grouping the projects under each of the four key policy areas now used by central government: health; criminal justice; education; transport.

■ on sustainability

Over the course of the three rounds of funding there has been a steady increase in the percentage of projects that are likely to be rolled out, and conversely a decrease in the number of projects which will come to an end once ISB funding stops.



Source: SQW Ltd report May 2002 survey of project managers

1.23 Some 85 per cent, around 220 out of 260, of the projects were still in progress because they were planned to run over several years or had been extended because they had experienced slippage which had resulted in underspending against budgets. Slippage occurred because projects needed to be rescope and redesigned as they developed which reflected in part the innovative nature of the project portfolio. In addition, the consultants concluded that the Treasury, Cabinet Office and spending departments needed to work together better to identify areas where ISB support could be more effectively deployed.

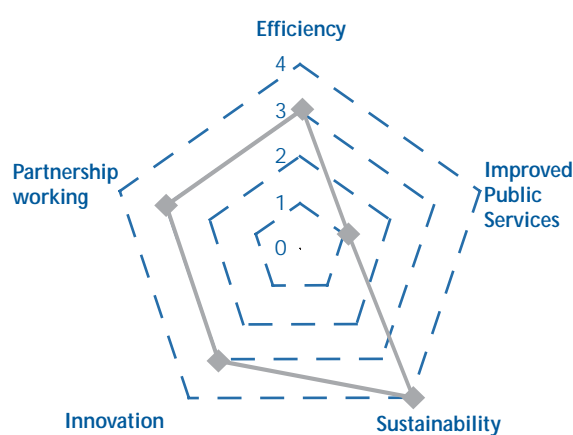
How we did the study

1.24 Against this background we examined in detail 10 projects funded by the ISB focusing on three issues:

- **Appraisal** - whether the criteria for selecting projects were properly adhered to;
- **Management** - whether the use of the funds was adequately monitored;
- **Performance** - whether the programme achieved tangible outputs which improved performance and efficiency and whether lessons learnt have been widely disseminated.

1.25 The projects were selected to reflect the different types of activity which the ISB is supporting. We focused in particular on the extent to which each project improved public service delivery; was innovative; encouraged partnership working and more efficient service delivery; and the likelihood of the benefits being sustainable. Each of our assessments were presented as a diagram as shown below. For example, a "4" assessment for innovation indicates that a project demonstrates this attribute well while a "1" assessment much less so.

More detail on our methodology is provided in Appendix 1. The remainder of this report sets out the results of our review of 10 projects.



Annex B

ISB projects selected for NAO examination

Project and lead department	Project objectives	Bid for ISB funding (£m)	Improved service to the public	Internal efficiency gain	Number of partners	IT project
Department for Work and Pensions One (Single Work Focused Gateway) - (Round 1)	To develop a single office for people to claim all types of available benefits from both Jobcentre Plus and the local authority, and also to receive information and advice on employment.	79.5	✓		51	✓
Home Office Electronic links to the Police National Computer (Round 1)	To improve the efficiency of the criminal justice system by developing a link between the Probation Service and Courts Service IT systems and the Police National Computer. Also to establish a common system IT which can be applied to other criminal justice organisations.	1.3		✓	3	✓
Criminal case processing (Round 1)	To improve the efficiency of criminal justice agencies in Sussex by piloting the electronic sharing of information (fingerprints, criminal history) and also assessing how to create such links nationally.	0.4		✓	6	✓
Forensic Science Service data sharing (Round 2)	To provide access to the Forensic Science Service IT systems to help the Service, Police and Crown Prosecution Service to administer justice more quickly and efficiently.	0.25		✓	3	✓
Joint approach to money laundering (Round 2)	To more efficiently and effectively tackle money laundering and financial crime by, for example, identifying and seizing the assets of crime and finding ways to standardise and share data electronically. Aims to increase revenue and reduce benefit spending.	2.8	✓	✓	Multi	✓
Office of the Deputy Prime Minister Best Practice on Local Authority ICT procurement ¹	To provide all local authorities seeking to implement electronic government with standards and tools on best practice on Information and Communication Technology procurement.	0.6		✓	Multi	✓
Bradford Partnership for joined up working ¹ (Round 2)	To enable the citizen to access government services more easily by locating the Council, voluntary services, former Benefits Agency and Employment Service in a pilot one-stop-shop. (City of Bradford Metropolitan District Council)	2.1	✓		5	
Norwich Connect ¹ (Round 2)	To improve citizens' access to government services in Norwich by providing two multi-agency offices offering a range of services, an internet portal and an increased network of public kiosks with access to web based information. (Norwich City Council)	1.4	✓	✓	Multi	✓
Life Events Access Project ¹ (Round 2)	To improve the delivery of services to citizens by providing services based around life events with different services and information associated with each event. (London Borough of Lewisham)	1.2	✓		Multi	✓
Department for Transport Information link between the Vehicle Inspectorate and the Magistrates Courts ¹ - (Round 1)	To improve the efficiency of the administration of justice by creating a link to enable information from the Vehicle Inspectorate on driver and vehicle prosecutions to be electronically lodged with the Courts. Estimated savings and increased fine income totalled £400,000 per year.	0.1	✓	✓	Multi	✓

¹ Projects originally the responsibility of the former Department for Transport Local Government and the Regions.

Part 2

Department for Work and Pensions - the "One" project

- 2.1 This part of the Report looks at the ONE project managed by the Jobcentre Plus agency of the Department for Work and Pensions. In particular it sets out: (i) what the project is about; (ii) the approach taken to implementing ONE; (iii) what the project has achieved; (iv) the impact of ONE in getting people into work; and (v) the wider lessons for the ISB programme.

What is the ONE project?

- 2.2 ONE is the largest ISB project (ISB funding of £79.5m out of the total ISB spend of £310m). Originally called the 'Single work focused gateway', it was started in June 1999 by the former Department for Education and Employment (DfEE) and managed by its agency the Employment Service. The former Department of Social Security (DSS) acting through its agency the Benefits Agency was the principal partner. In April 2001, following the merger of the former DSS and the employment element of DfEE, the Department for Work and Pensions (**Figure 20**) and the Jobcentre Plus (**Figure 21**) agency assumed responsibility for the project.
- 2.3 The project enables people to claim benefits from a single contact point rather than separately from local authorities and benefit offices. It also develops a new approach to giving benefit by requiring all new claimants to consider their capacity to work and their job prospects before receiving benefit. Up to October 2001 (when the first ONE offices were converted to Jobcentre Plus Pathfinder offices), ONE offices dealt with over 850,000 benefit claimants, conducted over half a million meetings with claimants and people seeking work and enabled nearly 70,000 people to find work between September 1999 and September 2001. The lessons learnt from the ONE project heavily influenced the design of Jobcentre Plus (Figure 21).
- 2.4 The main objectives for ONE were to:
- put more benefit recipients in touch with the labour market (through the intervention of their personal adviser);

20 The Department for Work and Pensions

The Department for Work and Pensions was created in 2001 by the merger of the former Department of Social Security (DSS) and parts of the former Department of Education and Employment (DfEE) to implement the Government's welfare to work strategy. The Department employs around 125,000 staff (around a quarter of the Civil Service) in over 2,000 locations and makes 864 million benefit payments worth some £102 billion a year. The Department's key objectives include to sustain a higher proportion of people in work than ever before, while providing security for those people who cannot work and to improve people's access to services.

21 Jobcentre Plus

Jobcentre Plus and The Pension Service replaced the Benefits Agency and the Employment Service in April 2002 to provide a focus on work for all benefit recipients. Jobcentre Plus provides help in finding jobs and pays benefits to people of working age. It took over the local offices run by the Employment Service and the Benefits Agency including Jobcentres and Social Security offices. In 17 areas Jobcentre Plus Pathfinder offices provide an integrated work and benefit service for people. Further offices were opened from October 2002 and over several years the network of Jobcentres and former Benefits Agency offices will be fully integrated. The way Jobcentre Plus offices were designed was heavily influenced by the ONE project.

- increase the sustainable level of employment by getting more benefit recipients into work;
 - ensure more people experience an effective and efficient service that is tailored to their personal needs; and
 - change the culture of the benefits systems and the general public encouraging them towards independence and work rather than payments and dependence.
- 2.5 Under the previous arrangements people seeking benefit had to go to their local authority or the government department office that offered the benefits to which they were entitled. Depending on their circumstances (for example if a person was

unemployed) they might have to visit three different offices to claim benefit and seek employment advice. Under ONE people only have to visit one office to claim for benefit and get employment information and advice (Figure 22). A fundamental change is the use of a Start Up Adviser who meets the claimant to establish their circumstances and work history. The adviser identifies which, if any, benefits the claimants are entitled to claim and provides them with the necessary forms. At the follow up meeting the Personal Adviser agrees an action plan with the claimant to help them move towards work and become independent of benefits.

What approach was taken to testing the ONE service

2.6 Three variants of ONE were designed and tested in 12 districts:

Basic model (Cost £18 million and 302,000 benefit claimants were dealt with) where staff managed by Jobcentre Plus delivered the ONE service to the public in converted offices.

Private and Voluntary Sector model (Cost £28 million and 304,000 claimants were dealt with) where the same services were delivered from ONE offices but under the management of either private or voluntary sector organisations. The staff initially involved were seconded from the former Benefits Agency, former Employment Service and local authorities but later vacancies were filled by direct recruits. This model also offered the private and voluntary sector managers funding to design and test enhancements to the service, for example courses to prepare the long-term unemployed to apply for jobs.

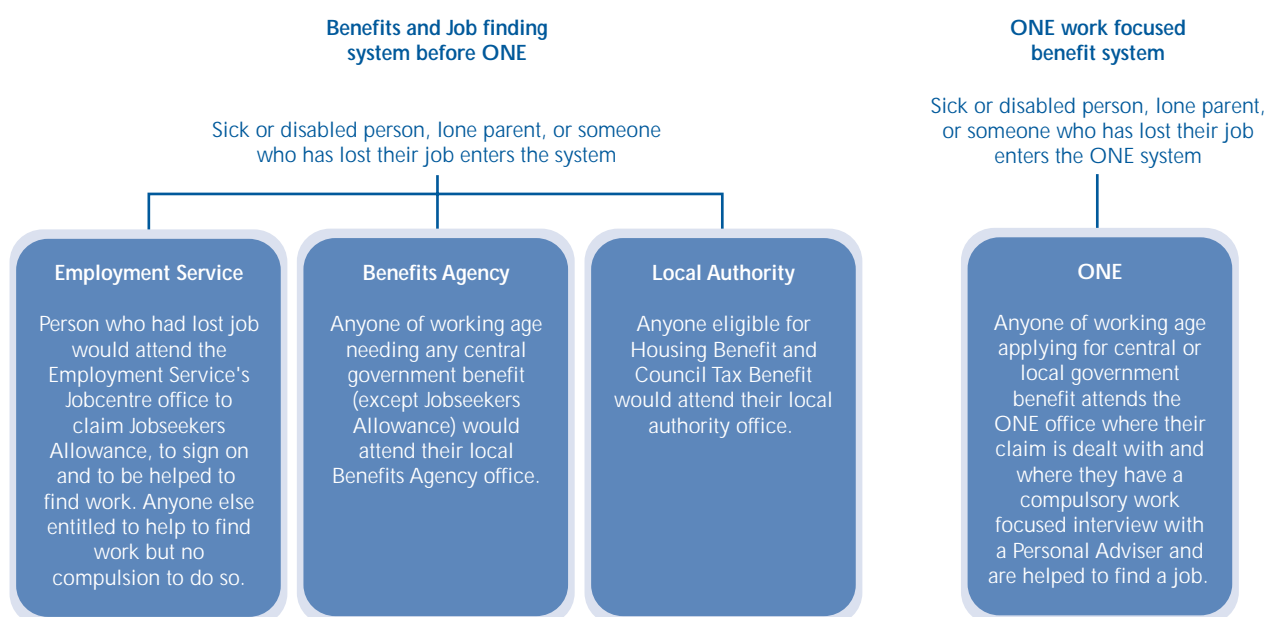
Call centre model (Cost £21 million and 247,000 claimants were dealt with) which was managed by Jobcentre Plus. Claimants were encouraged to make contact in the call centre by, for example, the provision of direct line telephones in ONE offices for those who initially called in or did not have access to land line phones. Delay to customers was reduced by the facility to automatically switch incoming calls to another centre when the operators in the local centre were busy. Jobcentre Plus developed an electronic claim form that allows the call centre operators to fill in the forms online from the information provided over the telephone. They then send out a printout of the completed form to the claimant to sign and bring in to the ONE office with the required evidence when they attend their interview with their personal adviser. Subsequent interviews were to be conducted at the office closest to the customer.

