



National Audit Office

MEMORANDUM BY  
THE NATIONAL AUDIT OFFICE  
NOVEMBER 2008

# Department for Work and Pensions: Information Technology Programmes

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This memorandum has been prepared for the House of Commons Work and Pensions Committee to provide information on the Department for Work and Pensions Information Technology Programmes.

# Contents

## Part One

Introduction **4**

## Part Two

Development of the Employment  
and Support Allowance **15**

## Part Three

Implementation of the Child  
Support Agency Operational  
Improvement Plan **18**

## Part Four

Development of the Customer  
Information System **21**

## Part Five

Introduction of a Central  
Payment System **24**

## Part Six

The Pensions Transformation  
Programme **26**

Appendix One **30**

Appendix Two **34**

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# Part One

## Introduction

**1.1** This memorandum has been prepared for the House of Commons Work and Pensions Committee to provide information on the Department for Work and Pensions (the Department) Information Technology (IT) Programmes. It sets out:

- the general policies adopted towards programme development including: the Department's partnering arrangements; and the progress it has made in renegotiating contracts with its main suppliers (Electronic Data Systems (EDS) and BT) in order to meet its financial savings targets;
- the current state of play on the Department's top 19 major change programmes (Appendix 1), indicating their cost outturn compared to budget and planned delivery date compared to date expected at the time of approval;
- the position on five major projects, including: programme aims and objectives; IT system development and release; and current project status;
- issues identified from previous National Audit Office work on common causes of IT project failure across Departments.

**1.2** The National Audit Office has not sought to provide an audit opinion on the Department's IT enabled projects or conclude on the value for money of IT procurement included in this memorandum. The information used within the memorandum is drawn from Departmental documents, interviews with lead officials and interviews with the Department's main contractors (Appendix 2). Costing and budget information contained within the memorandum has not been audited by the National Audit Office.

### **Department for Work and Pensions Portfolio of Change Projects**

**1.3** The Department has one of the largest IT estates in Europe – it has 149 major application systems that are operated by EDS through its existing hosting contract and an integrated voice and data network. The Department has to meet the diverse needs of over 20 million customers, including the most vulnerable members of society, through a wide range of products.

**1.4** The Department is engaged in a major change programme aimed at putting its customers at the centre of everything it does. By 2011, it aims to deliver services to its customers in a completely different way. Although IT is a major enabler for much of the change agenda, not all of the change programmes are solely focussed on major IT elements. The Pensions Transformation Programme, for example, aims to restructure and reorganise the way in which the Pension, Disability and Carers Service<sup>1</sup> operates and interacts with its customers, using IT as one of many enablers. There are some however that are almost entirely IT-based, such as the Customer Information System which will enable business change across the Department by providing a single source of customer information. Although not seen by the customer, this system should enable more efficient handling of information and reduce the need for customers to provide the same information more than once. The Department has over 200 change projects; a summary of the 19 most significant IT enabled projects is at Appendix 1. The Department estimates that the total cost of these IT enabled change programmes will be £2,402 million, spread over several years, of which an estimated 46 per cent will be spent directly on IT.

## Managing the Department's Information Technology programmes

**1.5** Since 2004 the Department's internal IT expertise sits within Corporate IT. In July 2004, a new Chief Information Officer was appointed to head up the Department's IT transformation. Corporate IT operates alongside the Department's businesses to design and deliver technological solutions, enable the Department to improve performance, reduce cost and modernise the services it provides to its customers. It has the challenge of reorganising itself to be better equipped to support the Department's overall change programme, with its emphasis on lean delivery to customers. This is being done against the backdrop of a reduced financial allocation whilst providing improved service delivery. Its IT strategy aims to align the business and IT direction.

**1.6** In order to meet these demands, and contribute to the Department's overall efficiency challenge, the Department's Corporate IT consolidated IT support for the whole Department into a single organisation. Two significant changes have been the creation of an Application Delivery Centre and the consolidation of the Department's IT Service Delivery operations. The reorganisation brings together the full IT community within the Department and aims to enable more efficient and effective use of common approaches towards service delivery across the Department and to its outsourced suppliers in order to reduce duplication.

**1.7** As well as re-designing the operating model the Department has also recruited staff into key posts from the private sector to up-skill its in-house IT operation. This has been underpinned by deployment of a skills framework within which IT staff can develop their skills.

<sup>1</sup> The Pension, Disability and Carers Service was created on 1 April 2008, incorporating what were formerly the Pension Service, and the Disability and Carers Service.

**1.8** Since 2004–05 the total number of staff working on IT within the Department overall has reduced and in particular within Corporate IT (**Figure 1**). IT development is primarily outsourced which means that the Department has had to become an ‘intelligent customer’ so that it is able to adequately challenge contractors’ assumptions and ensure the quality of products and services being delivered. The Department has recognised the need to increase the skills and expertise of IT staff within the Department, the lack of skills being something it has been criticised for in the past by the National Audit Office.

**1.9** The Department has also set out to achieve industry leading standards for the accreditation of its IT function. One component of this has been the achievement of Level two against the five level International Capability Maturity Model Integration (CMMi) – an internationally recognised standard for assessing the IT capability of an organisation. The Department believes that it is the first UK Government Department to achieve this. The Department is seeking to achieve Level three in 2009.

**1.10** To further improve the Department’s overall management of IT outsourcing, the Department has also adopted Information Technology Infrastructure Library (ITIL). ITIL is a widely accepted best practice approach to IT service management drawing best practice from the public and private sectors internationally.

### Departmental IT Costs

**1.11** Over the last four years, the Department’s expenditure on IT has decreased from £1,071 million in 2004–05 to £991 million in 2007–08 (**Figure 2**). The Department estimates that by 2010–11 this will reduce further to £718 million, a reduction of more than 30 per cent.

**1.12** The lifetime expenditure on IT specific elements of the Department’s change programme is estimated at £1,107 million, ranging from £1.6 million for Provider Led Pathways to Work to £349 million on the Pensions Transformation Programme. Its largest contract is with EDS; when this was realigned in 2005 the Department anticipated spending on average about £520 million annually on services. The Department also has contracts with a number of other IT providers.

**Figure 1**  
Department for Work and Pensions IT staff numbers 2004-05 to 2007-08

	2004-05	2005-06	2006-07	2007-08
Overall total number of staff working on IT	3,281	3,073	2,872	2,809
Number of staff in Corporate IT	1,049	726	531	491

Source: Department for Work and Pensions



**1.13** Although IT costs are falling generally, around half of the 19 most significant IT enabled projects are higher than originally forecast in the business cases, although the variance fluctuates widely. The Department's governance process is such that initial project IT costs are estimated as part of the strategic outline business case stage. As the business case develops into an outline business case then full business case, these costs are refined, often increasing as part of this process. Additionally, some projects have their scope broadened to meet operational or policy needs. As policy develops, IT and other requirements need to be regularly impacted – a number of factors can increase project costs early in project design. Planned completion dates in the majority of cases have also been extended compared with early business case estimates. The Department's governance process challenges change requests for extended completion dates and these are only agreed on the basis of benefits being maintained and costs not increasing beyond tolerance levels.

**1.14** The strategic objectives for Corporate IT for 2008–11 are to:

- live within its financial allocation;
- continue to increase IT capability across the Department;
- transform and innovate the IT services that deliver transformational Government and Departmental outcomes for customers;
- continuously improve the performance, robustness and resilience of the Department's IT systems;
- continuously improve the performance of the Department's IT suppliers; and
- successfully deliver the Department's future IT contracts.

