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and Veterinary Laboratories Agency

Improving the delivery of animal health and welfare services through the Business Reform Programme

Summary

1 Outbreaks of animal disease pose a risk to animals and humans. The outbreak of foot and mouth disease in 2001 cost the government an estimated £3 billion with further costs to the farming industry, tourism and the rural economy. New diseases and the unpredictability of outbreaks, including the recent outbreak of Schmallenberg, continue to challenge the farming industry, as well as those responsible for policy in the Department for Environment, Food and Rural Affairs (the Department).

2 Since the 2001 foot and mouth outbreak, animal health and welfare services have been closely scrutinised by the Committee of Public Accounts and other government reviews. Between 2003 and 2009, four of the Committee's reports recommended that the Department fundamentally improve its Information and Communications Technology (ICT), data quality, and sharing and management of costs and performance. They also recommended that the Department reduce the burden of inspections and introduce more efficient ways of working.

3 The Animal Health and Veterinary Laboratories Agency (the Agency) is the Department's arm's-length body mainly responsible for preventing and responding to disease outbreaks. Working with others, the Agency plays a central role in delivering animal health and welfare services. From offices across Great Britain, the Agency carries out welfare visits to farms and markets, tests for disease and provides advice to farmers on welfare and disease prevention.

4 The Agency is currently implementing the Business Reform Programme (the Programme) which it began in 2006. The Programme, which is being delivered incrementally as a series of eight 'releases', is intended to improve the quality of the Agency's data, upgrade its ICT, standardise and automate its processes and enable private vets to submit bovine tuberculosis test results online. The Agency has contracted IBM to develop and maintain the new ICT.

5 The Programme is important as it addresses many of the recommendations of the Committee of Public Accounts on improving the management of animal disease. This report, therefore, examines the Agency's progress in implementing the Programme and the impact of the Programme to date.

Key findings

6 Between 2005-06 and 2011-12, the Agency spent £103 million on the Business Reform Programme. This was 4 per cent of the total spending on animal health and welfare in Great Britain over the seven years. It was broadly in line with the original plans for implementing the scale of transformation required. With this investment the Agency has introduced fundamental changes to its operating model, business processes, ICT systems and information while maintaining day-to-day operations and its readiness for an emergency response.

7 The Agency and the Programme have benefited from stronger management following changes to the leadership team. The Agency's senior management team has changed since the start of the Programme, with new skills and experience being brought into the Agency. We found several examples of good practice in place. These included the Agency taking an incremental approach to change to minimise the risk of disrupting operations, and treating the Programme not just as an ICT project, but as a way to transform the Agency's business and culture.

8 The Programme is already delivering cost reductions. To date, the Agency has reduced headcount by 119 full-time equivalent members of staff, leading to savings of around £4 million. However, the majority of benefits from the Programme will not be delivered until it is completed including the Agency's estimate of £5 million a year from headcount reductions. We found that the Agency had taken a reasonable approach to modelling and forecasting these staff cost savings.

9 The Programme has made tangible progress in addressing some of the key challenges which the Department has faced in managing animal disease:

- **The Programme is improving the ICT within the Agency.** The Agency has implemented a system to help it plan and manage its work and its contact with customers, as well as an automatic system for tracing infected animals. These changes are improving the way the Agency works and reducing its reliance on legacy ICT.
- **The Agency's data quality is improving and the new ICT is enabling staff to share data across offices.** In 2008, the Agency carried out a data cleansing exercise, reducing the number of customer records from 440,000 to 155,000 and improving the quality and consistency of the Agency's information on customers. This information is now available electronically to Agency staff.
- **More efficient ways of working and service improvements have been introduced.** One example is the Agency's new automated process for tracking the movement of cattle testing positive for bovine tuberculosis. Despite reducing the number of staff working on the process from 43 to 28, the number of tracings carried out in a year increased by 24 per cent.

- **The Agency is starting to generate better information on costs and performance.** This is helping the Agency to understand the value of its services and should also support a more risk-based approach to the inspections of farms. The Department, in responding to the report of the Farming Regulation Task Force, has also committed to coordinating inspections between its arm's-length bodies, where appropriate. The National Audit Office is planning to examine the Department's progress in rationalising inspections across its bodies in a future report to Parliament.
- 10 The Programme is in line with the government's ICT Strategy.** The Agency has developed its technology to comply with the Department's technical standards and solutions. The new ICT system could therefore integrate with other systems across the Department and its arm's-length bodies, allowing them to share information electronically.
- 11 There have been issues with the implementation of the Programme:**
- **The Programme is currently two years behind its original schedule, in part due to necessary changes to the scope of the ICT.** The original plan was to complete the Programme by 2011-12 but the Agency is currently implementing the sixth of eight releases which make up the Programme. It is forecasting that the Programme will not be completed before 2013-14. We found that optimism bias in the original plans and an insufficient understanding of how to deliver transformative change contributed to these problems.
 - **There were issues with release six of the Programme.** The new ICT supporting the Agency's management of bovine tuberculosis went live three months later than planned in October 2011, and the Agency immediately faced some issues. This release was the most ambitious part of the Programme. Among other things, it was intended to enable private vets to submit test results online to the Agency, although only 11 of 497 practices signed up to this were online in October 2011. The Agency had to recruit temporary staff to deal with the resulting backlog of work, limiting its savings from headcount reductions in the short term. The Agency expects that half of the test results will be submitted online by August 2012.
 - **Relationships with customers and staff have been affected.** Problems with the ICT affected services to farmers and some received inaccurate or incomplete paperwork on testing their animals or experienced delays to the export of cattle. Agency staff, where morale was already low due to significant changes in the Agency, including a merger, office closures and redundancies, have also had to adapt to using the new ICT and experienced problems when release six went live.