What has the ONE project achieved?

2.7 The Department for Work and Pensions undertook evaluations of ONE costing around £5 million to provide feedback on how the project had performed and help in the design of Jobcentre Plus (Figure 23). The evaluation also looked at the impact of the ONE programme in meeting its objectives of encouraging benefit claimants to return to the labour market and to provide a better service.

2.8 By June 2002 the Department for Work and Pensions had completed much of the evaluation on the programme and had identified what did and did not work (Figures 24 and 25). As a result of the lessons learnt from the evaluation, Jobcentre Plus had by July 2002 modified the way the service was provided, set

22 The service provided before and by 'ONE'

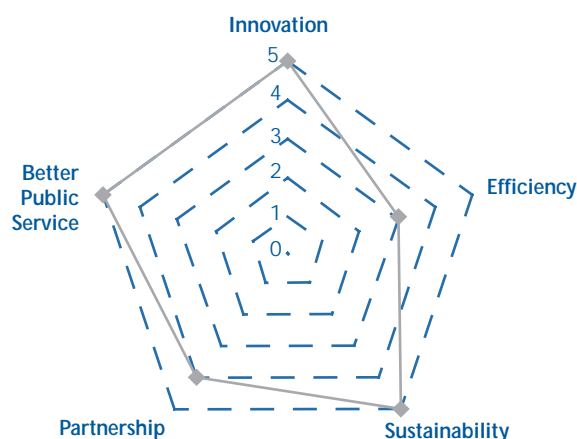


Source: NAO

23 Lessons learnt from ONE have been used in the design of Jobcentre Plus

- **Claimants were generally more receptive to discussing employment opportunities once their benefit entitlement had been confirmed.** In Jobcentre Plus the claimant meets a financial adviser to ensure that they have provided all the evidence required with their completed benefit claim and that it will be processed. The claimant then has their work-focused interview with their personal adviser.
- **Most people prefer the privacy and convenience of contacting ONE by telephone but a minority still preferred to have a face-to-face start up meeting.** The Department had built the Jobcentre Plus service around a call centre but have retained the option of seeing someone face to face for the minority of those who do not want to use a phone. For those who have no telephones but are happy to use one there are free direct lines to the call centre in the Jobcentre Plus offices.
- **Personal advisers with specialist knowledge of the sorts of circumstances typical faced by claimants were more effective.** The Department has selected some advisers in Jobcentre Plus for their specialist knowledge of lone parents or people with incapacity needs.
- **The need for a "three year trigger regime" whereby longer term claimants** for example, carers and people on Incapacity Benefit are automatically re-contacted for a work-focused interview to discuss their circumstances, employment opportunities and for information and advice.
- **Make full use of information technology.** The guidance for staff in ONE is both paper based and electronic, is very lengthy and often not clear. For Jobcentre Plus the guidance for advisers will be available electronically and automatically updated, and is thus significantly easier to access. Guidance is particularly needed as the staff are having to deal in new ways with a wider range of benefits and claimants than when there were separate benefit and employment services.

24 The ONE project's achievements were particularly in Innovation, Sustainability and Better Public Services



Innovation: Developed and tested three models to deliver in a work focused process benefits previously administered by the former Employment Service, the former benefits Agency and local authorities. **5**

Efficiency: The pilot was aimed at improving the service rather than efficiency but achieved gains by reducing the volume of information passed between the partners to deal with a set of benefit claims. **3**

Sustainability: Although the pilot is ongoing until April 2003 the lessons learnt have informed the design of the new Jobcentre Plus offices that the Department are rolling out nationally from October 2001. **5**

Partnership: The project involved partnership working between the former Employment Service, the former Benefits Agency and 51 local authorities. **4**

Better Public Services: The project made it possible for people (about 10 per cent nationwide) to obtain employment information and advice and to claim the full range of working age benefits from one office (or one office and a call centre) that previously would have required visiting three offices (usually some way apart). **5**

Source: National Audit Office analysis

25 Evaluation results of the 'ONE project

	What worked well	What worked less well
Personal advisers	People appreciated the personal support and were positive about the benefits that ONE offered especially the initial meetings with personal advisers checking claim forms, the information and advice about benefit eligibility and in-work benefits.	People considered advisers did not always have the necessary skills to identify people's needs and undertake appropriate discussions about work or to refer clients to relevant specialist provision. People did not have much follow-up contact with personal advisers.
Getting people into work	<p>Many people felt confident that the adviser would provide further assistance for example if they wanted to return to work and help them target their job or vocational training.</p> <p>Among those who said work was not an option (mainly carers, lone parents or sick or disabled clients) personal advisers were able to change some clients' attitudes to the possibility of work. Exploring the different options available and discussing previous work experience enabled a few clients to feel that work was a realistic option.</p>	<p>The impact of ONE on the attitudes and behaviour of these clients who saw work as an option for the future was limited, as discussions with personal advisers tended to concentrate on benefits rather than work.</p> <p><i>ONE did not seem to challenge or change expectations of those jobseekers with previous experience of claiming.</i> They mostly saw the ONE service as the same as the usual Jobseeker's Allowance process.</p> <p>Some even thought that the advice offered through ONE was not up to the standard of the previous Jobseeker's Allowance process.</p>
Efficiency	Where they were available, trained benefit experts enabled personal advisers to focus on work related activities and made it more comfortable for people to go on to discuss work.	Some personal adviser meetings lasted between 15-30 minutes, where they were intended to be around 45 minutes. People assumed that this was because staff were very busy, although it did affect the time spent on talking about work.
Convenience	<p>Those in rural areas or with access problems (for example people with physical disabilities or those with children) considered the call centre to be highly convenient.</p> <p>People's experience of making a claim electronically was positive, as they did not have to deal with unwieldy and complicated forms. They also preferred the privacy and security of making their claim by telephone at their convenience, allowing time to gather relevant information and have the call-back completed when they wanted it.</p> <p>Some people expressed a preference for the face-to-face meetings with advisers.</p>	Communication of the service which ONE could provide was sometimes unclear - hence clients' expectations varied and some people did not understand what the service could offer them.
Services to the bereaved, lone parents and the sick or disabled	<p><i>One of the biggest impacts of ONE was on clients who had recently lost a partner - either through bereavement or separation.</i> The service which personal advisers gave to these people helped them to deal with their situations and reflect on their next steps, including whether they might be able to consider work later.</p> <p>Among those who had contacted an office during the later stages of their claim, both lone parents and sick or disabled ONE participants continued to give more favourable assessments of the service they had received than other participants.</p>	Some clients for whom work was not an immediate option, for example widows, full-time carers or those recently incapacitated said they would have preferred to have had the work-focused interview once their situation had stabilised and they were able to focus on work issues.

Source: Department for Work and Pensions evaluation of the ONE project carried out between September 1999 and June 2002. The evaluation was carried out by independent evaluators including the Office for National Statistics, the Policy Studies Institute, the British Market Research Bureau, ECOTEC Research and Consulting Ltd. the National Institute for Economic and Social Research and the Tavistock Institute and is based on interviews with customers and staff and analysis of departmental records.

minimum service standards and revised processes for dealing with claimants. This includes allowing the deferral of the mandatory personal adviser meeting for the recently bereaved or disabled claimants until they are in a better position to benefit from it; and extending the original target for booking a personal adviser meeting from three days to four days after registration to reduce pressure during busy periods and avoid lengthy waiting times in the ONE office for claimants.

- 2.9 The Department plan to complete a full cost benefit analysis of the ONE project early in 2003. They have completed an interim evaluation of how well ONE met its four objectives. The Department measured the extent to which the project increased the number of benefit recipients getting jobs in two ways. They used their internal records to compare returns to work in the 12 areas (the units the Department divides the country into) where ONE was piloted and 12 control areas that had not introduced ONE. They also commissioned a consortium of independent researchers to interview samples of jobseekers, lone parents and sick or disabled clients who began claiming benefits in the ONE districts or the control area. The main part of the research consisted of a large scale survey of clients. The researchers interviewed a sample of 14,000 in September and October 1999 for the voluntary participation stage of ONE and then a further sample of 14,000 in June and July 2000 when participation in ONE was mandatory. In March 2002 the Department published the results of the analysis up to August 2000. The results below, while broadly encouraging, were mixed.

On helping benefit recipients into work

- 2.10 The evaluation findings currently available relate to short and medium-term outcomes during the period when participation in ONE was voluntary up to April 2000; and interim results on short-term outcomes only during the period after participation in ONE became mandatory from April 2000.
- 2.11 The evaluation indicates no evidence that the voluntary stage of ONE led to increases in the number of people who were actively seeking work or who had moved into work ten months into their claims. Further, there was no evidence that claimants as part of the ONE project were more likely than those in the control area to have been referred by advisers into supported employment or voluntary work⁴. But there were encouraging results for lone parents and sick or disabled clients:

- There was an increase in lone parents (27 per cent in the ONE districts compared to 10 per cent in control areas) and sick or disabled clients (51 per cent in ONE districts compared to nine per cent in the control area) who had discussed work at the beginning of their claim⁵.
- In the voluntary stage of ONE, lone parents in ONE areas who participated were more likely than their counterparts in ONE areas who did not participate to have had contact with a Jobcentre four to ten months into claiming benefits (55 per cent of participants and 34 per cent of non-participants), contacted an office to look at job vacancies (34 per cent of participants and 17 per cent of non-participants), discussed ways of finding work or training courses with staff (41 per cent of participants and 18 per cent of non-participants) and to have received a better-off benefit calculation (32 per cent of participants and 20 per cent of non-participants)⁶.
- There was some evidence from the voluntary stage of ONE that ONE personal advisers had an impact on the take-up of educational or work related courses by lone parents (21 per cent of participants in ONE areas and 13 per cent of non-participants in ONE areas). These findings were not repeated for sick, disabled or Jobseeker's Allowance claimants⁷.

- 2.12 Interim findings from the full-participation stage of ONE are mixed. There is some evidence from the interim cost-benefit analysis of a small move from benefit by lone parents, restricted to the basic model, but no effect was found in the ONE client survey for this group. Evidence from the ONE client survey found a small move from benefit by the sick or disabled clients in the short term but this finding was again restricted to the basic model, was not backed up by evidence from the interim cost-benefit analysis and may be an effect relating only to this one specific sample of clients. These findings should be viewed with caution. Further analysis is being undertaken to understand these findings and final results from the cost-benefit analysis and client survey will be published in winter 2002-03.

On improved services

- 2.13 Claimants' reactions to ONE were strongly influenced by their expectations^{8, 9}. For example, few expected the personal adviser meeting to provide help in finding work so most rated the service on how it dealt with their claims for benefit. In general their reaction to this aspect of the service was favourable.

4 DWP Research Report No. 149 'The Medium-Term Effects of Voluntary Participation in ONE'.

5 DWP Research Report No. 156, 'The Short-Term Effects of Compulsory Participation in ONE'.

6 DWP Research Report No. 149 'The Medium-Term Effects of Voluntary Participation in ONE'.

7 DWP Research Report No. 149 'The Medium-Term Effects of Voluntary Participation in ONE'.

8 DSS Research Report No. 126 'First Effects of ONE'.

9 DSS Research Report No. 140 'Moving towards work: the short term impact of ONE'.

- During the first four months of the period during which ONE was voluntary more ONE participants (over 80 per cent of lone parents and sick or disabled customers and 74 per cent of jobseekers) than those who did not participate in ONE (69 per cent of lone parents, 64 per cent of the sick or disabled and 67 per cent of jobseekers) considered that they were treated as individuals¹⁰.
- Claimants preferred the provision of all ONE's services at a single location with a single personal adviser¹¹.
- Claimants felt strongly that benefits issues should be discussed before work issues and some even declined to discuss work opportunities before benefit entitlement was confirmed. People welcomed the help with their claims in the initial meeting and the discussion about benefit eligibility and in-work benefits¹².

On changing the culture from claiming benefit to seeking work

- 2.14 There was clear evidence that ONE encouraged people to depend less on the benefits system. Those who recently lost a partner through bereavement or separation said they valued the adviser's help and support in claiming benefit and many of these people said that they were more confident that they would return to work once they had recovered sufficiently from their loss¹³.
- 2.15 Jobcentre Plus have continued to make improvements to the way service is delivered by ONE. At the time of our examination, the personal adviser interview had only become mandatory for lone parents and those that have been sick or disabled for 15 months. Our visits to four offices in May and June 2002 confirmed improvements in procedures and the service provided to claimants. Staff also considered the system was better focused on getting people back into work but that the interviews were resource intensive and needed to be targeted on those most likely to benefit. The department were currently collecting and analysing performance information which should enable them to monitor more accurately the success of ONE and Jobcentre Plus offices in getting people back into employment. They plan to publish the final evaluation results on ONE in winter 2002-03.