**Figure 2**  
Department for Work and Pensions IT costs 2004-05 to 2010-11



Source: Department for Work and Pensions

## Provision of IT services across the Department for Work and Pensions

**1.15** The main IT services for the Department are provided under contract by EDS and BT. On the amalgamation of the Department of Social Security and the Employment Service in 2001 the new department inherited a number of diverse and complicated contracting and IT supply arrangements with both suppliers. The way these arrangements had grown up over time meant:

- EDS and BT were delivering aspects of the same service to different parts of the Department to differing service definitions, levels and contractual terms;
- there was mixed asset ownership. For example, the majority of hardware and software in the Department of Social Security was purchased and owned by the Department whereas in the Employment Service the majority of data centre equipment was purchased and owned by EDS;
- services and conditions were largely bespoke and not based on industry standard principles and conditions. The smooth working of the IT arrangements was heavily dependent on the experience of staff working in the Department and contractors; and
- the cost of the arrangements, given assumptions about the need to modernise and future activity levels were projected to be unaffordable in the future.

**1.16** The contracts and business relationships were realigned under the Transforming EDS Services (TREDSS) and the Transforming BT Services (TBTS) programmes. New arrangements were put in place including the Standard Services Business Allocation (SSBA) with EDS, and the Integrated Communications and Network Services (ICONS) contract with BT. Both of the realigned contracts provide clearly defined industry standard services within recognised categories, called towers, that can be measured for quality and performance and price benchmarked. The towers relate to the provision of desktops, hosting, application support and maintenance, applications development and Service Integration and Management (SIAM) – provided by EDS; and network – provided by BT. Both contracts have a defined service transformation programme with specific initiatives and improvements to be introduced over the first two years of the contracts.

**1.17** A significant aim of the TREDSS programme is to achieve cost reduction by:

- taking advantage of the more favourable charges negotiated across services;
- reducing the number of days it takes to develop or amend IT programmes by some 20 per cent;
- lower cost development resources, expected to reduce aggregate spend by around 20 per cent;
- using more standard Commercial-Off-The-Shelf products and services, as provided by EDS to other customers, avoiding the costs to the Department of specially built solutions;

- cutting the number of local computer servers and replacing them with fewer, more modern servers, delivering reductions in maintenance and support costs;
- purchasing desktops as a service rather than an item of hardware, enabling management of the whole desktop estate to match demand and supply, reducing its size more quickly as efficiencies are achieved;
- EDS regularly refreshing the technology used to deliver the services without the Department having to fund these investments separately or resource separate infrastructure projects; and
- paying for the IT systems in units as they are used, rather than for the total system.

**1.18** The TBTS programme adopted similar principles to TREDSS. It provides the Department with a single, modern converged telephony and data network that has enabled new contact centre technology, offering major improvements in the handling of the growth in customer call volumes.

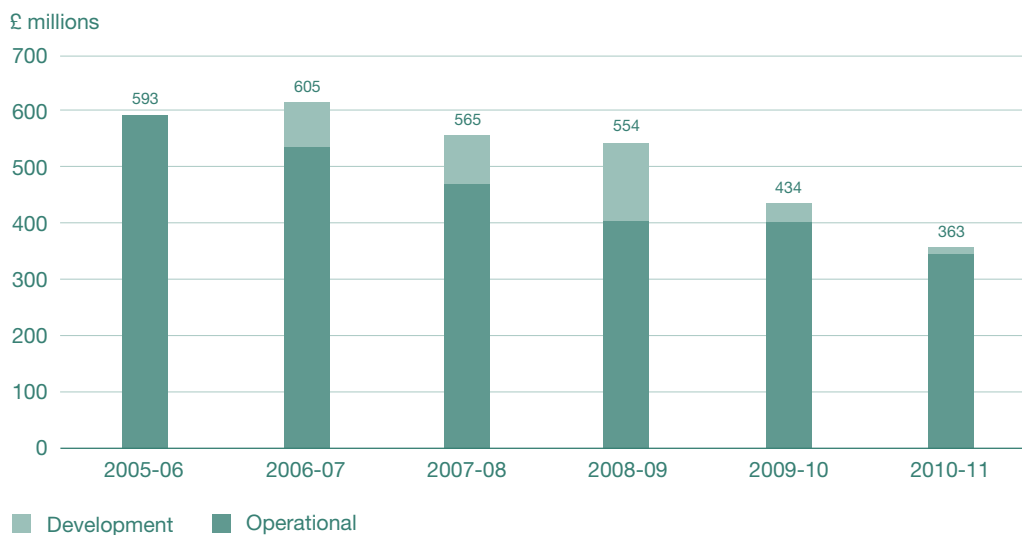
**1.19** Figure 2 shows the Department's un-audited estimated cost savings that it reports it has achieved through the realigned contracts. Overall combined spend with EDS and BT appears to be on track to reduce by 40 per cent from the overall spend of £840 million in 2005-06 to around £508 million by 2010-11. **Figures 3 and 4 overleaf** show the reductions for EDS and BT individually.

**1.20** These savings figures do not take account of the 'economic cost' savings. The economic cost is the amount the Department would have had to spend under the old contracts to obtain the services they have received under the realigned contracts. In practice the new contracts have delivered substantial new investment, such as increased bandwidth to cope with growth in transactions and the converged telephony and data network. The business case for both EDS and BT contract realignment was based on economic cost savings projection of £1.5 billion by 2010-11 under the realigned contracts. Since 2005, the Department estimates that it has achieved an economic cost saving of about £800 million.

**1.21** Both realigned contracts remain on track to deliver improved capability and services through what the Department believes is the largest IT Transformation of its kind in Europe. The realigned contracts provided staff with almost 140,000 new desktop computers, around 7,000 encrypted laptop computers, and in excess of 108,000 new telephones, which make use of the new converged voice and data network. Under the contracts the Department has also rationalised its data centres. A new contact centre service now enables existing Jobcentre Plus contact centres to be joined together as a virtual service. This is intended to provide a better, more flexible and more reliable service for customers and enable better management of over 18 million calls each year at any of the Jobcentre Plus contact centres. The rest of the Department is expected to move to this new contact centre service by Spring 2009.

**Figure 3**

Reductions in EDS contract cash spend 2005-06 to 2010-11 for IT services<sup>1</sup>



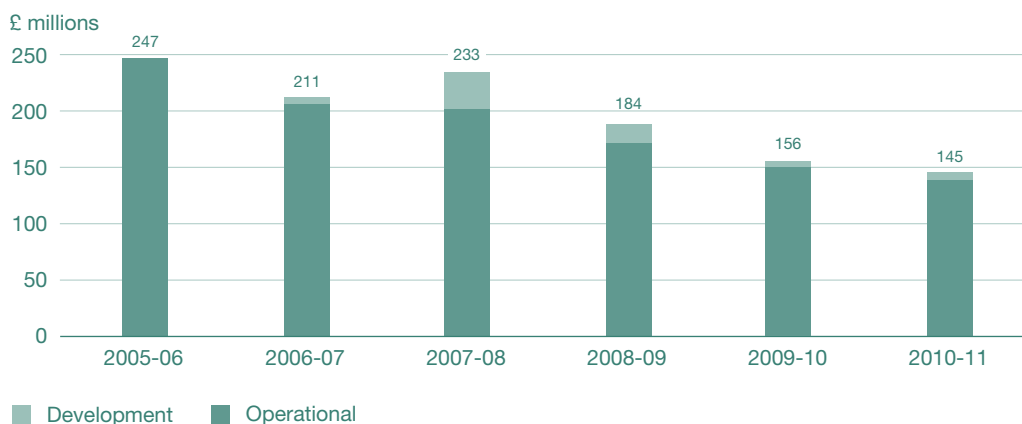
Source: Department for Work and Pensions

NOTE

<sup>1</sup> The figures for EDS relate to the annual payments for IT services. They exclude exceptional additional payments, linked to the contract realignment in 2005-06 to secure essential investment to underpin improved IT and telephony and to promote the move from deferred payment (under PFI) to “pay as you use”.