12 The final stages of the Programme are critical to delivering the anticipated benefits:

- **Many of the benefits of the new ICT will not be delivered until the Programme is completed.** The final releases of the Programme will deliver much of the new ICT's planned benefits. This includes the Agency having access to a single new ICT system so that it can manage both emergency and day-to-day activities for all types of animal disease in one place.
- **The Agency remains reliant on risky legacy ICT.** The Agency has turned off only a few legacy systems so far and its emergency response operations remain critically reliant on ICT which does not link into other information systems. The resilience of these systems and their capability to recover in an emergency are of concern.

13 There is not an approved budget to complete the Programme. Delays to the Programme and an increase in the ICT scope mean that the Agency has not fully delivered the Programme within the expected funding period. The Agency has spent £103 million of the agreed budget of £123 million, although as funding is allocated on an annual basis, the Agency does not have approved funding for the Programme beyond March 2013.

14 The Agency relies on local authorities to provide key services, which are now at risk from local spending cuts. A key risk to the delivery of animal health and welfare services is the financial resilience of local authorities and their ability to carry out enforcement activities and respond to disease outbreaks. The Department is working with the Local Government Association and local authorities to mitigate this risk.

15 The Programme cannot by itself address all the challenges faced by the Department. We found examples of where the Agency is critically dependent on other organisations, but does not have sufficient control to introduce coordinated change. For example, although the Agency has developed common standards for the data it uses, it cannot control data standards or the quality of information coming from external sources.

16 The Department has recognised the need for closer working across the whole delivery landscape, joining up systems and establishing common data standards. The Department is taking a number of steps to achieve this. It established the Animal Health and Welfare Board for England in November 2011, which is developing guiding principles on animal health and welfare policy and its delivery in England, building on the 2004 strategy for animal health and welfare in Great Britain. The Department has also set up the Defra Network Chief Information Officer Board, which is developing common systems and data standards across the Department's arm's-length bodies, which are essential for sharing data and streamlining processes.

Conclusion on value for money

17 The Programme only has the potential to deliver full value for money if it is carried through to completion. Notwithstanding the delays, driven by the need to re-scope the ICT and recent technical issues, we think that this Business Reform Programme has been strongly managed in the last few years, and the potential to deliver value for money appears realistic if funding is continued.

Recommendations

18 We make the following recommendations:

- a** **The Department should continue to fund the Agency to complete the Programme, although it should be clear on what it expects from the Agency as a condition for doing so.** The Agency does not have approved funding to complete the Programme beyond March 2013. If it does not complete the Programme, it will not realise significant benefits including access to a new single ICT system for managing animal disease both day-to-day or in an emergency on behalf of the Department.
- b** **The Agency should set clear priorities for what it plans to do, and by when, to secure funding to complete the Programme.** These priorities should include rectifying existing problems, completing the move to a new single ICT system and switching off legacy ICT systems, otherwise significant benefits will be lost. Continuing problems with the implementation of the new ICT have meant that the Agency has had to recruit temporary staff to deal with a backlog of work. In the short term this has reduced the potential cost savings from headcount reductions, and the Agency remains exposed to the risks of working on a number of different and ageing ICT systems.
- c** **The Agency should build on recent activity to improve its relationship with customers, private vets and staff following issues with release six, to ensure that they engage in and support the completion of the Programme.** This should include responding to and acting on feedback from its customers, staff and private vets following recent engagement. The Agency's relationship with stakeholders, particularly farmers, was damaged for a short period by the problems in implementing release six. Agency staff, where morale had already been affected by other significant changes, including the merger, office closures and the introduction of new ways of working, had also experienced problems with the new ICT.

- d The Department's Animal Health and Welfare Board for England should publish its guiding principles on delivering animal health and welfare policy in England by the end of 2012.** The Department and the devolved administrations published the animal health and welfare strategy for Great Britain in 2004, with a vision for the next ten years. However, it needs reviewing to bring it in line with significant developments in the animal health and welfare delivery landscape over recent years. These include changes within the Agency and the implementation of the Programme.
- e The Department should draw on the improving cost and performance information being generated by the Agency's new ICT to inform its own activities.** This information should help the Department, for example, to develop a performance measurement framework for the delivery of animal health and welfare services, at least across its own arm's-length bodies. The new information should also support the Agency in a more risk-based approach to farm inspections. In the past, the Agency has had limited access to good quality information.
- f The Department, through the Defra Network Chief Information Officer Board, should ensure that it maximises efficiencies from better data quality and the faster sharing of data.** The Department's arm's-length bodies do not use the same ICT or share data standards, meaning there is no consistency across the delivery landscape, leading to inefficient ways of working. The Defra Network CIO Board, of which the Agency is a member, is working collaboratively to address this by developing a joint approach, in line with the government's ICT Strategy.