Lessons learnt from ONE for wider dissemination to other ISB projects

2.16 The ONE project has a number of useful lessons for other ISB or similar innovative projects that should be learnt and disseminated:

- **Design the project with a baseline and collect information to evaluate what has been achieved.** The ONE project included resources (about £5 million or 5 per cent of the project costs) to evaluate the programme. The impact of lessons learnt was increased by early evaluation of interim results, for example the impact on the labour market so that lessons could be taken on board to improve the delivery of ONE and to influence the design of Jobcentre Plus.
- **Take early action on the results of the evaluation to improve the delivery of the project to improve services and efficiency.** The ONE pilot was effective in identifying both what was successful and what was not practical. For instance the personal adviser interviews helped clients with their claims and reduced errors but the involvement of local authorities was hampered by the work necessary to integrate the wide range of claim forms they use into a common electronic format.
- **A strong lead department oversight of the project helps keep the focus of the project and the innovation on the achievement of key outputs and sustainable outcomes.** The commitment of all parties to the success of implementing a new way of working was helped by clear project objectives in terms of achieving improvements in services and getting people back into work, and also by regular reports to the department on what had been delivered.
- **Make effective use of IT to expand the range of services available.** The call centre model gave claimants an additional service by ONE staff filling in their claims on an electronic form and sending these to the claimant for signature rather than claimants having to fill the forms in themselves. Call centres were welcomed by some claimants and helped staff manage and smooth the casework by meeting most claimants by appointment.
- **Re-engineering the service around people's needs requires training and support for staff.** The ONE pilot introduced new roles (the Start Up Adviser and the Personal Adviser, which was also introduced by the New Deal for Young People) that required new skills and reporting mechanisms. It also involved integrating the service provided by the two agencies (Benefits Agency and Employment Service) rather than having dual processes which would have been bureaucratic and costly. Adequate resources and training were provided to support the new adviser posts.

¹⁰ DSS Research Report No. 126 "First Effects of ONE".

¹¹ DWP Research Report No. 166 "Delivering a Work Focused Service : Final findings from ONE case studies and Staff Research".

¹² DWP Research Report No. 166 "Delivering a Work Focused Service : Final findings from ONE case studies and Staff Research".

¹³ DSS Research No. 140 "Moving towards work: the short term impact of ONE".

Part 3

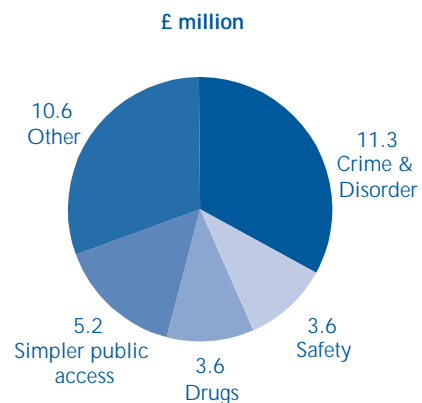
The Home Office's Invest to Save Budget projects

- 3.1 This part of the Report looks at ISB projects managed by the Home Office. In particular, it sets out: (i) how projects are selected; (ii) how projects are managed and evaluated; (iii) what the projects have achieved; and (iv) lessons for the ISB programme as a whole.

Selection of projects

- 3.2 The Home Office has successfully bid for 42 ISB projects in rounds one to four, attracting some £34 million of funding. These projects mainly deal with the policy areas of crime and disorder, safety, drugs and simpler public access to information and services (Figure 26). Many involve partnerships between key parts of the criminal justice system - the police, the Crown Prosecution Service, the courts and Prison Service.
- 3.3 The Home Office's Accounting and Finance Unit promotes innovative ideas for ISB projects by sending out details of each bidding round to all departmental staff, agencies and related non-departmental public bodies. Guidance has made it increasingly clear that ISB project ideas should contribute materially to the department's key objectives, and should set out how project risks are justified by the potential gains. A departmental committee, including the Principal Finance Officer, assesses and prioritises project ideas. For round 4, the Home Office produced 110 expressions of interest, leading to 12 successful project bids.
- 3.4 In response to the SQW survey, which covered ISB rounds 1-3, some 87 per cent of staff involved in the ISB programme of the Home Office (26 people) described an objective of their project as "data exchange", while other common objectives were "building partnerships and social capital" and "joint delivery or customer interface".

26 How the Home Office's ISB allocation is being spent



Source: ISB Statistics

Management and evaluation of projects

- 3.5 Day-to-day management of ISB projects is the responsibility of the designated project manager and sponsoring bodies. ISB rules stipulate that projects lasting longer than one year should produce six-monthly progress reports. The project sponsor sends these reports to the Accounting and Finance Unit, which passes them on to the ISB Unit in the Treasury.
- 3.6 During the first three ISB rounds, there was no central information on the department's portfolio of ISB projects. In May 2002, following a review by the Home Office of its management of ISB projects oversight of the programme became the responsibility of Accounting and Finance Unit. Both our examination and that of SQW, the consultants commissioned by the ISB Unit to review the programme, identified aspects of the Home Office's monitoring of its ISB projects which needed improvement. These included the need for:

- more reliable information on how funds allocated to projects were being used together with more regular reports on project progress;

- well established procedures to review the outputs and outcomes of ISB projects to learn and disseminate lessons. This responsibility was left to sponsoring bodies and managers and not brought together at a departmental level to establish the success of ISB support in promoting innovation.
- 3.7 At the time of our examination none of the evaluations held by the ISB unit related to Home Office projects although around 20 per cent (8 projects) of the Department's projects had been completed. This increases the risk that opportunities to learn valuable lessons from Home Office experience could be lost. For example, the Electronic Links to the Police National Computer project (case study 2) provides a number of important lessons on the successful development of common IT architecture which is shared by a number of organisations. These include how to handle problems arising from extensive prototyping and ways to deal with confidentiality.

What the projects have achieved

- 3.8 As yet it is not possible to determine what the Home Office's ISB projects have achieved or will achieve as over 80 per cent of the 42 projects were still on-going in mid-2002. Most of the projects are aimed at achieving better use of information and improving the internal efficiency of organisations involved in criminal justice rather than improving services delivered directly to citizens. The public should, however, benefit indirectly from the more efficient delivery of criminal justice. Sixty per cent (14 people) of Home Office staff involved in ISB projects questioned as part of the SQW survey said their project should result in reduced costs and 10 per cent reported that such reductions had already been achieved.



Lessons for the ISB programme

3.9 Our examination of four Home Office ISB projects - Electronic Links to the Police National Computer; Sussex Integration of Justice project; Data Exchange and sharing between the Forensic Science Service and the Police; and the Joint approach to Money Laundering (case studies 2-5) identified the following lessons:

- **The need to be very clear at the outset about planned outputs, risks to delivery and how the project supports the key objectives of the department.** The Sussex Integration of Justice Project (case study 3) is a good example of the need for relatively small or locally based IT projects to take full account of how well their proposals are compatible with the development of larger national systems which they may need to link to now or in the future. If a national system is delayed this can put at risk the benefits of the local development.
- **The need for departments to reinforce the importance of sound project management.** Responses to SQW's survey suggest that those involved in ISB projects give less priority to project management. This may be because individually projects are of relatively small value but the risk of project failure or under-performance increases if project management is not given sufficient priority. While ISB projects may be small in comparison to a department's total spending the potential return in terms of how to deliver better services should justify closer management oversight to increase projects' chances of success. Half the responses said that they had not used any formal project management methodology; around a third did not plan to carry out a formal quantification of costs and benefits; and half had not set quantitative performance targets for their projects.
- **The need for a clear reporting mechanism to establish lessons from innovative projects.** The goal to learn lessons is currently often not fully achieved because of uncertainty over roles. While project managers and partner organisations may carry out evaluations and learn important lessons in many cases these lessons were not routinely considered at a departmental level to assess their wider implications for improving project performance.

Case Study 2

Electronic Links to the Police National Computer

WHAT IT IS

The "Phoenix" application on the Police National Computer (PNC) contains details of criminal convictions. Various parts of the criminal justice system need Phoenix information in connection with arrest, sentencing and probation processes.

The project aimed to develop a standard IT "interface architecture" so that new computer systems being developed within the criminal justice system could be linked to the PNC for the purposes of downloading relevant information. In addition, it aimed to create such a link for two specific organisations - the Court Service and the Probation Service.

	Project Bid (£m)	Actual Cost (£m)
ISB	1.32	1.32
Partners	0.44	0.39
Total	1.76	1.71

PARTNERS

The project was initially set up as a partnership between the Police IT Organisation (PITO - an executive agency of the Home Office) as lead organisation, the Court Service and the Probation Service. However, the Probation Service withdrew in mid-2000, after experiencing contractual difficulties with an IT supplier which were unrelated to this project. The Public Accounts Committee examined the implementation of the National Probation Service's Information Systems Strategy in April 2001 (HC 401, 2000-01).

WHAT MAKES THE PROJECT INNOVATIVE

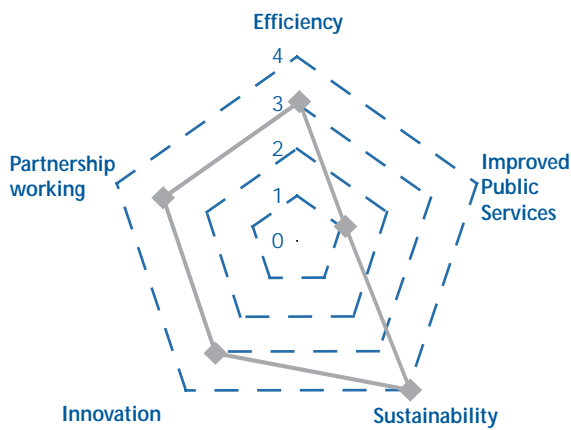
Most practitioners within the criminal justice system have traditionally had to obtain previous conviction information from the police. Such an approach entails significant time delays for all parties and administrative burdens for the police service. The project aimed to facilitate, for the first time, direct access to the Phoenix criminal records database, and so reduce the time delays and administrative burdens.

By establishing a standard architecture for the electronic links, PITO sought to enable different parties to access Phoenix information using existing IT components, rather than having to start afresh.

WHAT HAS BEEN ACHIEVED SO FAR

- A "Phoenix links" architecture was successfully developed and published for the benefit of criminal justice organisations and their IT suppliers.
- An electronic link to the Court Service's "JUROR" system began operating on 21 May 2001, some 15 months after the initial projected go-live date.
- Aside from some initial additional checks, the Court Service has requested no criminal conviction data from the police since the go-live date, suggesting that direct access is functioning properly.
- Additional benefits would accrue if the link with the Court Service were extended to provide information for use in court hearings. This was an original aim of the project, but was postponed for future development.

Electronic links to the Police National Computer



Efficiency: The project discourages duplication of effort, and allows the electronic movement of data. Although the financial savings so far are relatively modest PITO consider the scope for further savings in system development costs are significant. **3**

Improved Public Services: The project is not about improving public services as such. In the longer term, Probation Service involvement may lead to more effective court processes and improved public safety. **1**

Sustainability: The project has established an IT architecture which helps criminal justice organisations to more easily access data. There are current plans to link further bodies electronically to the Phoenix database. **4**

Innovation: The idea of providing electronic links is not particularly innovative. However, the decision to use a common architecture, thereby allowing other bodies to gain access using existing components, is a very helpful innovation. **3**

Partnership: The three original partners had to deal with a number of problems in working together and establishing common priorities. PITO hopes that the Probation Service, having dropped out of the project, will develop a successful link to Phoenix in due course. **3**

Source: National Audit Office

LESSONS LEARNT

Project

- **The business case needed to be robust**, especially in light of the Probation Service's withdrawal. It was important to have contingency planning in order to maintain the viability of the project.
- **Resource planning needed to take account of other priorities**. Contention for resources meant that the project was seen as a lower priority in its latter stages.

Management

Partnership management presented new challenges:

- **Project risks were multiplied** as a result of more than one agency being involved. Data sharing with third parties, and the commercially confidential nature of many documents, also posed significant problems.
- **Changes of personnel** at all levels, in all agencies working on the project led to continuity difficulties.
- **Difficulties in getting the parties to work together**, as each had their own priorities and pressures.
- **Excess of project-related and board meetings**, with the attendees and topics discussed often being duplicated.