**Figure 4**

Reductions in BT contract cash spend 2005-06 to 2010-11



Source: Department for Work and Pensions

**1.22** Over time there has been a steady improvement in the availability of the most important departmental IT systems. In April 2008, 23 of these systems were available 100 per cent of the time and the others for more than 99.7 per cent of the time. In the month of August 2008, all 25 of the Department's critical systems were available 100 per cent of the time.

**1.23** The EDS transformation programme is now fully delivered and some supplementary work to complete the introduction of improved configuration management, the migration of midrange computers to more robust servers and the provision of more comprehensive management information will finish in Spring 2009. After examining all options, the Department has decided to extend the relevant element of its contract with EDS in order to secure the use of a new, high specification Data Centre. This is necessary because the Data Centre in Washington, Tyne and Wear, is approaching the end of its working life and the Department needs to ensure that the two Data Centres now serving the Department provide maximum resilience and business continuity.

**1.24** The Department has a supplier relationship management structure in place with its main IT providers with Permanent Secretary and provider Chief Executive meetings to oversee the relationship as a whole. Monthly executive meetings with providers serve to review operational and programme performance. The Department has designed this structure to ensure strategic alignment between the Department and its key providers and to drive an agenda of continuous performance improvement and develop effective partnership working. Overall, contractors told us that the Department has got much better at understanding its own IT needs and communicating these to contractors, enabling them to negotiate better contract terms with suppliers.

**1.25** The Department's contracts with EDS and BT are due to expire in 2010 and 2011 respectively, although there is, under the Access to Corporate Data (ACCORD) framework, an option to extend the contracts between the relevant parties to 2015. The terms governing such extensions vary between the contracts. The Department announced in July that it intends to hold a series of competitions to replace the existing contracts progressively by 2015. The first competition is for the provision of IT Desktop services (which includes the desktop and laptop computers used by the Department's staff).

**1.26** The timing of future competitions will be determined by the Department's operational need to sustain and improve services to citizens, and analysis of market opportunities to deliver additional value compared with existing arrangements. This may mean that it becomes advantageous to the Department, given the right terms, to extend elements of some existing contracts on an interim basis.

**1.27** On 13 May there was a public announcement of the intended acquisition of EDS by Hewlett Packard. This has now received the appropriate shareholder and regulatory approval. The Department has secured the provision of a Parent Company Guarantee with Hewlett Packard to underwrite the performance of the UK subsidiary.

## Review of selected programmes

**1.28** In our 2006-07 report *Delivering successful IT-enabled business change* the National Audit Office lists common causes which have led to project failure in the past, including:

- lack of clear link between the project and the organisation's key strategic priorities, including agreed measures of success;
- lack of clear senior management and leadership;
- lack of effective engagement with stakeholders;
- lack of skills and proven approach to project management and risk management;
- too little attention to breaking development and implementation into manageable steps;
- evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits);
- lack of understanding of and contact with the supply industry at senior levels in the organisation; and
- lack of effective project team integration between clients, the supplier team and the supply chain.

**1.29** A key theme for project failure throughout the National Audit Office's work in IT projects is governance arrangements. Key elements to successful governance arrangements include:

- having a Senior Responsible Owner;
- clear roles and responsibilities;
- clear accountability for the project;
- appropriate committees and boards in place to monitor and review the project; and
- processes for adequate reporting and escalation of significant issues.

**1.30** The Department has addressed this issue by improving its governance arrangements. Governance aims to provide the accountability required by the Permanent Secretary for the stewardship of programmes and projects within the Department. Improved governance is supported by a drive to improve the capability of project staff, including Senior Responsible Owners, through accredited training where necessary. It sets the standard against which projects will be audited for compliance with Departmental procedures.

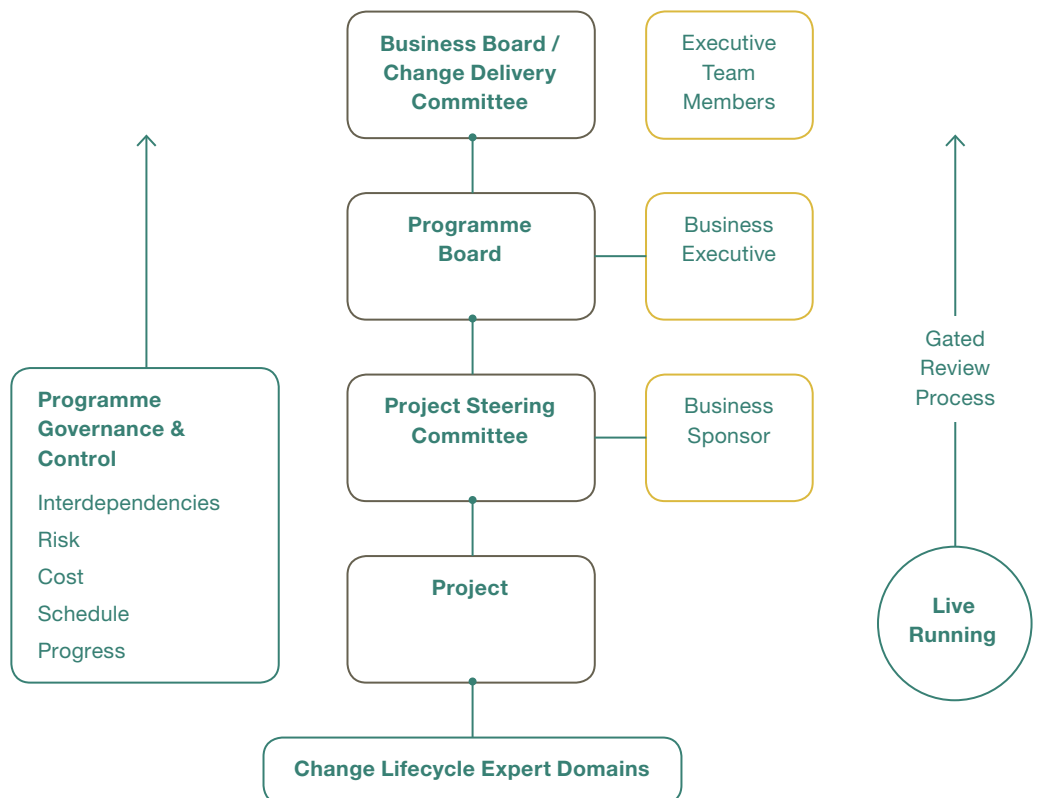
**1.31** As of June 2003, all projects within the Department are required to establish a governance and escalation structure within an agreed framework (**Figure 5**). The introduction of the Department’s Investment Committee and Change Delivery Committee in 2005 has further reinforced this requirement. These committees are responsible for top-level decision making on matters of change control, escalated risks and issues, cross-Departmental dependencies and project financial status.

