National Audit Office

MEMORANDUM FOR THE HOUSE OF COMMONS COMMITTEE OF PUBLIC ACCOUNTS

JUNE 2013

Department of Health

Review of the final benefits statement for programmes previously managed under the National Programme for IT in the NHS

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Memorandum for the House of Commons
Committee of Public Accounts

June 2013

This review assessed whether the Department of Health's approach to compiling the figures set out in Table 1 – *Cost and benefit by programme* of the final benefits statement for programmes previously managed under the National Programme for IT was robust.

Contents

The National Audit Office team consisted of:
Simon Banner, Leon Bardot, Jamie Hart and Payal Patel, under the direction of Laura Brackwell.

This report can be found on the National Audit Office website at www.nao.org.uk/NPFIT-2013

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Enquiries: www.nao.org.uk/contact-us

Website: www.nao.org.uk

Twitter: @NAOorguk

Overview

1 Launched in 2002, the National Programme for IT in the NHS (the National Programme) was designed to reform the way that the NHS in England uses information. The vision of the Department of Health (the Department) was to use modern information technologies to improve the way the NHS delivers services and, ultimately, to improve the quality of patient care. The National Programme comprised a number of component programmes providing national infrastructure, national applications and local services.

2 While some parts of the National Programme were delivered successfully, others encountered significant difficulties. In particular, there were delays in developing and deploying the detailed care records systems. Following a review by the Major Projects Authority,[1] the government announced in September 2011 that the National Programme would be dismantled into its separate component parts. That process has now taken place.

3 In its 2011 report, the Committee of Public Accounts asked the Department to provide an updated statement of the benefits of the National Programme to March 2011. The Department did not provide this; instead, in July 2012, it provided the Committee with a draft statement covering the period to the end of March 2012 and also including forecasts to the end-of-life of the systems. The Committee asked the National Audit Office to review the benefits statement prior to its publication.

4 This memorandum sets out the results of our review. We assessed whether the Department's approach to compiling the figures set out in Table 1 – *Cost and benefit by programme* of the benefits statement was robust. We did not validate individual figures or examples in the statement, or the supporting narrative provided by the Department.

Reported costs and benefits

5 The total costs and benefits reported by the Department in the benefits statement are set out in **Figure 1**. Data is provided to March 2011 (actual), to March 2012 (actual for costs, estimated for benefits), and to the end-of-life of the systems (forecast).

6 At March 2011 and March 2012, total costs were significantly greater than total benefits. The Department forecasts that benefits will slightly exceed costs over the whole life of the systems. There is, however, very considerable uncertainty around whether the forecast benefits will be realised, not least because the end-of-life dates for the various systems extend many years into the future, to 2024 in the case of the North, Midlands and East Programme for IT.

1 Major Projects Authority, *Programme assessment review of the National Programme for IT*, Cabinet Office, September 2011.

Figure 1
Reported costs and benefits of the programmes previously managed under the National Programme for IT

	To March 2011 Actual (£bn)	To March 2012 Actual for costs, estimated for benefits (£bn)	To end-of-life Forecast (£bn)
Total costs	6.4	7.3	9.8
Total benefits	2.7	3.7	10.7
Ratio of costs to benefits	1:0.4	1:0.5	1:1.1

NOTE
1 All monetary values are stated in 2004-05 prices.

Source: Department of Health

7 It is not possible to compare the total forecast benefits set out in the benefits statement with what was expected at the outset of the National Programme because the Department did not establish a comprehensive baseline.

8 In terms of completeness, the benefits statement excludes all future costs and benefits associated with the Lorenzo care records system in the North, Midlands and East of England. The Department decided not to include these elements because of the degree of uncertainty prevailing as it renegotiates the contract with the supplier, CSC (Computer Sciences Corporation).

Reliability and uncertainty

9 Overall we found that the Department took a structured, logical approach to measuring and reporting costs and benefits. The cost figures are relatively certain in that around three-quarters of the total had been incurred by March 2012. In addition, future costs are in the main contractual payments to suppliers which have already been specified, although the Department does not pay suppliers until trusts confirm that systems have been deployed and are working satisfactorily. Future costs are therefore dependent to some extent on the successful deployment of systems.

10 In contrast, measuring the benefits of the programmes was not straightforward, as the benefits go beyond simple cost savings into wider benefits that are more difficult to identify, quantify and value. In addition, measuring the benefits consistently across the various component programmes that were previously managed under the National Programme was challenging. In practice, individual programmes had to adopt different approaches because of the different nature of, and maturity of, the programmes, and variations in the information provided by trusts.

11 It is important to stress the very considerable uncertainty that surrounds the benefit figures. Overall, around two-thirds of the total estimated benefits are future benefits that have yet to be realised. For a number of programmes, 98 per cent of estimated benefits are yet to be realised. It is not possible to quantify the level of uncertainty, because there are a number of factors that impact on the uncertainty and there are weaknesses in the underlying data. The programmes' senior responsible owners told us that they had been mindful of the risk of optimism bias in estimating benefits and pointed to examples where they had taken a conservative approach. The Department did not, however, systematically discount the estimated benefits to counter optimism bias.