COST BENEFIT BALANCE SHEET

Cost

Treasury Contribution	£1.32m
Partners' Contribution	£0.39m

Benefit

- The Comprehensive Spending Review concluded that there was "considerable scope to improve the efficiency and effectiveness of the criminal justice system through the use of information systems". The IT architecture developed in this project contributes towards such benefits. For example, components developed in expectation of use by the Probation Service were subsequently re-used in linking the PNC to the new Criminal Records Bureau.
- Making Phoenix data available electronically is expected to produce annual savings in staff time of:
 - £70,000 for the Police Service
 - £52,000 for the Court Service
- If the Probation Service link were to be developed, it would allow savings of around £11,000 per annum. But there would be qualitative benefits in terms of better quality pre-sentence reports, fewer court adjournments, better decisions by sentencers and improved public safety.
- PITO estimate that the cumulative benefit of implementing electronic links to Phoenix by all criminal justice organisations would be around £17 million. This should, however, be netted off against the implementation cost of such links, which have not been quantified.

Case Study 3

Sussex Integration of Justice Project

WHAT IT IS

The process of dealing with offenders, from arrest to sentencing, is dealt with by the Police, Courts and Crown Prosecution Service (CPS). Each of these bodies requires some of the information collected by the others in order to perform its role. It would be advantageous if the movement of information previously carried out by sending papers or faxes could be done by the efficient linking of IT systems.

This pilot project was intended to link national IT services managed by the Police IT Organisation (PITO) to the new strategic IT systems being developed by the Police, CPS and Magistrates' Courts in Sussex. It was hoped that a successful pilot project would provide a strong case for inter-agency links at the national level.

	Project Bid (£m)	Actual Cost (£m)
ISB	0.39	0.39
Partners	0.14	0.14
Total	0.53	0.53

PARTNERS

The project was initiated and led throughout its implementation by PITO. A group called IBIS (established for integrating business and information systems in the criminal justice system, and now replaced by the Criminal Justice IT Unit) provided oversight and project assurance.

Local stakeholders were Sussex Police, Sussex CPS, West and East Sussex Magistrates Courts and, at a late stage, the county's three Youth Offending Teams.

WHAT MAKES THE PROJECT INNOVATIVE

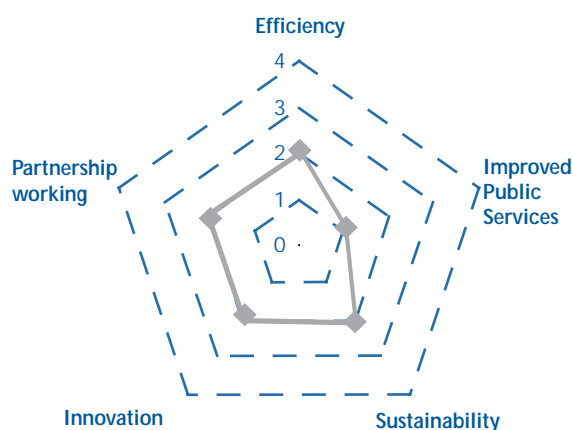
A number of pilot schemes had previously been undertaken, to co-ordinate IT functions within the criminal justice system. But these were specific to older systems, and were not considered to be strategic in nature. In addition, the schemes had focused primarily on installing e-mail links between organisations.

At the time of the ISB bid, new and common national police IT systems were being developed. This pilot project was designed to show how such systems could work together to allow real improvements in joint business practice through system-to-system links.

WHAT HAS BEEN ACHIEVED SO FAR

- The project ran from June 1999 to July 2001. It links the police e-mail system with a new e-mail system in the CPS, and links both of these to the existing e-mail system of the local Magistrates' Courts Committees. It succeeded in connecting the CPS to the Criminal Justice Network, and in securing a commitment from the Lord Chancellor's Department to include a connection with "Libra", its Magistrates' Courts IT infrastructure, which is still under development.
- The initial connection between the police and the courts was not secure. It could not be used for passing case documents or other material where security is required. However, by Autumn 2002 the criminal justice IT unit was beginning to roll out secure e-mail on a national basis.
- The project team compiled a CD ROM documenting their findings, business maps, analysis and source materials. They circulated copies to all Chief Constables and many other criminal justice organisations.

Sussex Integration of Justice Project



Source: National Audit Office

Efficiency: Potentially large impact on the working of different agencies, but as yet only minor changes in working practices have been delivered. **2**

Improved Public Services: No direct measurable effect on delivering public services, although improved efficiency in the courts would have some impact upon crime levels in the long term. **1**

Sustainability: This is a model of joined-up working which could be adopted nationally, but is dependent upon the delivery of national IT systems whose future is uncertain in some cases. **2**

Innovation: The common use of e-mail and harmonisation of policies is clearly not particularly innovative. But the project might play a part in encouraging more radical changes in working practices across criminal justice organisations. **2**

Partnership: Uncertainty about the nature of, and likely outputs from, the project caused problems initially. But there is evidence of stronger partnership working and enhanced understanding across agencies. **2**

LESSONS LEARNT

Project

On the need for realistic timing and project management

- Successful implementation was heavily dependent upon the delivery of national IT systems, all of which were delayed.
- The project won funding approval from ISB before all appropriate stakeholders were aware of the project and on-board.
- There was a significant delay before the Project Manager and Liaison Officer were appointed and the Project Initiation Document was presented to the Project Board.
- The PRINCE 2 methodology may have been too rigid for a project of this size.

On outputs and outcomes

- While linking systems was a key objective, it does not seem to have been clear precisely which systems were to be linked or what information was required by respective parties.

Management

Partnership management presented new challenges:

- Some stakeholders regarded the project as being of local value, while others regarded it as a national project with few local benefits.
- There was no corporate Single Responsible Owner, which reduced overall project management focus on the project's outcome.
- There was considerable debate about what business benefits would accrue to individual organisations, and what should be measured in order to ascertain that such benefits were being delivered.
- The production of a CD ROM in order to disseminate lessons was an innovative idea. But more formal mechanisms for information sharing are needed.

COST BENEFIT BALANCE SHEET

Cost

Treasury Contribution £0.39m

Partners' Contribution £0.14m

No figures available on the cost of wider roll-out.

Benefit

- Agreement by the Police, CPS and Magistrates Courts in Sussex to adopt a common approach to the use of e-mail to support the movement of information between them.
- Harmonisation of policies across the three main stakeholders.
- The establishment of a tri-agency Business Improvement Group which should play a key role in assisting joint working between agencies in the criminal justice system.
- Business modelling which has been adopted for other police services.
- Validation of the case for integrating the Magistrates' Courts and the CPS.
- Very broad estimates that the future linking of national systems could provide administrative cost savings of up to 40 per cent and time savings of over 60 per cent.

Case Study 4

Data exchange and sharing between the Forensic Science Service and the police

An example of an ISB project which was curtailed

BACKGROUND TO THE PROJECT

The Forensic Science Service (FSS) provides forensic support to police forces in England and Wales. It employs over 2,500 people, and carries out around 100,000 examinations per year. In addition, it gives evidence in around 2,500 court cases per year.

This project sought to use information technology to exchange forensic science information between the FSS and police forces in Northamptonshire, Staffordshire and Warwickshire. The intention was to provide an online reference source of information, including progress details of work being carried out to support court cases. Other planned facilities included secure e-mail and access to management information. The project's long-term objective was "more efficient and timely administration of justice".

REASONS FOR CANCELLING THE PROJECT

- When work was done to technically evaluate the IT requirements of the project, and to clarify precise information sharing arrangements, it was concluded that the risks of failure were substantial and potentially extremely hard to manage.
- The project was therefore frozen, and stakeholders recommended to the FSS Executive Board that it should instead develop its broader information systems strategy.
- Since 2000-01, the FSS has initiated a major information systems strategy programme. This work has been funded by the FSS and does not represent ISB project expenditure. It now has an infrastructure which allows electronic working with police customers. The FSS hopes that, by the end of 2002, the data exchange and sharing which was sought through the ISB project will be available through its regular information systems.

LESSONS LEARNT

- It is crucial to ensure that the requirements of all users are clear at the outset of partnership projects.
- Where a project involves building upon existing IT systems, project staff must have confidence that these systems are resilient and contain information in a form which is appropriate for the needs of different stakeholders.
- Realistic risk assessments must be carried out as early as possible, and if the likelihood of successful completion is sufficiently slim, a decision to curtail the project should be made to avoid nugatory expenditure.
- Although it is not ideal to stop a project early, the work carried out to support it in the risk assessment and specification stages can be used to find an alternative way of achieving some or all of the project's objectives.



Case Study 5

Joint Approach to Money Laundering

WHAT IT IS

Under current arrangements, the National Criminal Intelligence Service (NCIS) receives notification of suspicious money transactions, and passes information on to police forces throughout the United Kingdom. Other agencies, such as the Inland Revenue, Jobcentre Plus, the Serious Fraud Office and the Gaming Board, would benefit from using the same sources of intelligence as the police. At the same time, better disclosure of suspicious transactions by the commercial sector would add to the amount of criminal intelligence available.

The aim of the project was to substantially increase the UK's ability to detect and investigate money laundering and other financial crime, both domestically and internationally. Specifically, it would:

- Increase the volume and quality of suspicious transaction reports, by providing reporting institutions with a purpose-designed CD-ROM. This would contain template documents, encryption, a database and help-tools, enabling them to easily forward suspicious transaction reports to, and receive feedback from, NCIS.
- Develop a secure Extranet system to allow NCIS to provide reporting institutions with information on trends, analysis and warnings. This would help Money Laundering Reporting Officers to comply with their obligations and to provide training for staff to identify suspicious transactions.
- Provide tools for law enforcement and other agencies to themselves receive, analyse and investigate suspicious transactions, via a CD-ROM software package.
- Ensure best practice through an independent assessment of the process through which reports from financial institutions are turned into useful intelligence.
- Develop a computerised automated language translation system to handle foreign intelligence requests.
- Enable secure communication between financial institutions, NCIS and law enforcement agencies through an advanced communications network to supersede the existing encrypted internet system.
- Increase the number of data sources available to investigators by developing links to allow them to automatically search commercial databases and those held by government departments and overseas financial intelligence units.

PARTNERS

The lead organisation is NCIS. Its partners are Inland Revenue, Benefits Agency (now Jobcentre Plus), Serious Fraud Office, Association of Chief Police Officers, Coutts Bank, HM Treasury and the Police Service of Northern Ireland.

WHAT MAKES THE PROJECT INNOVATIVE

The project brings together the commercial sector, law enforcement agencies and other bodies in a way which has not been done before. By using established technology such as encrypted internet systems and CD-ROM/DVD, all parties will be able to receive, analyse and investigate suspicious transaction reports.

By taking a UK-wide approach, criminals will be prevented from exploiting differences in local jurisdictions. This should also improve the quality, quantity and standardisation of financial intelligence. While much of the technology used is established, the use of some emerging technologies to enable exchange of information is important because of its confidential nature.

There is also scope for the project's main deliverables being adopted by similar UK organisations that deal with money laundering.

WHAT HAS BEEN ACHIEVED SO FAR

- Some 42 law enforcement agencies are receiving intelligence electronically. Of these, some 20 have access to the extranet which has been established, and six have access to the "Money.Web" database.
- Twelve financial institutions are disclosing information electronically, while a slightly smaller number have access to the extranet and the "Money.Web" database.
- Electronic Links with international financial intelligence units now cover seven countries. The UK model sets the standard in the EU, and there is potential for much wider application, since the International Monetary Fund and World Bank are making it mandatory for countries to establish financial intelligence units.
- Plans for interoperability are being progressed with four other government bodies.
- Databases have been provided to financial institutions and law enforcement agencies to enable them to record financial information.
- The number of suspicious transaction reports received has quadrupled since the inception of the project and the system has been proved to be reliable.

	Project Bid (£m)	Actual Cost (£m)
ISB	2.8	2.8
Partners	0.9	0.9
Total	3.7	3.7

LESSONS LEARNT

Project

- The adoption of commercially available software by several different government departments is an essential but sensitive and difficult step to handle.
- Whilst funds should be directed at sound project development in the first instance, marketing spend is very important for successful roll-out.
- Extended implementation makes full assessment of the project difficult.
- Some barriers to joint working need to be overcome - for instance restrictions due to the Data Protection Act on bulk searching and legacy IT systems.

Management

- Lack of resources and technical readiness may become an issue affecting the involvement of some law enforcement agencies and other government bodies.
- Rapid Application Development (RAD) methodology was used in the project management to implement major changes as a result of new legislation.