**1.32** There are three main ways that the Department seeks to provide assurance on the implementation of its projects:

- **Gated Review Process** – a Departmental internal process that takes place during the lifecycle of a project and allows progress to be measured against the relevant business change, technical, financial and commercial lifecycle criteria and provides assurance that the project can progress to the next stage of development.

**Figure 5**

Department for Work and Pensions governance and escalation structure



Source: Department for Work and Pensions

- **Change Lifecycle** – provides standard product templates, reuses expertise and rolls and provides a structure through which best practice and lessons learned can be shared. It has been developed to aid the Gated Review Process and contributes to the successful delivery of change; and
- **Office of Government Commerce Gateway reviews** – held before key decision points in the lifecycle of a procurement project. They identify key issues that need to be addressed for the programme or project to proceed.

**1.33** Considering these issues, we collated information on five of the Department's most significant change programmes where deployment of IT is critical to the success of the overall aims of the programme. In total these five projects represent 74 per cent of the Department's £1,107 million lifetime planned expenditure on IT within the 19 most significant programmes as set out in Appendix 1. In addition, these are amongst the most significant for the Department in terms of business impact. They are:

- Employment and Support Allowance;
- The Child Support Agency Operational Improvement Plan;
- Customer Information System;
- Central Payment System; and
- The Pensions Transformation Programme.



## Part Two

### Development of the Employment and Support Allowance

**2.1** The new Employment and Support Allowance replaces incapacity benefit for new customers from October 2008. The Employment and Support Allowance offers personalised support and financial help for customers who are not working due to illness and disability. Central to the Employment and Support Allowance are new medical assessments which examine what the customer can do rather than what they cannot.

**2.2** Implementing the new allowance was a sizeable and complex challenge. The programme included definition of policy and end-to-end business processes, an underpinning IT and telephony programme and a range of products and activities that enable staff and those in related Departments, agencies and contractors to deliver the new service. The enabling IT and telephony included a Customer Account Management system which captures and enables processing of customer requirements, an extension of the Jobseekers Allowance Payments System (which enables payment of the allowance), changes to around 60 interfacing systems and enhanced telephony. The main IT contractors, appointed through competition, are Accenture, EDS/Hewlett Packard and BT.

**2.3** The programme went live nationally on 27 October 2008 as planned. New claims are taken at six contact centres. One Benefit Delivery Centre – Stockton and the associated Jobcentre Plus offices in the Tees Valley – is acting as a trailblazer adopting the full approach where the Customer Account Management system and Jobseekers Allowance Payments System process automatically transfer data between each other. At the other 63 Benefit Delivery Centres staff will have to rekey manually data from the Customer Account Management system into the Jobseekers Allowance Payment System. This requires 500 more staff than will be required when the systems interface electronically. This staged approach to rolling out new IT was adopted by the Department as a low risk strategy, enabling aspects of the new IT system to be fully tested before being rolled out across the whole system. It is planned that the fully integrated process will be rolled out to the 63 Business Delivery Centres in five phases between April and September 2009.

**2.4** To date the project has cost £219 million and projected spend to completion is expected to be just under the budgeted £295 million. The project is on time despite being challenging and has been over a relatively short time scale of around two and a half years. The legislation covering the allowance was not finalised until the Summer of 2008.

**2.5** As the project only went live at the end of October and the full process for dealing with an application for Employment and Support Allowance payments takes around 13 weeks, it is too early to come to any definitive view about its success but it has been implemented on time. It will take time, however, to be fully implemented as with any change of this scale.

**2.6** Project management of the programme included:

- **Operational engagement:** The project was conceived as a business change programme with enabling IT rather than an IT project driving business change. The programme's Senior Responsible Owner was Lesley Strathie (at that time the Chief Executive of Jobcentre Plus) and key posts in the project were held by experienced staff from the business. Other people and groups with business and operational experience were involved at every stage of the project including the design phase. The Department consider that this led to there being a strong business focus, ensuring that policy design decisions were practical and operational and in line with operational considerations such as benefits simplification. Similarly, the Department consider that the potential use of IT was informed by business, policy and operational issues.
- **Effective governance arrangements:** The project's governance arrangements included:
  - individuals on boards such as the Programme Board having specific Terms of Reference setting out their own role and accountabilities. Participants were experienced and with sufficient seniority to take action when required;
  - key aspects of the project being led by Departmental staff rather than consultants;
  - regular management information to the various groups;
  - a plan with specific milestones was developed; and
  - active risk management with the emphasis on taking action to mitigate risks rather than just identifying and reporting them.
- **Independent review and assurance:** The programme was subject to review by the Office of Government and Commerce Gateway team and by the Department's Risk Assurance Division. Further ad hoc assurance reviews were carried out by others including the Department's advisers, Cap Gemini.
- **Collaborative commercial arrangements:** The contract with the main suppliers was let through competition and clear delivery accountabilities were negotiated with contractors. The project adopted a collaborative partnering approach to working with the three main contractors which depended on a high level of communication and participation in decision making and the building up of trust between the Department and the contractors.

- **Re-using technology already developed:** The project reused existing IT concepts and systems wherever possible, reducing the risk and cost of designing entirely new IT. This increases the degree to which systems are common with those used on other parts of the Department and its Agencies. The technology used in the Customer Account Management system was derived from that adopted for The Pensions Transformation Programme (paragraph 6.1).
- **Communicating with staff and customer groups:** The Department has communicated with staff and other stakeholders, such as healthcare practitioners, about the new Allowance and the application and assessment process. This has included developing a communications pack for providers, Press and online advertising, articles in magazines, and a range of customer information products that have been consumer tested.
- **Adopting and learning lessons:** The Department has placed emphasis on learning lessons from other programmes that have worked well such as the roll-out of Jobcentre Plus but also from projects that have worked less well. There is a pool of people within the Department who have worked on change programmes and can bring lessons learned to projects. In addition, the project has sought to capture lessons learned from the Employment and Support Allowance programme itself and proposes to compile a 'legacy handbook' setting out approach and lessons learned.
- **Emphasis on learning and development:** The project has involved the training of around 10,000 staff to operate the new arrangements and IT. A further 5,000 staff will be trained in the next year. The training was scheduled so that it could be as close to programme launch as possible to prevent learning decay but also to fit in with business pressures such as peak times of work or holiday periods. Much of the training was carried out face to face by experienced in house staff rather than, for example, by e-learning, as this was preferred by many staff and was considered by the team to be more effective.

**2.7** As the programme advances into the implementation phases the project team remains in place and continues to operate in the same way monitoring risks and taking action where appropriate.

## Part Three

### Implementation of the Child Support Agency Operational Improvement Plan

**3.1** The Child Support Agency's three year Operational Improvement Plan was announced in February 2006 and was designed to improve the Agency's performance in parallel with Sir David Henshaw's review of the child maintenance system. This review eventually led to the Child Maintenance and Other Payments Act 2008, establishing the Child Maintenance and Enforcement Commission which took responsibility for the Child Support Agency's functions, people and assets from 1 November 2008.

**3.2** Although responsibility for the Child Support Agency has now passed to the new Child Maintenance and Enforcement Commission, the Operational Improvement Plan continues to focus on improving the operational capacity of the Agency and its delivery to clients, providing a platform from which to implement the reforms set out in the Child Maintenance and Other Payments Act 2008.

