

New IT systems for Magistrates' Courts: the Libra project



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
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executive summary

- 1 Magistrates' courts are a key element of the criminal justice system. They dispose of 95 per cent of criminal cases prosecuted in England and Wales and have important links with other courts and enforcement agencies. The 42 local Magistrates' Courts Committees are responsible for the effective administration of the magistrates' courts in their areas. They employ around 11,000 staff in total.
- 2 Magistrates' Courts Committees are independent bodies answerable for their performance to the Lord Chancellor. The Lord Chancellor's Department (the Department) has a role in monitoring the performance of Committees but it remains for each Committee to decide on how best to provide an efficient and effective service within its area. The Department also has a role in issuing guidance and will encourage Committees to adopt it. Magistrates' Courts Committees receive 80 per cent of their funding from the Department and the remaining 20 per cent from local authorities.
- 3 Magistrates' courts have undergone a period of significant change since the Police and Magistrates' Courts Act 1994, with the number of Committees reducing from 105 to 42. Further changes are included in the Courts Reform Bill introduced in 2002 paving the way for a merger of the magistrates' courts with the other criminal, civil and family courts in England and Wales.
- 4 IT systems in magistrates' courts have been inadequate for many years. Magistrates' Courts Committees use different systems and have different working practices. Current systems do not allow information to be shared electronically with other courts and electronic information transfer to other enforcement agencies is piecemeal. The Government decided in the early 1990s to develop a national standard IT strategy for magistrates' courts.



- 5 In 1998 the Department signed a PFI contract with ICL¹ to develop a national standard IT system called Libra (**Figure 1**). The Court Service, an Executive Agency of the Department, took over responsibility for the project in July 2001 when it took over other responsibilities for magistrates' courts. This report examines the progress made in implementing the Libra project. The methodology we used is set out in Appendix 1.

¹ In April 2002 ICL became known as Fujitsu Services.

1 The main elements of the Libra project

Infrastructure	Core application
To provide a national IT infrastructure, including desktop PCs, printers, networks and full on-line support.	To develop a standard national application to support court work - case management, accounting and other administration - to replace the five existing systems in the Magistrates' Courts Committees.
To provide office automation facilities, including standard office software such as e-mail, word processing, spreadsheets and diaries.	To provide direct electronic links with other criminal justice agencies and their strategic systems (the police, the Crown Prosecution Service, the probation service, prisons, the Crown Court and the Driver and Vehicle Licensing Agency).

Source: Lord Chancellor's Department

The Department developed IT to support existing processes rather than re-engineering processes with new IT (Part 1 of the Report)

- 6 The Department recognises that the design of a best business process model should normally come before seeking an IT solution. The Department decided, however, to support and improve the efficiency of existing processes rather than redesign business processes in parallel with the development of a new IT system (although the business processes that would be necessary to support and operate the new system were developed and documented in parallel with the system design and development). The Department advanced two main reasons for adopting this approach. First, it did not have the authority to impose business process change on the independent Magistrates' Courts Committees. Secondly, as a programme of amalgamations of Magistrates' Courts Committees was under way, the Department wanted to maintain service and not attempt further major change during this period.
- 7 Ideally business processes should have been redesigned and developed in parallel with a new IT system being developed. This would have helped to secure the most efficient and effective way of carrying out the operations of Magistrates' Courts Committees.

A national standard IT system has been under development for over ten years (Part 2 of the Report)

- 8 Following two failed projects going back to 1992, the Department decided in 1996 to procure a PFI contract for the Libra project. By the end of the procurement there was effectively only one formal bidder (ICL) for the contract which meant that the Department was unable to maintain competitive tension throughout the procurement process. ICL was chosen as the preferred bidder although the Department was aware of the problems ICL was having with another government IT project. This made it even more important for the Department to satisfy itself thoroughly as to the technical competence of the bidder to deliver a project of such size and complexity. With hindsight the Department should also have verified that the financial model on which the tender was based was sound and reflected the Department's requirements, although at the time Treasury Task Force advice was that this was not a requirement.

- 9 The project hit problems and was renegotiated twice after contract signature. ICL came back to the Department twice for more money. On the first occasion this was on the grounds that it had overestimated the revenues and underestimated the costs of the contract and that without additional funding it would be unable to continue with the contract. On the second occasion it was because the delays to the development timescale, caused by a number of different factors, had increased ICL's costs. On each occasion the Department renegotiated contract terms that it considered provided value for money and at the same time delivered a financially acceptable outcome for ICL. By July 2001 ICL was in breach of the contract because it was unable to deliver the core application to the first site. But the Department did not terminate the contract and sue for damages because it considered that this would have triggered potentially costly litigation and counter-claims from ICL, and would have jeopardised the timely delivery of much needed improvements to IT systems in magistrates' courts. Negotiations were completed and both parties remained committed to the project.
- 10 In July 2002, after considering the options available, the Department signed a variation to the contract with ICL to deliver only the national IT infrastructure and office automation facilities. During January 2003 the Department expects to sign a separate contract with STL to provide the core software application to support court work. A systems integrator will then be appointed towards the end of 2003 to roll out and run the application. The main developments in the course of the project are set out in [Figure 2](#) and at Appendix 2.
- 11 The cost of the project has also increased significantly in the four years since the original contract was signed ([Figure 3](#)). The Department is paying a great deal more for a contract only 8.5 years in length that will last only until 2007, although the scope of the requirement has expanded. The new termination date was chosen to align it with the end of two other major contracts and will enable a replacement contract to provide a strategic way ahead. The Department estimates that the equivalent contract cost of the current proposal over 14.5 years would be £557 million. This figure cannot be compared directly with the contract cost of £319 million for the contract agreed in May 2000 as the new agreement includes the provision of 2,500 additional PCs and associated printers as well as a number of enhancements to the office automation service, such as Internet browsing.