COST BENEFIT BALANCE SHEET

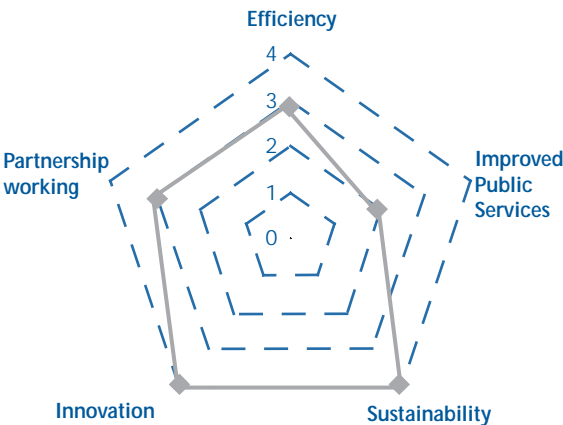
Cost

Treasury Contribution	£2.8m
NCIS Contribution	£0.9m
Total	£3.7m

Benefit

- This joint approach should increase the number of financial disclosures and identify professional institutions who do not comply with money laundering regulations. There is potential for the system to be linked to around 60 other countries whose financial disclosure regimes reach the agreed level. Any government body that collects revenue or makes payments could benefit from the system.
- Every agency involved will make savings on the keying of intelligence. This may save around 80,000 hours of work annually, worth an estimated £1 million. Costs of electronic storage and communications could also be reduced.
- Identification of additional cases where persons are fraudulently claiming benefit could lead to annual savings of around £1.2 million.
- Inland Revenue should be better able to identify cases of systematic tax avoidance.
- The replacement of paper-based with electronic communication may reduce costs by over £5,000 per year.
- The quality of the suspicious transaction report and therefore the financial information gathered is likely to be enhanced.

Joint Approach to Money Laundering



Source: National Audit Office

Efficiency: The project encourages automated transfer of information, leading to savings in terms of time spent and costs of non-electronic communication. **3**

Improved Public Services: The project is not about visible services to the public. But better use of intelligence should decrease fraudulent claims and reduce tax evasion. The quality of work for both financial institutions and law enforcement agencies is likely to be enhanced. **2**

Sustainability: Evidence suggests that the enhanced communication systems are sustainable, and that other bodies from the government and commercial sectors will join in due course. **4**

Innovation: While the technology being used is reasonably well established, the approach of using a broad range of bodies to secure one basic objective is innovative in itself. **4**

Partnership: The nine partners had to deal with a number of problems at the outset, but have pursued the project successfully so far. **3**

Part 4

The Office of the Deputy Prime Minister's and the Department for Transport's Invest to Save Budget Projects

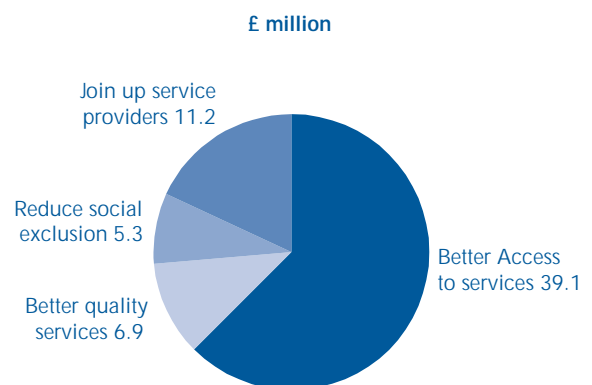
- 4.1 This part of the Report looks at the ISB projects sponsored by the Office of the Deputy Prime Minister and one project sponsored by the Department for Transport, which before June 2002 were the responsibility of the former Department for Transport, Local Government and the Regions.
- 4.2 The Office of the Deputy Prime Minister and the Department for Transport have oversight of 111 ISB projects which were awarded funds in rounds one to four of the programme valued at some £63 million of funding. These projects are mainly intended to improve services for groups of people - the elderly, the disabled and benefit claimants; to reduce social exclusion; and improve the accessibility of public services. Many projects involve partnerships between local authorities and central government departments and agencies, the police, health authorities and the voluntary sector and involve using new technology to improve services.
- 4.3 The SQW survey of local authority managers responsible for ISB projects found some 54 per cent (78 people) considered that the key objective of their projects was to make it easier for users to access services; 52 per cent (75 people) said better sharing of information with partner organisations was important; and 51 per cent (74 people) said improving the effectiveness of service delivery was key.

Selection of projects

- 4.4 The Office of the Deputy Prime Minister and the Department of Transport select projects for ISB funding in two ways:
- **Central government projects.** An internal panel evaluates bids put forward by departmental managers, departmental agencies and non-departmental public bodies and fire authorities on the basis of the Treasury's selection criteria (paragraph 1.9). The bids with most potential are cleared with Ministers and sent to the ISB Committee for approval.

- **Local authorities.** These fall under the policy responsibility of the Office of the Deputy Prime Minister and all projects are scored using the Treasury selection criteria and then all are sent directly to the ISB Committee for approval.

27 How the Office of the Deputy Prime Minister's ISB allocation is being spent



Source: ISB Unit

28 The Departments' ISB responsibilities

Up to June 2002 the Department for Transport, Local Government and the Regions was responsible for ISB projects on local government and transport. After June 2002 responsibility for monitoring local authority projects passed to the Office of the Deputy Prime Minister and responsibility for the oversight of transport projects funded under the ISB programme transferred to the Department for Transport.

- 4.5 The Departments give particular attention to assessing the potential for project proposals to develop new innovative approaches and those which have good potential to be more widely applied. For example, for the Office of the Deputy Prime Minister the London Borough of Lewisham's Life Events Access Project (LEAP) is developing a web based service which should allow people to access all the key advice they need at key times in their lives such as seeking employment, moving house, or deciding whether to apply for a further education place. This service is being designed so that it is easily transferable and can be used by other local authorities.
- 4.6 The Departments and local authorities have pointed out that the timetable for applying for ISB funding is tight. This increases the risk that projects are either taken "off the shelf", are not sufficiently innovative, or require significant development before they can be implemented. SQW's survey of those involved with ISB projects provided no conclusive evidence of this although just under 20 per cent of those consulted considered that more flexible timescales would help in identifying more innovative projects. We found that for four of the projects we examined considerable development work had to be done once ISB funding was confirmed before implementation could begin (Figure 29). This was one of the main reasons for projects being delayed.

Management and evaluation of projects

- 4.7 Prior to June 2002 expenditure was recorded on an individual project basis but not centrally monitored to assess progress. The Departments are now monitoring expenditure both by project and for the whole ISB programme. The SQW survey carried out for the ISB unit found that only about half of those with day to day responsibility for ISB projects in local authorities (45 per cent) and the former Department for Transport, Local Government and the Regions (77 per cent) considered that their organisations took a great deal or fair amount of interest in their project.
- 4.8 No evaluations of departmental or local authority projects have taken place partly because none have been completed long enough to allow reliable measurement of their impact. For the future, the Departments are considering commissioning an academic institution to evaluate the quality aspects of projects, perhaps by evaluating clusters of projects under key policy areas or types of activity such as improving accessibility to services.



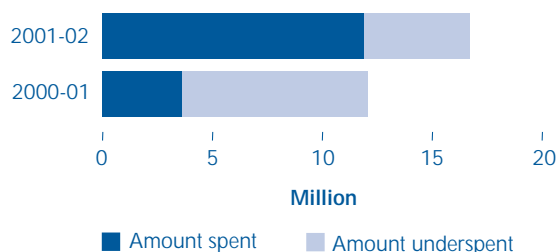
29 The need for development after projects have been approved

- **Bradford** built up the most important elements in their partnership, for example links with Inland Revenue, after succeeding in their bid (Case study 6).
- **Norwich** redesigned their project (dropping a smart card and a call centre but introducing an internet portal) after being successful in their bid (Case study 8).
- **Lewisham** consider their project would have benefited from a better assessment of the work that needed doing for example, by carrying out detailed process mapping (Case study 7).
- **Vehicle Inspectorate** would have welcomed the time to explore the potential to involve more partners to enhance the range of organisations that could roll out the SOLUS system (Case study 10).

Source: NAO Case study examination of ISB projects

30 Level of underspending of ISB funds allocated to local authorities

Shows that there was an under spend of £8.5 million (70 per cent of £12 million allocated) in 2000-2001 and £4.8 million (28 per cent of some £17 million allocated) in 2001-2002



Source: Office of the Deputy Prime Minister

What the projects have achieved

4.9 Most of the projects have either yet to go live or are at too early a stage to measure the impact of the new service or method of working. Project implementation has been slower than planned and in both 2000-2001 and 2001-2002 local authorities significantly underspent their ISB allocation. This was partly explained by the need for further development work once ISB projects had received approval (paragraph 4.6). The underspend may also reflect the relative priority given to the projects by local authorities. In some cases projects are part of a wider programme which if delayed can also stop work on the ISB funded component. The Office of the Deputy Prime Minister started in 2002 to co-ordinate electronic government related ISB projects with national projects funded under the local government online programme.

Lessons for the ISB programme

4.10 Four of the projects which we examined - Bradford Metropolitan District, London Borough of Lewisham, Norwich City Council and the Vehicle Inspectorate SOLUS project (Case Studies 6, 7, 8 and 10) had made progress with the services which they were using ISB support to develop. The Office of the Deputy Prime Minister's Promoting Electronic Government (PEG) project (Case Study 9) had delivered its self assessment toolkit to assist local authorities in developing electronically available services and help improve customer accessibility. By May 2002, 80 per cent of the target group of local authorities had registered on the web site which provided access to the toolkit.

4.11 The projects which we examined (Case Studies 6-10) point to a number of useful lessons for other ISB or similar projects intended to promote innovation.

- **Obtaining the agreed quality and quantity of work from partners may be helped by formal agreements** but in the last resort lead organisations may have to re-perform work. Widening partnerships brings extra resources and potential for making services more accessible but also brings greater complexity in the way these resources are managed (Bradford, Lewisham, and Office of the Deputy Prime Minister Promoting Electronic Government).
 - **A strategy for marketing a new service and getting the buy-in of users** (for instance by helping users to adapt to new technology or involving them in the development of the services) **assists the project in fully achieving its benefits and avoiding delay** (Office of the Deputy Prime Minister - Promoting Electronic Government).
- 4.12 The evaluation of local authority projects carried out by the consultants Segal Quince Wicksteed appointed by the ISB unit (paragraph 1.21) also highlighted a number of important lessons (Figure 31).
- **Not allowing sufficient time to develop and refine project proposals can result in implementation delays** as the design and partnership arrangements subsequently have to be modified (Norwich Connect, Bradford, SOLUS and Lewisham).
 - **Delay can result from dependence on other related developments demonstrating** the importance of having identified the risk at the design stage and having in place a contingency plan to minimise delays when partner organisations do not deliver important contributions to the project at agreed times (Norwich and SOLUS).

31 Lessons Learned from Segal Quince Wicksteed Case Studies examinations of local authority ISB projects

Lancashire County Council: Council Services Direct

Project

A project to assess options for a call centre to deliver services across four local authority areas (Total £100,000 - ISB £45,000).

Lessons Learnt

- **Need for defined roles** to deliver planned outcomes.
- **Planning required** to ensure the pilot is sustainable if successful.

Department for Transport, Local Government and the Regions: INFO4LOCAL

A project to improve the communication of information from central to local government by using electronic communication (Total £625,000 - ISB £500,000).

- **Benefits of evaluation** in identifying where the project had succeeded and where more work was needed.
- **Need for identification and dissemination of lessons learnt** to similar ISB projects.

Leicester City Council - Leicester Wet Day Centre

A project to pilot a centre providing a range of services to street drinkers to improve their health and safety, to reduce pressure on health services and other facilities in the locality (Total £377,000 - ISB £247,000).

- **Benefit of defined roles** to create a strong framework for co-operation, which is crucial to the success of this type of project.
- **Need for effective targeting and accurate measuring** of performance, including setting output targets and measuring costs and benefits accurately.

St Helen's Metropolitan Borough Council: Early Intervention Equals Timely Prevention

The project aims to reduce repeat victimization by developing a multi-agency database of repeat victims of crime to identify and target the factors associated with the vulnerability to crime (£241,000).

- **Need for guidance on Cost Benefit Analysis** including quantification of the internal and wider costs and benefits.
- **Need for dissemination of the lessons learnt** from the project and feedback from the ISB unit, particularly agreeing major changes to the pilot.

Bolsover District Council: Bolsover Community Action Network

A project to expand the existing Community Action Network's existing 'Ranger service' that tackles crime, disorder, health, anti-social behaviour and the environment. (Total £208,000 - ISB £160,000).