**3.3** Implementation of the Operational Improvement Plan includes funding for further improvements to the Agency's business, not just the IT system. The budget for the plan was £321 million to be spent over three years, of which £120 million is additional finances with the remainder being made up from existing agreed Child Support Agency budgets and money recovered from contractors following a lengthy commercial dispute. The Operational Improvement Plan is now in its final year.

**3.4** The Operational Improvement Plan initially focused on improving client service, building capacity and capability within the organisation, and in the final year focusing on improving IT effectiveness and on compliance and enforcement. A key component of the Operational Improvement Plan has been the restructuring of the business and its operations. During 2007, Child Support Agency staff were reorganised into new workgroups, to create teams and skills aligned with the customer life cycle.

**3.5** Enhanced IT is a key enabler of the business outcomes required by the Agency. The Operational Improvement Plan aims to rationalise and enhance the existing IT system rather than develop a new system. As well as contributing to the achievement of business targets, improvements in the existing IT systems should also establish a stable platform to support the effective implementation of the new Child Maintenance and Enforcement Commission. The IT releases aim to enable improvements in:

- case and cash compliance;
- debt management;

- business productivity and backlog reduction;
- accuracy; and
- customer service.

**3.6** The cost of the IT element of the project was originally estimated at £110 million with current spend of £98 million up to and including the latest system release in September 2008. The Department estimates that the total IT spend will be £108 million up to the end of the Operational Improvement Plan, in April 2009.

### **System development and release**

**3.7** The Child Support Agency core IT system, known as CS2, was developed by EDS to support the 2003 reforms. About two thirds of the total caseload is now managed using the CS2 system, while a third of cases remain on the original child support computer system and the two systems continue to run alongside each other. EDS continues to be the main supplier of the IT solution within the Operational Improvement Plan. BT is also a key strategic supplier and has been working with EDS and the Agency to introduce changes to the telephony and infrastructure required to support both the IT developments and the business reorganisation.

**3.8** The Operational Improvement Plan committed to improving the IT systems before the end of March 2008. The technical solution was aimed at rationalising the existing system to provide a greatly enhanced capability. The IT solution that was required to address these objectives was to be delivered in phases.

**3.9** Productivity Release 1, one of the first and the most significant of the IT releases, was designed to enhance and provide support for the organisational changes implemented as part of the overall Operational Improvement Plan, ensuring that cases and calls are routed to the correct teams; providing a structure based on cases rather than tasks; validating the integrity of a case, identifying those that need a level of correction, and either ensuring that they are corrected or removing them into a specialist area for processing.

**3.10** Productivity Release 1 was released in September 2008, once the Agency was satisfied that the go-live criteria had been met. The Agency's early thinking was that the IT could possibly be in place by July 2007, which was later revised to March 2008 once it had established the complexity of what was required, so it was some six months later than expected. The Agency, taking into account the complexity of Productivity Release 1, adopted a significantly extended, multi-stage testing approach than had been originally planned for. This included five 'dress rehearsals' to practice the activities and processes using the system. Testing also included a three week period of 'live like testing' using live data, where users progressed cases on the test system as if it were 'live' to identify issues and supporting processes. This enhanced testing approach provided additional assurance that the planned upgrade was fit for purpose.

**3.11** Following testing, there were no known defects prior to releasing Productivity Release 1 in September 2008, and it was introduced with both the computer system and telephony working as expected.

### Project status

**3.12** The overall Operational Improvement Plan is driven by a number of key performance targets, the majority of which are reported to have been already met (**Figure 6**).

**3.13** The release of Productivity Release 1 in September 2008 is expected to contribute further to the achievement of these performance targets. In addition to the expected delivery of an additional 12 minutes of caseworker productive time per day, it should also provide the IT tools needed to support the new ways of working the Agency already has in place. The release supports an increase in caseworker productivity, improves client service by routing calls direct to the caseworker teams that are responsible for the client case and allows the Agency to focus on meeting March 2009 commitments to provide a stable platform for the Child Maintenance and Enforcement Commission to build upon.

**3.14** The Child Maintenance and Enforcement Commission has now issued an invitation to tender for an IT system to support its work from 2011. It is anticipated that the CS2 system and the system that it was replacing, Child Support Computer System, will remain until a decision has been made regarding the transfer or migration of cases to the Child Maintenance and Enforcement Commission.

**Figure 6**  
Child Support Agency performance

Measure	March 2005 Actual	March 2008 Target	March 2008 Actual	March 2009 Target	Performance at September 2008
<b>Application Processing</b>					
12 weeks	30 per cent	65 per cent	77 per cent	80 per cent	85 per cent
18 weeks	36 per cent	80 per cent	83 per cent	85 per cent	90 per cent
Uncleared new applications	225,900	140,000	107,000	90,000	76,000
<b>Telephony</b>					
Average answer time	100 seconds	30 seconds	20 seconds	Less than 30 seconds	18 seconds
Number of children benefiting	542,400	720,000	749,000	790,000	778,000
Cases in receipt of maintenance	389,300	520,000		579,000	586,000
Maintenance collected/arranged (year to date)	£798 million	£970 million	£1,010 million	£1,080 million	£1,088 million
Arrears collected (year to date)	£68 million	£120 million	£126 million	£220 million	£149 million

Source: Child Support Agency (un-audited figures)

# Part Four

## Development of the Customer Information System

**4.1** The Department's Customer Information System project was initiated in July 2003 to develop a single database of customer information by September 2007, as a replacement for two existing legacy systems: the Departmental Central Index, which holds around 90 million records; and the Personal Details Computer System, which contains around 37 million records.

**4.2** The Customer Information System project is entirely IT focussed and sits within The Pensions, Disability and Carers Service. By providing a single accessible database, it will have wide application across the Department, central and local government. It will be instrumental in transforming many business processes where customer information is essential. For example, both the Pensions Transformation Programme and the Employment and Support Allowance programmes draw information from the Customer Information System.

**4.3** The key objectives of the programme were to:

- improve value for money by sharing information more efficiently;
- contribute to improved customer satisfaction through asking for information just once;
- reduce fraud and overpayments through having more consistent and accessible information on customers; and
- provide a single and complete view of a customer and the information available around 24 hours a day.

**4.4** The Department estimates that the net investment costs in the Customer Information System will be £88 million, against its original planned net investment of £40 million. Costs are higher than estimated because of the significant increase in scope to meet growing Departmental and interdepartmental demands for access to the database, and the need to service multiple Customer Account Management systems. The system also unexpectedly had to interface with a variety of complex legacy systems that had been expected to have been superseded prior to the Customer Information System being released. The longer, phased approach of the project reflects this.

**4.5** The Department expects realised benefits of £39 million following the decommissioning of the two information legacy systems. Other economic benefits for the Department and other users will flow from the access to the single database, for example Her Majesty's Court Service will have an improved means of recovering outstanding fines and Local Authorities will be able to reduce overpayments because of better access to up to date customer information.

### System development and release

**4.6** The Department contracted with Accenture to undertake the design, development and implementation of the system. The implementation of the system included the data upload from existing systems as well as the management and co-ordination of changes to existing departmental legacy systems and integration of components developed by other suppliers, for example EDS and BT.

**4.7** The Department's contractual arrangements with Accenture aimed to encourage close working with other suppliers where necessary through agreement that neither party would seek remedies from the other for delays in delivery within sensible tolerances.

**4.8** An incremental release strategy of the Customer Information System was adopted by the Department and set out its original planning documents when these releases were expected. There have been five main releases to date (**Figure 7**).