Unified administration in 2005 provides an opportunity to re-engineer business processes with new IT (Part 3 of the Report)

- 12 The Government intends to integrate the management of the criminal courts within a single courts organisation to replace existing Magistrates' Courts Committees and the Court Service. The target date for unified administration is April 2005. The Department considers that Libra is essential to the implementation of unified administration. The introduction of unified administration will not initially involve significant changes to magistrates' court processes. But the Department recognises as a long-term aim the standardisation and improvement of business processes across magistrates' courts.
- 13 The Department needs to plan ahead now for the IT systems to replace Libra and other court systems where the contracts are due to end in 2007. New IT systems need to be developed in parallel with changes in magistrates' court processes once unified administration is in place.

2 Chronology of the Libra project

Date	Event
Oct 1996	The Department started to procure a PFI contract.
Nov 1996	The Department received 19 expressions of interest in response to a notice in the Official Journal of the European Communities.
Sep 1997	Two bidders (ICL and EDS) submitted detailed proposals.
May 1998	EDS declined to submit a response to the Invitation to Tender.
May 1998	ICL submitted the only bid for £146 million.
Jul 1998	ICL was chosen as the preferred bidder.
Oct 1998	ICL increased its bid from £146 million to £184 million.
Dec 1998	The Department awarded the contract to ICL after assessing ICL's offer as affordable and value for money. The contract was for £184 million over 10.5 years.
Oct 1999	ICL sought a renegotiation of the contract as its cash flow forecasts showed a £39 million deficit over the life of the deal.
May 2000	The Department and ICL signed a revised contract for £319 million over 14.5 years. The increased cost was mainly for an extra four years of service and for earlier roll-out of the infrastructure.
Nov 2000	ICL informed the Department that it would only be able to deliver criminal cases software to the first site in Suffolk by the target date of July 2001, with software for family and licensing cases to be delivered 10 weeks later.
Feb-June 2001	ICL brought in a new management team who re-evaluated the plan and assessed that it was not deliverable.
Jun 2001	ICL told the Department that its forecast losses were now so high that it could not continue with the contract unless it was substantially renegotiated.
Jul 2001	ICL was in breach of the contract for failing to meet the delivery date for core software at the first site. The Department decided to negotiate with ICL rather than terminate the contract and sue for damages. The Department started to consider other options for continuing with Libra.
Sep 2001	ICL told the Department that its maximum potential loss on the project was £200 million and that it would repudiate the contract unless the Department negotiated to cover the loss.
Oct 2001	The Department and ICL signed a legally binding Memorandum of Understanding, which placed the Department in a less favourable position than simply continuing with the existing contractual arrangements and relying on its contractual rights.
Feb 2002	On grounds of value for money and affordability the Department could not reach agreement with ICL for ICL to continue with the whole contract.
Jul 2002	The Department signed a revised contract with ICL (now known as Fujitsu Services) for £232 million over 8.5 years to supply only the infrastructure element of Libra. The Department intends to sign separate contracts with STL for the core software application and for a systems integrator to roll out the programme.

Source: Lord Chancellor's Department

3 The rising cost of the Libra project

	May 1998 ICL's original bid	Dec 1998 original contract	May 2000 revised contract	July 2002 current proposal
Contract costs				
Infrastructure (£m)	not known	not known	not known	232
Application (£m)	not known	not known	not known	86
Total contract costs (£m)	146	184	319	318
Internal project costs (£m)	10	10	18	12
Additional enhancements and other costs	0	0	0	60
Total project costs (£m)	156	194	337	390
Contract length (years)	11	10.5	14.5	8.5

Source: Lord Chancellor's Department



Recommendations

14 There are wider lessons for all Departments from the problems that the Lord Chancellor's Department has experienced with the Libra project:

- 1 IT system changes should be planned to support redesigned business processes. Undertaking one without the other is unlikely to deliver value for money.
- 2 Standardising IT systems across a number of disparate bodies is only likely to be effective if the appropriate business processes of those bodies are also aligned.
- 3 To encourage suitable bids for a particular contract, departments should survey the market to establish the level of interest in the project and to assess whether their proposals are likely to be attractive to potential bidders.
- 4 Departments should take it as a warning sign that their proposed PFI projects may not be workable if few bidders show initial interest and others withdraw as the procurement process continues.
- 5 When a department unavoidably finds itself in a single tender situation, it should take special care to ensure that value for money is not at risk. Precautionary measures might, for example, include developing a "should cost" model to assess the reasonableness of a bid.
- 6 When seeking references on a potential contractor, departments should obtain an assessment of the contractor's performance elsewhere within government.
- 7 Where departments are renegotiating contracts, they should benchmark the price the contractor is offering.
- 8 Departments should have up-to-date contingency plans ready on all major contracts so that there is a fall-back position if and when a contract goes wrong.

The Lord Chancellor's Department has recognised these lessons over the life of the project and has taken action on them.