- **Need for Cost Benefit Analysis** or a strong business case to justify continued funding and attain sustainability.
- **Benefit of proposed independent evaluation** to assess the impact in relation to the original baseline and for evaluation of the costs and benefits associated with program delivery.
- **Need for lessons from the project to be disseminated.**

Gateshead Metropolitan Borough Council: Beyond 2000 - Accessible Information

The project gave access via a website to a mixture of information and advice on health and community safety (Total £50,000 of which ISB £50,000).

- **Need for partner resources to be committed** to attain sustainability.
- **Need for monitoring and feedback** from the lead department and the ISB Unit to evaluate the projects outcomes and to generate commitment among the partner organisations.

Cambridgeshire County Council: Modern Services for a Modern Community

The project is to develop a joint County Council and NHS contact point (the Cambourne Exchange) for the new village of Cambourne (Total - ISB £50,000).

- **Need to decide the structure of the project** before it can become operational.
- **Need for lessons from the project to be disseminated.**

Source: SQW review of ISB projects

Case Study 6

City of Bradford Metropolitan District Council

Bradford Partnership for joined up working (bdirect)

WHAT IT IS

The bdirect project is a one-stop-shop pilot to give nearly half a million people who live in the Bradford District access to public services provided by the City of Bradford Metropolitan District Council (CBMDC), the Inland Revenue, Job Centre Plus, the Pensions Service, the Police, Health and the Voluntary and Community Sector. Job Centre Plus and the Pensions Service will offer job broking and pensions advice within the One Stop Shop, but these services are designed to enhance the options available to the customer rather than replace the main Job Centre offices in Bradford offering the full range of advice and benefits. The partners joined-up work is done under the bdirect branding which will be evaluated and if considered by the project board to be successful will be rolled out throughout Bradford District.

The pilot one-stop-shop is located in the city centre and has a reception desk for more general or simpler queries run by both CBMDC and Inland Revenue staff and a separate series of specialist advice booths. On entering the one-stop-shop customers will be advised by Floorwalkers who will guide them to either take a ticket placing them in a queue for the appropriate specialist booths or to join the queue for the reception desk. Experience at several other local authorities suggests that about 50 per cent of queries will be resolved at the reception desk.

Customers who have more complex queries with several of the partners will be transferred between booths by the queue management system to avoid having to queue separately for each enquiry. The partners consider that current legal issues (especially the legislation on data protection and access to taxpayer information) and ICT concerns (about security of systems) prevent a more joined-up service being delivered immediately, but are working together with the view of reducing these barriers.

Originally the one-stop-shop was to be housed in Council premises but the Inland Revenue was able to make available the ground floor in a newer and larger building. The Inland Revenue had just entered into a PFI agreement on the provision of buildings with Mapeley and the process of agreeing a lease for the one-stop-shop required agreement between CBMDC, the Inland Revenue and Mapeley.

In October 2000 the Partners consulted a sample of about 2,500 local citizens and 74 per cent of respondents replied that they would use a one-stop-shop.

	Project Bid (£m)	Actual Cost (£m)
ISB	2.11	2.11
Partners	0.80	1.05
Total	2.91	3.16

PARTNERS

The lead organisations are the City of Bradford Metropolitan District Council, the Inland Revenue who joined the partnership after the original bid process, the Department for Work and Pensions and its agencies (Jobcentre Plus and the Pensions Service) and 14 local and national voluntary and community organisations. The Voluntary and Community Sector aims to address the needs of the public especially for areas where the public sector is unable to deliver, and also ensuring customers have an effective voice in the planning and delivery of services. Other partners include the West Yorkshire Police Force, the Bradford Health Partnership and Careers Bradford (a company contracted to provide impartial careers information and guidance in the district).

To overcome the problem of delays in decisions the Inland Revenue set up a 'fast track' route so that their representative can refer issues to their headquarters. They normally get back a decision within a day. At the Inland Revenue headquarters a member of staff is monitoring the Bradford project and the lessons learnt will impact on other initiatives.

WHAT MAKES THE PROJECT INNOVATIVE

While the concept of a one-stop-shop is no longer innovative bdirect is the first to be located on Inland Revenue premises and give full access to Inland Revenue services. The Inland Revenue's participation was negotiated after the bid succeeded and made available extra resources, including new and better premises, as well as making the project more innovative. The project will start with a co-location of services, but the partnership will work together with the view of making them more joined-up, seamless and focused on life events and they consider it is one of the first in England to have this mission.

WHAT HAS BEEN ACHIEVED SO FAR

A plan of the 'one-stop-shop' has been developed to include the customer management systems that will control queuing and allow the partners to track citizens' enquiries. Researching the design of one-stop-shops by consulting a number of local authorities (including Liverpool and Sheffield, who have established similar though predominately single agency facilities) increases the chances of developing a service people want to use and improving

efficiency, for example queue management and the design of the reception desk to smooth varying flows of customers.

The Partners expect their pilot One Stop Shop to open in Spring 2003 about one year later than planned due to the time taken to negotiate a lease on a new and better premises for the One Stop Shop.

LESSONS LEARNT

Project

- **Allow time for the partnership to develop.** The partnership formation period is vital to the acceptance of the project's outputs. With a pilot project there is less risk to service delivery, so it can be valuable to delay the project to bring on board new partners, Inland Revenue in this case, to enhance the degree of innovation involved in the project. However, other potential partners may still wish for a lower level of involvement although this can still enhance the service offered.
- **Learning from other innovators** - for instance learning lessons on one-stop-shop design from other local authorities for example Liverpool and Sheffield.
- **Some barriers to joint working to improve public services need to be overcome** - for instance restrictions due to the Data Protection Act, tax legislation and IT security- that can only be effectively tackled by central government.

Management

- **National organisations included in 'pilots' need to set up 'fast track' routes to central decision-makers**, as the Inland Revenue have in this case, in order not to delay the project but also to retain credibility of being committed to complete the project with their partners. These arrangements can also allow departments to identify and disseminate good practice to other of their local offices engaged in similar innovations.

- **Partnership working brings extra resources but also complexity**, for example the one-stop-shop has acquired better premises and about £255,000 extra funding with the involvement of the Inland Revenue but sharing a building with Inland Revenue has involved Bradford in taking extra time in a complex and potentially precedent setting negotiation with the Inland Revenue and Mapeley, with whom they have a PFI agreement to supply accommodation.

COST BENEFIT BALANCE SHEET

Cost

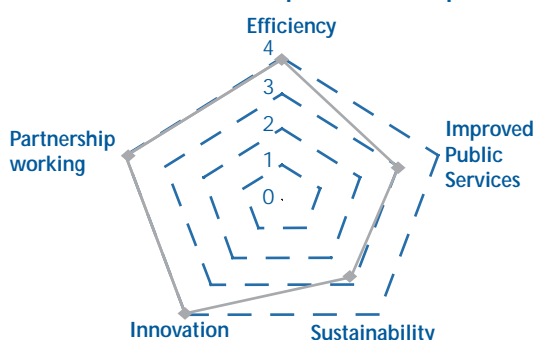
The planned cost of the project is £3.15 million of which the partners are contributing £1.05 million and the Invest to Save Budget programme £2.10 million.

Benefit

The following benefits are expected when the pilot of the one-stop-shop goes live in Spring 2003:

- Expected operational efficiency gains of £460k and fraud savings of £300k per year. Also estimated benefit savings of up to £4 million due to the unemployed, who otherwise would not have visited a Jobcentre, getting information on available jobs and entering employment.
- More accessible services for the citizens of Bradford handling on average 1,000 to 1,250 queries daily.
- Pilot test of the feasibility of joint working by Bradford Metropolitan District Council, Inland Revenue, Jobcentre Plus and other partners.
- Following the planned evaluation of the One Stop Shop after it is operational, the project board will consider a roll out of this service throughout Bradford District.

The Bradford Partnership for Joined-up Working



Source: National Audit Office

Efficiency: Estimated efficiency gains of £760 k per year. **4**

Better Public Services: One-stop-shop will make Inland Revenue, Bradford Council, Jobcentre Plus and other Partner services available in a city centre location. **3**

Sustainability: The Partnership have signed a five year lease on the premises and feel confident that, following evaluation, the concept will be rolled out across the rest of Bradford District. **3**

Innovation: One-stop-shop not as innovative as when originally timetabled two years ago but the degree of Inland Revenue involvement make it a unique pilot. **4**

Partnership: Partnership with Bradford Metropolitan District Council includes the Department for Work and Pensions, voluntary organisations (Citizens Advice Bureau) and police but the degree of Inland Revenue/local authority partnership is unique. **4**

Case Study 7

London Borough of Lewisham

Life Events Access Project (LEAP)

WHAT IT IS

LEAP aims to provide citizens with access to services at one point of contact arranged around 11 life events as this is more likely to make available the full range of applicable services required by a customer. It will provide automatic access to other local and central government department/ agencies or voluntary organisations websites via links¹. For instance for customers facing the "changing employment status" life event LEAP would provide access to information on finding employment and claiming Jobseekers Allowance from Jobcentre Plus, Housing Benefit/Council Tax Benefit, free school meals and other benefits or advice from various Council departments. It is planned that LEAP will be available from Lewisham's One-stop-shop, call centre and website (leap.gov.uk) while previously the citizen would have had to go to each of the departments or organisations to obtain information. The Leap website was never intended to directly deliver services, its purpose is to share information about services from one contact point.

The London Borough of Lewisham first established the need for the LEAP service in consultation with their 1,000 strong representative Citizens' Panel. The consultation confirmed that they would like to access services/information organised around life events and did not understand why for more complex queries involving a series of departments they were transferred to several different telephone numbers when seeking assistance from the Council.

PARTNERS

The project partners were the London Borough of Lewisham (lead organisation), Newcastle City Council and the London Boroughs of Camden, Ealing and Lambeth (replacing Surrey County Council and Reigate and Banstead Borough Council who withdrew due to changes in their priorities within three months of the project start date).

	Project Bid (£m)	Actual Cost (£m)
ISB	1.2	1.2
Partners	0.8	1.0
Total	2.0	2.2

WHAT MAKES THE PROJECT INNOVATIVE

LEAP enables citizens to have access to local authority services and information organised around 11 life events and it gives direct access via links¹ to relevant central government

websites because the partners have followed the e-government interoperability framework (eGif). More generally the partners discovered during the early stages of the project that it was necessary to map and standardise the life event processes that underlay the services like building blocks and this ensured that LEAP is useable by any English local authority. The LEAP standard mapping methodology has been adopted by the South Yorkshire Coalfield Project following training provided by two LEAP project managers. Part of the mapping work that underpinned LEAP was the Customer Unique Process Identifier (CUPID), a classification of over 600 processes needed to deliver public services relevant to the 11 life events. CUPID has been adopted and further developed with the Improvement and Development Agency for its Electronic Service Delivery toolkit (ESD T%lkit), which assists local authorities in giving customers electronic access to services. The ESD T%lkit has been adopted by some 170 of the 387 English local authorities.

LEAP is a basis for further innovation - Lewisham plan to provide the full life events based access to services and information via their 16 'Tellytalk' video conferencing sites and their Internet web-site as well as via conventional access from their one-stop-shop and call centre.

WHAT HAS BEEN ACHIEVED SO FAR

- Partners' customers will be able to access information about public services organised around life events via one-stop-shops, call centres and local authority web-sites from September 2002 (this is intended to make the services more accessible and equitable regardless of the channel by which the service is accessed).
- Development of a standard process mapping methodology LEAP to provide citizens with access to services at one point of contact arranged around eleven life events which could be replicated by all the English authorities that decide to use it.
- The Improvement and Development Agency's ESD T%lkit, which incorporates LEAP's Customer Unique Process Identifier and assists local authorities in giving customers electronic access to services, has been adopted by 170 of the 387 English local authorities.
- Further developments are planned by Lewisham to fully provide their customers with access to services via 'Tellytalk' video conferencing sites and the Internet (rather than just the standard information about services).

¹ A graphic or piece of text on a Web page that refers to another web page or another Web site. When the link is 'clicked' that page will be retrieved and displayed.

LESSONS LEARNT

Project

- **Allow for innovative ideas to develop during the project.** The project team was flexible in adopting methodologies for the project. The team developed and set standards that were fit for purpose, for example process mapping using an easy to use IT application (Visio 2000 Professional). The application took no more than 30 minutes to learn and was easy to understand at the process validation stage by the system developers and the service providing departments. This methodology was identified after the bid was sent to Treasury and the project went live.
- **Need to develop ideas that others can use.** The project team realised that for the system to be fully replicable by other authorities there was a need to develop and set standards and methodologies for the service classification and process mapping.