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**Figure 7**  
Customer Information System IT releases

<b>Release 1:</b>	Delivered in March 2005 (expected October 2004)	Provided: a single accurate view of the customer; a tracing function; and access to a limited set of benefit award data.
<b>Release 2a:</b>	Delivered in July 2005 (expected May 2005)	Provided: partial access to information for 408 Local Authorities and Her Majesty's Court Service.
<b>Release 2b:</b>	Delivered in February 2006 (expected September 2005)	Provided: preparation for the decommissioning of existing systems; functionality for Department for Work and Pensions Debt Management; enhanced tracing; and address validation.
<b>Release 2c:</b>	Delivered in March 2007 (expected March 2006)	Provided: partial access to information for Her Majesty's Revenue & Customs; National Insurance and Child Reference Number allocation; and information on Independent Living Fund, Student Loans, Death Registers and Winter Fuel Take up.
<b>Release 3:</b>	Delivered in March 2008 (expected September 2007)	Personal Details Computer System decommissioned.

Source: Department for Work and Pensions

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**4.9** A further release is being planned but this sits outside of the original scope of the Customer Information System project. The aim of any future release would be to provide greater access to the system to a larger number of other Government Departments, for example the Driver and Vehicle Licensing Agency. If accomplished, this would make the Customer Information System a shared service across Government rather than a Department for Work and Pensions system. The planning and resources for this additional release is under a separate project.

**4.10** Going forward with the Customer Information System consideration is being given to the ownership of this shared service, the costs of running it across multiple Departments and how to manage the information as departments need to update information. Currently data is drawn regularly from Her Majesty's Revenue & Customs systems to populate the system, but this is to supplement data rather than to replace the information that the Department for Work and Pensions holds.

### **Project Status**

**4.11** The Customer Information System is now in use and is referred to as in a steady state. It is now being operated by EDS as part of existing contractual arrangements. There are currently some 200,000 users, with those outside of the Department for Work and Pensions having partial access to the system. Both the Departmental Central Index and the Personal Details Computer System have now been decommissioned having been gradually phased out in order to protect the business from failure. The Department does not believe that staff are fully utilising the system yet, although now that the legacy information systems have been decommissioned it is hoped this will improve.

**4.12** The full release of the Customer Information System was 13 months later than originally planned, going fully live in October 2008 rather than September 2007, because of the major extension of the project's scope.

**4.13** The Customer Information System has not yet received full data security accreditation under the new Cabinet Office rules for personal data. Work is underway to reach the necessary level.

# Part Five

## Introduction of a Central Payment System

**5.1** The Central Payment System project was established in April 2003 as part of the Payment Modernisation Programme. It was initiated to provide a quality, value for money, integrated package of financial services, which provides payments to customers that are secure, accurate and timely. In April 2004, the Central Payment System project established itself as a separate project to the Payment Modernisation Programme.

**5.2** The key objectives of the Central Payment System are to provide the Department with an IT payment system that will:

- receive information from its benefit systems;
- issue payments to customers in their preferred payment methods; and
- provide standard accounting, control and reconciliation functions for those payments.

**5.3** It is expected that the Central Payment System will transform the way that £123 billion worth of benefit payments are paid to customers. The Central Payment System is viewed within the Department as a critical component of the IT infrastructure that is expected to act as an enabler for much of what the Department is seeking to achieve through its IT modernisation programme. In particular it will enable the Department to:

- pay benefits and allowances to all customers and some third parties;
- offer flexibility to support future method of payment facilities to support its customer base, for example fast electronic payments; and
- provide full accounting information regarding payments, at transaction component level to ensure appropriate financial management and accounting of Annual Managed Expenditure.

**5.4** The estimated expenditure on the introduction of the Central Payment System is £178 million against planned expenditure of £90 million. The scope of the original project was significantly smaller than the current planned system. The original scope was for the replacement of existing payment processing software and excluded an integrated accounting solution. Furthermore, the integration scope of the system increased from four legacy systems to nine. The Department's current work towards a Central Payment System is the third attempt at centralising benefit payments.

## System development and release

**5.5** In March 2006 the Department contracted Siemens to work with them to design, build and implement a Central Payment System using a Commercial-Off-The-Shelf system as its base. This decision was based on the Departments assessment of the proposals across a range of criteria, including cost, and was on balance the most competitive proposal. In addition it was felt that the proposal met the Department's delivery and performance needs notwithstanding Siemens limited experience in delivering the type of IT solution being asked for by the Department. The contract with Siemens was due to run until 2010. In March 2008, however, with Siemens having completed the proof of concept in 2007, the remaining design and build elements of the IT system, that had originally been contracted for, were brought back in-house. Steps to terminate its agreement with Siemens were taken by the Department on the basis that a milestone date had passed without the milestone deliverable being achieved. Following negotiations between the Department and Siemens, a variation to the contract was agreed, giving the Department access to expertise within Siemens but bringing the project back in-house.

**5.6** The completed proof of concept work provided the Department with assurance that the system was able to deal with the volume of benefit payments it needed to process. The system was tested with 30 million payments in an overnight run, a far greater number than those with which the Department expects the system to have to deal.

## Project Status

**5.7** The high level design of the system is now being undertaken by Departmental staff supported by consultants and contractors where necessary. EDS, under the Department's longstanding contract, are expected to support programme development and delivery. The Department also has resources provided by Siemens as part a variation in the agreement with Siemens which was agreed in August 2008 when the Department's termination was withdrawn.

**5.8** The development of the Central Payment System is still in the design stage. The resolution of changing suppliers unexpectedly has been multi-faceted and the project has had to develop an alternative supply strategy supported by an adjusted project plan and roles and responsibilities. Project delivery is underpinned by the need to engage specialist Departmental support to assure delivery of the IT product.

**5.9** The development of the system is now an estimated six months behind; however, continuing with its original supplier the Department estimated that delivery would have been some 18 months later than expected.

# Part Six

## The Pensions Transformation Programme

**6.1** The Pension Service set up the Pensions Transformation Programme in January 2002 to meet Modernising Government objectives by transforming its business, organisation and supporting systems to provide improved services to customers by 2007. The transformation of The Pension Service aims to deliver a new operating model for staff with IT system support that will improve customer service and increase productivity. The scope of the programme includes all direct Pension Centre operations with the exception of Winter Fuel payments, the International Pension Centre and the Future Pension Centre.

**6.2** The Pensions Transformation Programme objectives are to:

- improve customer service;
- increase take-up of entitlements to reduce poverty; and
- improve efficiency.

**6.3** As part of the business transformation, and to improve customer service and efficiency, each adviser should be able to process both State Pension and Pension Credit applications, rather than the single specialism approach using separate IT systems. To achieve this shift in approach, the Department identified the need for new IT to enable advisers to process both pension applications and provide them with a single integrated system that would interface with existing legacy Pension Credit and State Pension systems without the need for specialism.

**6.4** The new IT design is based upon: automation of manual process steps (for example, pre-population of screens/forms, calculations); automation of checking/verification of data; seamless handoffs of calls/data across agents; and more efficient and fast information exchanges with legacy systems.

**6.5** The original planned cost using Private Finance Initiative approach for the entire programme was £429 million. Subsequently it was decided, consistent with Her Majesty's Treasury guidance, that Private Finance Initiative was not the most appropriate method of procurement, leading to greater initial Departmental investment. The latest estimated cost is £598 million. This includes: programme management, training and backfill, site exits, and IT change and upgrades. The IT element of the programme is 58 per cent of the total programme costs.