Management

Partnership management presented challenges:

- **Contingency planning to keep the project viable.** Two authorities left the project as their priorities changed. This risk had previously been identified in the risk assessment process and was immediately overcome by bringing in one of the secondary partners, whose interest had been established before the project went live.
- **Need clear roles and responsibilities.** Some initial friction between partners who had difficulties in accepting the lead partner's managerial role.
- **Partnership is strong as its weakest link.** Lewisham had problems controlling the quality of work by some of their partners. This was overcome by re-performing some of the process mapping at short notice.

COST BENEFIT BALANCE SHEET

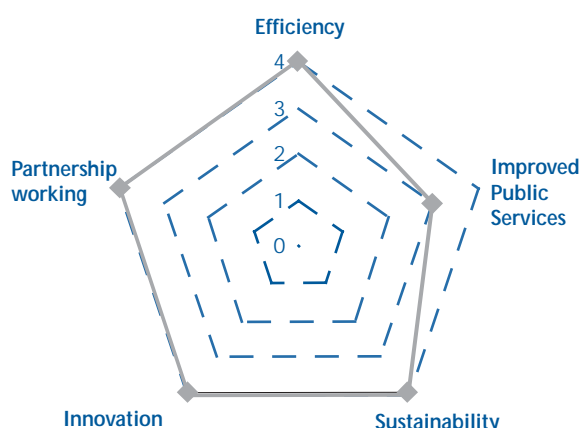
Cost

Total cost of the project is	£2.2 million
Invest to Save Budget programme	£1.2 million
Partners' Contribution	£1 million

Benefit

- LEAP partners' pilots will commence in September 2002 providing their citizens with multi-channel access to services and information organised around 11 life events via call centres, one-stop-shops and the web, replacing the more expensive provision of services through individual departmental offices allowing the rationalisation of partners' property. Across the partners this is expected to save around £8 million over five years.
- Service processes have been mapped and terminology standardised to make LEAP useable by all English local authorities.
- Partners have gained experience of developing innovative projects, i.e. the necessity of exploring issues like standard setting, e.g. process mapping, at the planning stage.
- Partners have gained experience in overcoming the problems of partnership working including partners leaving the project and uneven standards of work.

LEAP (Life Events Access Project)



Source: National Audit Office

Efficiency: Savings of around £8 million over five years from property rationalisation. **4**

Improved Public Services: LEAP is designed to give the citizen easier access to public services organised around 11 life events and the equity of service delivery is improved as the identical knowledge base is available regardless of which method the customer uses to seek information. **3**

Sustainability: LEAP can be used by any of the five partners or any other local authority in England (already adopted by the South Yorkshire Coalfield project) and the Customer Unique Process Identifier has been adopted by many English authorities.

Innovation: Made information on services accessible organised around life events on website to be provided to customers via the Internet, call centres and one-stop-shops. Involved process mapping and standardisation of terminology to allow use by different authorities and for potential national roll out. **4**

Partnership: Five partners involved and they overcame friction around lead partner's role, control of quality of work from junior partners and particularly the departure of two of the original partners. **4**

Case Study 8

Norwich City Council: Norwich Connect

WHAT IT IS

Norwich City Council is the local authority responsible for providing a range of services including, housing, planning and leisure to the inhabitants of Norwich. The Council have a Private Finance Initiative project to deliver better public services to the public:

- Improve people's access to the Council's services via one-stop-shops, customer relations management systems (captures enquiries from the public and can then pick up the progress of the enquiry if the citizen phones or writes to check progress) and kiosks making electronic access available to citizens.
- Streamline internal processes by upgrading IT, improved workflow management and the wider use of document imaging and an intranet.
- Improve efficiency by re-engineering business processes across the whole Council.

The PFI deal costs £84 million and will run for 15 years and the contractors (a consortium led by Steria) are obliged to monitor and upgrade the technology to current industry standards.

The ISB project, Norwich Connect, complements the PFI project by:

- Developing an Internet portal¹ organised around life events to make services more easily available by providing access to the Council's and other service providers' websites. For example, for those becoming unemployed the portal would give access to Jobcentre Plus and Council information on claiming Housing Benefit, and also show available jobs from Jobcentre Plus and newspaper job adverts. A facility is being developed to identify the benefits available for any particular life event.
- Tackling the problem of people who do not have access to a computer at home by providing extra kiosks in places where people gather - community centres, doctors' surgeries, one-stop-shops, Employment First, Citizens Advice Bureaux and Age Concern Norwich. Each kiosk will consist of a personal computer, a printer and a telephone giving free access to the relevant agencies.

- Providing two pilot one-stop-shops in areas with particular problems - Mile Cross (unemployment) and Lakenham (elderly and unemployment). These are planned to be offices where Norwich Council, Jobcentre Plus, the Careers Services and the Police have desks to provide citizens with a range of services in one place. Norwich City Council staff will also provide access to other agencies such as Norfolk County Council and various local voluntary sector organisations. However, the citizen will have to visit the different organisations' desks as the services are separated by legal constraints (Data Protection Act) and separate IT systems.

	Project Bid (£000)	Actual Cost (£000)
ISB	1660	40
Partners	5543	120
Total	7203	160

- Funding two staff to give demonstrations to interested groups of people on how to use the portal and collecting their reactions to help design further developments.

PARTNERS

The partners are Norwich City Council, Norfolk County Council, Jobcentre Plus (agency of the Department for Work and Pensions), Health Information Team Norwich Primary Care Trust, First Bus, Norfolk Careers Services, Norfolk Constabulary, the University of East Anglia and the voluntary sector represented by Age Concern Norwich.

The main problem to overcome has been keeping the partners 'on board' during the two-year delay due to the late start of the PFI project. Norwich accomplished this by having regular but not frequent meetings with the representatives of partners focused on what could practically be achieved, eg the detailed arrangements for the one-stop-shop.

WHAT MAKES THE PROJECT INNOVATIVE

Norwich Connect is innovative in planning to develop a package of facilities to improve access for the public - a portal for those with Internet access, kiosks for those without personal access to IT and telephones, facilitators to sell these services to users and one-stop-shops for those who prefer or need face to face service. The project was developed using the experience of what the public needed acquired by Norwich and their partners in providing services. The project is also innovative in engaging partners from the private sector - the local newspaper - and the voluntary sector - Age Concern.

¹ A portal is any well used gateway to the Internet, especially those sites designed to serve as a 'front door' and thus the first page that the users see when accessing the Web. Portals typically provide large catalogues of other sites, powerful search engines for locating information, and e-mail facilities or other attractive Web services.

WHAT HAS BEEN ACHIEVED SO FAR

The expected benefits from the project have been delayed for two years due to delays in the PFI IT project on which Norwich Connect is dependent. Norwich City Council and their partners have used this time to refine a broad vision into a more practicable project. After consulting with their partners the Council decided that a portal would be more useful than the originally proposed call centre. A feasibility study on a proposed smart Community Card (to provide the holder with access to a range of partner services and information) determined that it would be uneconomic - for instance it would have been issued to library users but this would have cost £8 per head - unless a commercial concern, such as the local bus company, wanted to participate but no interested party was identified.

Further developments to the project during this time have seen the addition of facilitators to market the kiosk and website services and agreement between the partners on the details of setting up the one-stop-shops.

LESSONS LEARNT

Project

- **Broad visions of what projects are intended to achieve** need to be refined and tested to produce a more practical outcome. In the case of Norwich Connect this involved testing the feasibility of the smart card and not going ahead with its development and replacing a call centre with a portal that the partners considered would be more effective.
- **Start and finish from the point of user needs not with what changing technology can provide** - to avoid being "seduced by what is possible rather than what is needed".
- **Some barriers to joint working to improve public services remain to be overcome** - for instance restrictions due to the Data Protection Act, tax legislation and IT security.

- **Dissemination of the lessons learnt from innovative projects helps to encourage other organisations to review the practicality and appropriateness of their projects before implementing them.** Feedback from the Office of the Deputy Prime Minister (or its predecessor the Department for Transport, Local Government and the Regions) or the ISB Unit on changes to projects for example on the means of delivery would reduce the risk of projects ceasing to deliver the sort of innovations they were approved to deliver.

Management

- Norwich have learnt that it is necessary to take positive steps on, for example, planning the layout of the one-stop-shop, to keep the partnership together in the face of delays due to factors external to the project.

COST BENEFIT BALANCE SHEET

Cost

Treasury Contribution	£40,000
Partners' Contribution	£120,000

Benefit

Due to the delay of the PFI project the benefits so far obtained are in the form of a better designed project:

- Refined the broad vision of the project replacing the call centre with a portal, which they and their partners considered would be more effective, and determining that a proposed smart card would be uneconomic.
- Planned the addition of facilitators to market the portal and one-stop-shops to encourage take-up.

Norwich Connect



Source: National Audit Office

Efficiency: the project is not aimed at efficiency savings but the examination of services provided will result in some gains as a by-product. **1**

Better Public Services: combination of a website, kiosks and two one-stop-shops in deprived areas all marketed to encourage uptake are expected to provide better public services. **4**

Sustainability: while the website is likely to continue, the roll out of the one-stop-shop across Norwich is dependent on the success of the pilots to encourage partners to contribute to the cost, which by implication means abandoning their current accommodation arrangements. **2**

Innovation: the project includes a life events based portal, a one-stop-shop, electronic access kiosks and an original marketing strategy. **3**

Partnership: the project has a wide range of partners (central and local government, the police and a newspaper) and has been held together in the face of delays. **4**

Case Study 9

Office of the Deputy Prime Minister

Promoting Electronic Government

OFFICE OF THE DEPUTY PRIME MINISTER

In June 2002 responsibility for Local Government and the Regions passed from the former Department for Transport, Local Government and the Regions to the Office of the Deputy Prime Minister.

WHAT IT IS

Promoting Electronic Government (PEG) is a project to develop a self-assessment toolkit for local authorities to assess their progress in developing electronically available services. It also provides guidance on how to improve services. The aim is for the authorities to embed e-enabled business change by re-engineering key processes rather than bolting on an electronic layer, a website for instance, without making any changes to working practices and the way services are organised. The project is part of the wider programme to deliver the Prime Minister's target that all government services, including local government, will be available online by 2005. The broader programme includes a range of different initiatives of which PEG is only one of many available sources of advice and guidance to local authorities. The toolkit is organised around nine critical success factors - improving customer access, information in service delivery, service processes, partnerships, business processes, resources, strategic procurement, service choices and joining up services. It offers three levels at which the assessment can be made, a fast track suitable for senior management decision-making and two further levels where the degree of analytical detail increases. The toolkit is designed so that it works equally well for the local authority that wants to focus on a particular activity (for example procurement) or re-engineer its full range of services.

	Project Bid (£m)	Actual Cost (£m)
ISB	0.6	0.6
Partners	0.2	0.2
Total	0.8	0.8

PARTNERS

The partners were the sponsoring department, the Office of the Deputy Prime Minister, the project contractor (CDW & Associates), the Improvement and Development Agency (IDeA), Exchanging Information with the Public (EiP - a long standing small group of authorities with an interest in developing practice on e-government), the nine local authorities that were involved in the decision making and the

development of benchmarking materials, and the 30 'testbed' local authorities that assisted in developing and testing the material. The project partnership was managed by a Project Board which included IDeA, EiP as well as representatives from private sector organisations - the Federation of Electronic Industries and a senior executive from Steria (formerly Integris).

WHAT MAKES THE PROJECT INNOVATIVE

The project relies on the core of nine local authorities who agreed to develop the toolkits by identifying the success factors and the key attributes. To ensure the local authorities would deliver, the department set up a contract agreement. In the event the local authorities' contribution exceeded that written in to the agreement. In recognition of their role, the local authorities share in the intellectual property rights of the finished product.

The resources to update and maintain the website will come from fees paid by private sector consultants who wish to provide assistance to local authorities in producing their assessments or in related training. The market is expected to be quite strong with CDW & Associates, the consultants who helped to develop the toolkit, having already received considerable interest to provide assessments and training based on it. Marketing of the toolkit to local authorities will be promoted by the efforts of the consultants to sell their training that is based on it.