**6.6** The financial savings of the programme are primarily driven by the operating cost reductions resulting from decrease in headcount and rationalisation of Pension Centre sites. By March 2008 The Pension Service had reduced its headcount to 10,762 from 19,200 against a target of 10,849. The number of Pension Centres had decreased from 29 to 16 at March 2008.

**6.7** The business case for the programme assumed completion in March 2007. In November 2004 the Department decided that development costs should be spread over a longer period reflecting the move away from Private Finance Initiative. Subsequent changes were made in 2006–07 to learn lessons from the initial phases of the project and replan in light of the available funding. On current plans the programme will be delivered fully by 2010–2011.

### **System development and release**

**6.8** Accenture was contracted in March 2004 to adapt a Commercial-Off-The-Shelf system (the Customer Account Management system) to meet the Department's requirements, rather than to build a bespoke IT system, and introduce this across all Pension Centres. The contractual obligations in place with Accenture supported a multi-supplier delivery model where Accenture needed to work closely with, and in some cases manage, other suppliers, for example EDS and BT, with all suppliers accepting elements of shared delivery and financial risk. The Department estimates that the incentive regime which applies to this has reduced supplier payments by at least £10 million. All IT developments have been subject to at least a three months Acceptance Regime where the vast majority of payments, around 80 per cent of the fixed price, were at risk until the Department signed off the product.

**6.9** Implementation of the overall programme is structured in a sequence of 'waves', with IT developments being released throughout. The success of the IT delivering benefits to the business remains largely dependent on the readiness of the Pension Centres to implement the new operating model including new roles and performance management principles, utilising the IT system in the way it was intended. To do this effectively, the Pensions, Disability and Carers Service must reorganise staff away from having a majority of specialist advisers that are only able to process one or the other type of pension application.

**6.10** Using the new IT and new business processes, 80 per cent of cases should be dealt with by an adviser able to process both State Pension and Pension Credit products. More complex cases, around 20 per cent of cases will continue to be handled by a specialist single product adviser. Waves of changes have been implemented in gradual stages, over time and across parts of Pension Centres, rather than completely transforming entire sites in a big bang. **Figure 8** illustrates the deployment of key IT developments and the benefits reported by the Department. On present plans the final release of the IT is being piloted from October 2008, before being gradually deployed from Summer 2009.

## Figure 8

Deployment of key IT developments and benefits achieved

### No IT deployment

Wave 0 Roll-out April 2004	Wave 1a Roll-out August 2005	Wave 1 Roll-out July 2006	Wave 2a Roll-out November 2007	Wave 2b Roll-out in 3 releases – April 2008, October 2008 & Summer 2009
<b>Proof of concept/ design aimed to introduce:</b>	<b>IT deployment enabled:</b>	<b>IT deployment enabled:</b>	<b>IT deployment enabled:</b>	<b>IT deployment enabled in Release 1:</b>
<ul style="list-style-type: none"> <li>Lean/efficiency initiatives</li> <li>Senior organisational changes</li> <li>Re-clustering</li> <li>High performance team changes</li> <li>New Customer and Acquisition organisation</li> </ul>	<ul style="list-style-type: none"> <li>Automation of State Pension new claims high volume processing</li> <li>Customer advisors process a new claim end to end over the phone</li> <li>Customers no longer having the need for a signature</li> </ul>	<ul style="list-style-type: none"> <li>Automation of State Pension and Pension Credit new claims high volume processes enabling the customer to contact an advisor and apply for both benefits in one call</li> <li>Additional questions asked to customer to enable the Customer Account Management System to pre-populate a claim form for the customer in relation to Housing Benefit and Council Tax Benefit</li> </ul>	<ul style="list-style-type: none"> <li>Automation of State Pension and Pension Credit Relationship Maintenance high volume processes enabling customers to report a change of circumstances to a single customer advisor</li> </ul>	<ul style="list-style-type: none"> <li>NISSA to have access to the Customer Account Management system for new claims</li> </ul> <p><b>IT deployment enabled in Release 2:</b></p> <ul style="list-style-type: none"> <li>Pilot of electronic capture and retrieval of paper documentation</li> <li>Paper reduction initiatives</li> <li>Housing Benefit/ Council Tax Benefit claim forms going direct to the Local Authority</li> </ul> <p><b>IT deployment enabled in Release 3:</b></p> <ul style="list-style-type: none"> <li>NISSA to have access to Wave 2a processes</li> <li>Deployment of electronic capture of paper documentation by a new Document Handling facility to all sites commences</li> </ul>

Source: Department for Work and Pensions

**6.11** The Customer Account Management system provides a single portal for staff to input customer information and for staff to be able to work cross product (process both State Pension and Pension Credit applications). Using the system staff should be able to process an application for State Pension in a 20 minute phone call with the customer and in almost half of all calls should be able to advise them of their entitlement at the end of the call. This would have previously taken up to six weeks and multiple contacts with customers. The IT element of the project should also deliver efficiencies and customer benefits through the automatic paperless connection between front and back office, with fewer handoffs, and the ability to link pensions, Housing and Council Tax benefit claims automatically and to communicate with Local Authorities.

### **Project Status**

**6.12** The IT development for the change programme is in the final stages with the pilot of the electronic capture and retrieval of paper documentation underway. Pension Centres are now able to process new claims for both Pension Credit and State Pension using the new Customer Account Management system. Deployment of the functionality to maintain customer information and process changes of circumstances is scheduled to continue until 2010. During this transition, Pension Centres will use a combination of legacy system and paper based approaches to varying degrees, reflecting local operational management priorities.

**6.13** In September 2008 the new Chief Executive of the Pension, Disability and Carers Service initiated a comprehensive review into how services will be delivered to customers in the newly merged Agency. Part of this will involve a review of the Pensions Transformation Programme operating model. This is scheduled to conclude later this year. Deployment of the Customer Account Management system for the Pensions Transformation Programme will continue in Pension Centres until the outcome of the review is known.

# Appendix One

## Summary of Department for Work and Pensions most significant IT enabled projects

Project Name	Agency	Description	Start of programme
<b>1 DWP IT Transformation Programme (inc TREDSS &amp; ICONS) (see Part One)</b>	Corporate IT	Establishing new commercial arrangements with EDS for the delivery of live systems and services.	2005
<b>2 Employment and Support Allowance (see Part Two)</b>	Jobcentre Plus	The project delivers the system and processes to implement the new Employment and Support Allowance.	August 2006
<b>3 Customer Information System (see Part Three)</b>	The Pensions Service	This project will deliver a database of key citizen information to be shared across the Department. The database will complement information currently available in the Department's key customer information systems, i.e. Personal Details Computer System and Departmental Central Index, and become their replacement. Consideration is being given for wider use of CIS by Other Government Departments.	July 2003
<b>4 Child Support Agency Operational Improvement Plan (see Part Four)</b>	Child Support Agency	Operational and organisational restructuring of the Child Support Agency to deliver more money to more children.	April 2006
<b>5 Central Payment System (see Part Five)</b>	Department for Work and Pensions	A modern integrated central payment engine and accounts payable system to improve accounting for benefit/pension payments, reduced risks of service failure, increased speed and efficiency, and information for improved customer service and reduced fraud and error.	April 2004
<b>6 Pensions Transformation Programme (see Part Six)</b>	The Pensions Service	The programme will transform The Pension Service, bringing together business and IT change in ways that improve customer service and deliver efficiencies.	January 2002
<b>7 Method of Payment Reform Programmes</b>	Department for Work and Pensions Finance	Method of Payment Reform Programmes will develop modern, electronic, secure and efficient methods of payments for customers who require payment by an alternate means other than direct payment to bank accounts.	June 2007
<b>8 Centralisation of Benefit Processing</b>	Jobcentre Plus	To centralise, automate and standardise benefit processing.	2004
<b>9 Lone Parent Obligations</b>	Jobcentre Plus	Lone Parent Obligations is part of welfare reform and intends increasing the lone parent employment rate. Currently lone parents are not required to seek employment until their youngest child reaches 16. Under new proposals to be phased in (starting with youngest child aged 12), lone parents will no longer be entitled to income support solely for being a lone parent if their youngest child is above seven. In the last year before entitlement ceases, Work-Focused Interviews will take place to encourage lone parents to take up training opportunities, leading to employment.	February 2008
<b>10 Fraud Referrals and Interventions Management System</b>	Jobcentre Plus	Fraud Referrals and Interventions Management System aims to deliver modernised Programme Protection activity.	June 2007