WHAT HAS BEEN ACHIEVED SO FAR

The project has delivered its planned outputs such as the benchmarking toolkit, good practice case studies and guidance on procurement. There is some encouraging initial evidence of local authority take-up and the department plan a systematic evaluation after the material has been available for a few months in September 2002. A website has been established making available the toolkit, other guidance and supporting advice. By May 2002 some 80 per cent of the target group of English local authorities had registered on the website while 51 per cent had accessed the highest level (Fast Track) package. Dissemination has also come from two annual conferences in 2001 and 2002 attended by about 30 per cent of local authorities that have highlighted the toolkit and other related e-Government projects and brought together local authorities and private sector Information and Communication Technology suppliers.

The Office of the Deputy Prime Minister plans to evaluate the output of the project in changing local authority behaviour and has commissioned York Consulting to do a telephone survey of local authorities and six local authority case studies to assess the awareness of PEG and the extent to which the materials have been used by local authorities.

LESSONS LEARNT

Project

- **Risk that the products will not be used by local authorities has been countered by involving local authorities in the development to get buy-in, by making the products freely available on the website** (80 per cent of the target group of English local authorities have registered) and by promoting them in two annual conferences attended by 30 per cent of English local authorities and making them available to approved consultants to market as part of their training.
- **Risk that the materials will not be maintained and updated has been overcome** by arranging for the consultants who managed the project CDW & Associates, to maintain and update the website paid for by fees from private sector consultants wishing to be accredited to use the toolkit to offer assessment and training services.
- **Impact on local authorities will be measured by an independent evaluation** by an academic consultant (York Consulting) in September 2002, which will allow time for changes in behaviour to occur.

Management

- **Risk of not delivering expected output on time and to cost was overcome by closely monitoring pre-defined phases of the work.** Payment to the contractor was dependent on the schedule being met.

COST BENEFIT BALANCE SHEET

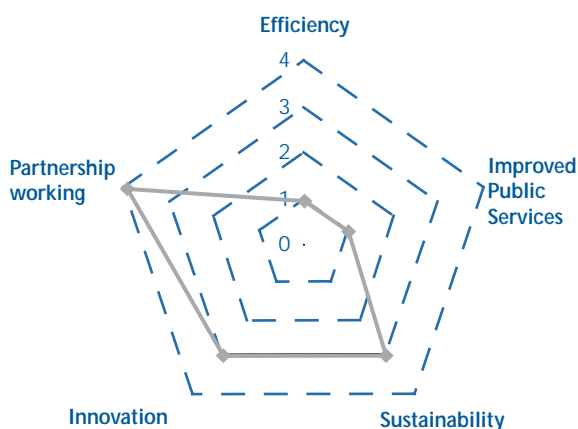
Cost

Treasury Contribution	£0.6 million
Partners' Contribution	£0.2 million
Total	£0.8 million

Benefit

- Impact on local authorities will be measured by an evaluation due in September 2002.
- Developed benchmarking toolkit for local authorities, to assess their progress in delivering services electronically and with suitable local authority good practice case studies in electronic service delivery.
- Provided guidance to local authorities on implementing electronically available services.
- Office of the Deputy Prime Minister has learnt lessons from Promoting Electronic Government Project and the Pathfinders Scheme (Local Government online) and has actively disseminated these through conferences and seminars as well as the website.

Promoting Electronic Government



Source: National Audit Office

Efficiency: The project is not aimed at directly producing efficiency savings but the analysis of how services are provided will enable partners to make some unquantified gains. **1**

Improved Public Services: The project will not directly be used by the public but may indirectly improve services. **1**

Sustainability: Resources to update and maintain the toolkit on the website will come from fees paid by public sector consultants who wish to provide assistance to local authorities in producing their assessments of readiness to provide e-services or in related training. **3**

Innovation: The project is innovative in using the local authorities to construct the tool kit under the guidance of a private sector consultant and in facilitating the marketing of the toolkit by allowing registered consultants to use it in their training packages that they will actively sell to local authorities. **3**

Partnership: The project has a wide range of partners (the department, private sector consultant and 42 local authorities). **4**

Case Study 10

Vehicle Inspectorate: SOLUS

VEHICLE INSPECTORATE

The Vehicle Inspectorate is an executive agency of the Department for Transport. Its primary aim is to contribute to the improvement of road safety and environmental standards. The Vehicle Inspectorate is responsible for enforcing the law on vehicle safety and environmental standards for heavy goods and passenger vehicles and prosecutions follow from its examiners identifying vehicles with dangerous or polluting defects.

WHAT IT IS

The Vehicle Inspectorate's SOLUS project was developed to provide electronic information to the Magistrates' Courts of prosecution cases and register them online. The system will address the problem of cases being lost or delayed in the post. Such delays had led to some prosecution cases not being registered with Magistrates' Courts within the time limit of six months allowed for registration (this time limit applies to the approximately 95 per cent of cases not involving fraud). Failure to meet the time limit has a greater tendency to affect serious and complex cases occurring in multiple locations, that are a high priority for the Agency. SOLUS also represented an opportunity to make considerable efficiency savings in legal and administrative costs by making case handling more efficient.

SOLUS is a two-stage project to create a system to electronically transfer prosecution cases from the Vehicle Inspectorate to the Magistrates' Courts. The Vehicle Inspectorate first developed an electronic system of recording and controlling the Inspectorate's cases and planned to pass the cases to the LIBRA electronic case management system being developed for the Magistrates' Courts by the Lord Chancellor's Department. Full operation of SOLUS has been delayed by developmental problems with LIBRA preventing transfer of cases to the Magistrates' Courts. The Lord Chancellor's Department now expect that LIBRA will be available to accept cases late in 2004.

The project had been considered for some time by the Vehicle Inspectorate but had no available funding before the Invest to Save Project money was available.

	Project Bid (£000)	Actual Cost (£000)
ISB	92	92
Partners	33	38
Total	125	130

PARTNERS

The Lord Chancellor's Department is the Vehicle Inspectorate's partner and will provide the LIBRA system for the Magistrates Courts. The partnership has been cemented by meetings at working level, with workshops and by monitoring mutual progress.

WHAT MAKES THE PROJECT INNOVATIVE

The project plans to provide an electronic link from the Vehicle Inspectorate's system to the Magistrates Courts and register prosecution cases online.

WHAT HAS BEEN ACHIEVED SO FAR

SOLUS has achieved the first stage of electronically recording and controlling prosecution cases. This has made information on case processing more centrally accessible, for example producing a report on prosecution cases being prepared by Vehicle Inspectorate staff when they are within 10 days of breaking the six month time limit. The system has also after modification been used to transfer case documents online to Scotland's Crown Office and Procurator Fiscal Service. SOLUS is also ready to meet its original main objective of providing documents and registration of cases online to the Magistrates' Court in England and Wales when their system becomes operational.

An evaluation of the project is planned after it is fully operational by Vehicle Inspectorate's Internal Audit. It is anticipated that the efficiency savings will be less than originally planned as prosecution cases have reduced from 10,000-12,000 to 8,000 due to a change in Government policy giving more emphasis to warnings and education. However, the cases still prosecuted will tend to include the most serious and complex that were at greatest risk of failing to be registered because of delay under the previous system.

LESSONS LEARNT

Project

- **Importance of risk analysis and contingency planning.** The biggest risk facing SOLUS was its dependence on the Lord Chancellor's Department's LIBRA project and the Vehicle Inspectorate identified this in their risk analysis before the project went ahead. However, they concluded that the project should go ahead as there was no risk to the service they provide (the old system of transferring prosecution cases to the Magistrates' Courts could continue), the benefits in better internal control of their cases would be in any event available and the project was relatively low in cost.

- **The time available for developing the project was very short** - the Vehicle Inspectorate had slightly less than a month to prepare the second stage main bid. While extra time might have made little difference it would have allowed more time to contact other prosecutors and might have resulted in a wider partnership.
- **A valuable opportunity exists to learn from the experience, included for example in the regular reports.** However, the Vehicle Inspectorate received little feedback from the centre on the experience of other projects - there have been two conferences but these have tended to be fairly high level and not focused on problems and solutions. Similarly no arrangements have been made to roll out SOLUS as a basis for other prosecutors who will be developing similar systems in later phases of the programme to bring document transfer and registration of cases to the Magistrates' Courts online.

Management

- **Adopt a sound management approach.** The project was overseen by a Project Board chaired by the Director of Finance that received monthly reports from the Project Manager on progress measured against detailed milestones. Insufficient allowance in costings was made for project management resources but this was overcome by the flexibility of the staff involved. The original project plan was drawn up using DSDMS (Dynamic Systems Development Method) methodology, bringing together the users and the developers, an in-house team based in Swansea, to define and prioritise objectives.

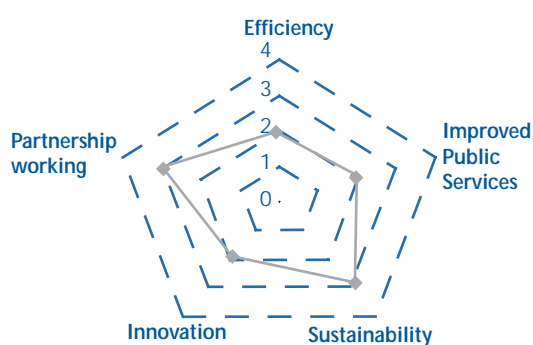
COST BENEFIT BALANCE SHEET

Cost	(£000)
Treasury Contribution	92
Partners' Contribution	38
Total Cost	130

Benefit

- Planned efficiency savings of £86,000 (about £65k in light of unexpected reduction of business).
- Unquantified efficiency savings of eradicating the 120 cases lost per year through being out of time, increased fines from combining cases involving several agencies and targeting courts who give low penalties for education on the potentially serious consequences of these offences.
- Project may also result in unquantified efficiency savings for the Magistrates' Courts.
- Vehicle Inspectorate case recording processing and control is online producing valuable management reports, e.g. on cases about to become time expired.
- SOLUS will be able to pass cases electronically to the Magistrates' Courts system when that comes online.
- After modification SOLUS was the basis for the system used to transfer cases electronically to Scotland's Crown Office and Procurator Fiscal Service online.

Vehicle Inspectorate's SOLUS



Source: National Audit Office

Efficiency: SOLUS is planned to deliver considerable efficiency gains when the LIBRA system comes online - potentially paying back the investment in about two years. **2**

Better Public Services: SOLUS will improve the administration of justice by reducing delays, preventing cases from being lost through late registration and by giving the defendants early notice of which court they are appearing in. **2**

Sustainability: Once up and running the system will be sustainable. It will continue running without the need for further investment although it may also be a stepping stone to further innovation. **3**

Innovation: SOLUS is innovative as it was the basis for a system that has delivered transactions online in Scotland if not yet in England and Wales. **2**

Partnership: Vehicle Inspectorate has continued to work with Lord Chancellor's Department over several years of continuing disappointment and has plans for partnering Magistrates' Courts by signing performance agreements with the 42 groups into which they are organised. **3**

Appendix 1

Study Methodology

Issue

Appraisal - whether the criteria for ISB project selection were properly adhered to.

Management - whether the use of funds was adequately monitored, projects were well managed and there was proper management of risk.

Performance - whether the ISB programme has achieved its aims in terms of tangible outputs, sustainability, improved performance and efficiency gains and whether lessons learnt have been disseminated more widely.

Approach

Review of 10 ISB projects (case studies in Annex A on page 28) and comparison of key projects elements (partnership working, level of innovation and outcomes) with selection criteria.

Semi-structure interviews with staff in the Treasury's ISB Unit, the Cabinet Office (Performance and Innovation Unit and Office of Public Sector Reform), the Office of the Deputy Prime Minister, Department for Work and Pensions, Home Office and Department of Transport and organisations with lead role in the 10 case studies such as local authorities.

Logic models to map out different perceptions of the resources deployed and the outcomes expected in each of the case studies.

Feedback loops to determine the project management techniques and mechanisms for reporting on project progress and lessons learnt.

Commissioned a short comparative paper by Professor Tom Ling (Senior Research Fellow at the National Audit Office) on the effectiveness of monetary incentives in changing behaviour among public sector organisations. This is available separately on www.nao.gov.

Analysis of results achieved by ISB projects in the three departments from which the sample of projects has been drawn. The performance of each project is evaluated against five measures: improved service; efficiency gain; sustainability; innovation; and partnership working. Each project was given a score out of five for each measure, and the resulting "**pentagon map**" gives a picture to compare project performance against the key objectives of the programme. We constructed a **balance sheet** for each of the 10 projects which were examined in detail to record direct and indirect costs and set these off against the benefits in terms of improved services and efficiency and other qualitative improvements.

Drew on the evaluation reports for ISB projects such as those for the 'ONE' single work focused gateway project which has received the largest amount of ISB support and the Segal Quince Wicksteed evaluations of the ISB programme commissioned by the Treasury's ISB Unit.