Project/Programme Costs			IT Costs (including Capital IT)		Project delivery	
Original planned costs – total programme £ million	Expenditure to date at period 6 August 2009 £ million	Full cost of project £ million	IT spend against total programme spend £ million	IT spend against total programme spend Per cent	Original planned completion date	Expected completion date
169	152	155	4	2.64	July 2008	2008
295	219	295	178	60.5	October 2008	October 2008
40	85	88	88	100.0	September 2007	March 2008
321	285	321	108	33.6	April 2009	April 2009
90	40	178	93	52.2	October 2006	December 2011
429	548	598	349	58.3	March 2007	2010-2011
38	8	48	7	13.8	July 2008	March 2011
140	118	118	12	10.5	2008	2008
9	1	21	3	15.4	February 2011	February 2011
12	30	30	25	84.1	July 2009	September 2009

## Summary of Department for Work and Pensions most significant IT enabled projects (continued)

<b>Project Name</b>	<b>Agency</b>	<b>Description</b>	<b>Start of programme</b>
<b>11 Disability and Carers Service Change Programme</b>	The Pension Service	This is an overarching Transformation Programme for disabled people and their carers designed to move the Disability and Carers Service towards a business transformation that addresses people, partners, process, and puts the customer experience at the heart of their transformation plans, in line with the wider Departmental Strategy.	November 2006
<b>12 Pensions Reform Delivery Programme</b>	The Pension Service	To coordinate, manage and deliver a range of measures and consequential impacts which will establish a new structure for the UK Pension System long term.	April 2007
<b>13 Tell Us Once</b>	The Pension Service	Tell Us Once is a major cross-Government initiative, led by the Department for Work and Pensions, to transform the way in which people can tell Government (central and local) about changes to their circumstances.	June 2008 (Pilot)
<b>14 Document Repository Service</b>	The Pension Service	This project seeks to support the Department's modernisation programmes through the provision of a document repository to store digitised images of documents received from customers (letters, faxes, e-mails etc.), cutting down paper in the organisation.	July 2006
<b>15 Data Centre Strategy</b>	Corporate IT	The project is addressing the ongoing continued threat to business service continuity at Washington Data Centre with a replacement strategy to be complete by the end of 2010.	February 2008
<b>16 Provider-Led Pathways to Work</b>	Work, Welfare and Equality Group	Central to the welfare reform agenda this project will contract the private and voluntary sector to provide additional help and support for all but the most severely ill or disabled Incapacity Benefit customers gaining employment. Additional help will be provided through additional mandatory monthly Work-Focused Interviews and tailored, job-focused support, including help to manage customer's health condition, especially in relation to work.	September 2007
<b>17 Jobseekers Regime and Flexible New Deal</b>	Work, Welfare and Equality Group	This programme will replace and streamline the current New Deal programmes and will concentrate on tackling the challenging problems of those who remain unemployed despite a strong economy and historically low unemployment. The programme will include provision of obtaining skills and mandatory work experience for customers.	July 2008
<b>18 Department for Work and Pensions Change</b>	Business Strategy	This programme gathers together a number of complementary initiatives to deliver the Department for Work and Pensions Business Vision. Including major projects to bring in Continuous Improvement using Lean techniques which should allow greater customer focus and efficiency in our process and business change projects to allow greater access to information.	April 2007
<b>19 Provider Referrals and Payments Project</b>	Work, Welfare and Equality Group	Deploy an IT system to automate and e-enable transactions between Jobcentre Plus and training providers.	April 2007
<b>Total Cost</b>			

## NOTE

Numbers in the table may not sum due to rounding.

Project/Programme Costs			IT Costs (including Capital IT)		Project delivery	
Original planned costs – total programme £ million	Expenditure to date at period 6 August 2009 £ million	Full cost of project £ million	IT spend against total programme spend £ million	IT spend against total programme spend Per cent	Original planned completion date	Expected completion date
70	62	69	15	21.6	2009	2010
151	19	118	40	34.2	April 2010	December 2010
13	6	13	0	0.0	October 2008	April 2009
6	7	10	10	100.0	November 2008	March 2009
33	4	33	16	49.0	April 2011	end of 2010
17	10	10	2	15.3	April 2008	April 2008
17	3	32	4	13.0	October 2010	October 2010
245	37	246	137	55.5	March 2011	March 2011
17	3	18	14	76.6	April 2009	June 2010
<b>2,112</b>	<b>1,636</b>	<b>2,402</b>	<b>1,107</b>	<b>46.1</b>		

# Appendix Two

## Methodology

In undertaking this work, the National Audit Office undertook the following methodologies:

- completion by Departmental officials of a self-assessment IT audit plan;
- document review of key Department reports and management information; and
- semi-structured interviews with lead officials and external stakeholders.

### **Department completion of the self-assessment IT audit plan and document review**

In undertaking the work for the five case studies the National Audit Office asked the Department for Work and Pensions to complete an IT audit plan covering the following information:

- project history;
- governance arrangements;
- project management including: planning, stakeholder management; risk management; procurement and contract management; monitoring and reporting; staffing; post implementation review; and quality management; and
- coordination of implementation including: efficiencies/benefits; handover arrangements; testing with staff; go live arrangements; consistency with communication.

The Department also provided the National Audit Office with supporting documentation against the audit plan.

### **Semi-structured interviews with lead officials and other stakeholders**

We held semi-structured interviews between August and October 2008 with key officials responsible for, or involved in, the Department's Corporate IT as well as key officials responsible for the projects selected as case studies. This included:

- Department for Work and Pensions IT Director General and Chief Information Officer;

- Department for Work and Pensions Group Applications Director;
- Department for Work and Pensions Corporate Information Technology Chief Operating Officer;
- Head of Presentation and Communication;
- Child Support Agency's Business Design Director; Child Support Agency Operational Improvement Plan Programme Director; and Child Support Agency Operational Improvement Plan Project Director;
- Pensions Transformation Programme Programme Director; and Pensions Transformation Programme IT Project Director;
- Employment and Support Allowance Programme Manager;
- Customer Information System Programme Manager;
- Central Payment System Programme Director; and Central Payment System Programme Manager;
- Customer Account Managers from the Risk Assurance Division of the Department for Work and Pensions for each of the case study projects.

We also consulted with the Department's main IT contractors. These discussions took the form of unstructured interviews and focussed on the relationship with the Department. We consulted with:

- EDS
- BT
- Accenture
- Siemens

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