12 There are a range of potential risks to the realisation of future benefits, adding to the degree of uncertainty. In particular, for a number of programmes, the future benefits are contingent in the first instance on the successful deployment of a set number of systems at a set time. Experience over the last ten years suggests this will be very challenging to achieve, particularly in the case of the local care records systems.

13 In addition, from April 2013, the Department's central team and some local programme teams moved to the Health and Social Care Information Centre and were restructured to help them become more responsive to local needs. There is a risk that the transition may result in disruption to the delivery of programmes, and delays in the realisation of benefits.

The National Programme for IT

14 The overarching National Programme comprised a number of component programmes (**Figure 2** overleaf):

- national infrastructure, including a broadband network and applications to underpin other systems;
- national applications, including electronic appointment booking and prescription services; and
- local services, including care records systems and electronic X-ray and scanning systems.

15 The various systems have been developed and delivered by a range of suppliers. In the case of the local care records systems, the Department now has contracts with two 'local service providers'. BT is providing systems in London and the South, and CSC is providing systems in the North, Midlands and East. Different care records systems are being delivered in different parts of the country and in different care settings (**Figure 3** on page 9).

16 The National Programme was managed at national level by NHS Connecting for Health, part of the Informatics Directorate of the Department of Health (the Department). The Chief Executive of the NHS was the senior responsible owner for the National Programme. The Department was responsible for procuring and managing the National Programme's central contracts, including those with the local service providers. Within the NHS, responsibility for delivery was split between the local service providers and trusts, with trusts generally responsible for business change, delivery plans and staff training, and for signing off acceptance of systems as meeting their requirements.

Figure 2
Component programmes of the National Programme for IT

System	Description
National infrastructure	
National network for the NHS	A broadband network connecting all NHS and non-NHS sites providing NHS care.
NHSmail	A secure email, text and fax service, transferring patient data, appointment alerts and confidential information.
NHS Spine	A group of eight applications which underpin the NHS Care Records Service.
National applications	
Choose and Book	An electronic referral and booking service giving patients a choice of time and place for their first outpatient appointment.
Electronic Prescription Service	Enables prescribers, such as GPs and practice nurses, to send prescriptions electronically to a dispenser, such as a pharmacy, of the patient's choice, removing the need for paper prescriptions.
Summary Care Record	Part of the NHS Care Records Service, containing key medical information from a patient's record that is important in supporting urgent or unscheduled care.
GP record transfer	Enables patient records to be transferred electronically between GP practices, replacing the existing manual transfer process.
Local services	
Detailed care records systems	Part of the NHS Care Records Service, containing full details of a patient's medical history and treatment, accessible to a patient's GP and local community and hospital settings.
Picture Archiving and Communications System	Enables images such as X-rays and other medical scans to be stored electronically and viewed on screens.

Source: National Audit Office

Figure 3
Detailed care records systems delivered through the National Programme for IT

Care setting	Care record system
London Programme for IT and South Programme for IT (BT is the local service provider)	
Acute trusts	Cerner Millennium
Mental health trusts and community health services	RiO
North, Midlands and East Programme for IT (CSC is the local service provider)	
Acute trusts and mental health trusts	Lorenzo
Community health services	Lorenzo/TPP SystmOne
GP practices	TPP SystmOne
Ambulance trusts	Medusa Siren ePCR

Source: National Audit Office

17 While some parts of the National Programme were delivered successfully, others encountered significant difficulties. In particular, there were delays in developing and deploying the detailed care records systems. Following three reports on the National Programme by both the National Audit Office[2] and the Committee of Public Accounts,[3] and a review by the Major Projects Authority,[4] the government announced in September 2011 that the National Programme would be dismantled into its separate component parts. That process has taken place, and each component programme now has its own senior responsible owner, whose responsibilities include the delivery and assessment of benefits.

2 Comptroller and Auditor General reports, *Department of Health: The National Programme for IT in the NHS*, Session 2005-06, HC 1173, National Audit Office, June 2006, *The National Programme for IT in the NHS: progress since 2006*, Session 2007-08, HC 484, National Audit Office, May 2008, and *The National Programme for IT in the NHS: an update on the delivery of detailed care records systems*, Session 2010–2012, HC 888, National Audit Office, May 2011.

3 HC Committee of Public Accounts reports, *Department of Health: The National Programme for IT in the NHS*, Twentieth Report of Session 2006-07, HC 390, March 2007, *The National Programme for IT in the NHS: progress since 2006*, Second Report of Session 2008-09, HC 153, January 2009, and *The National Programme for IT in the NHS: an update on the delivery of detailed care records systems*, Forty-fifth Report of Session 2010–2012, HC 1070, July 2011.

4 Major Projects Authority, *Programme assessment review of the National Programme for IT*, Cabinet Office, September 2011.

The benefits statement

18 In response to a recommendation by the Committee of Public Accounts, the Department produced the first statement of the costs and benefits of the National Programme in March 2008, covering the period to the end of March 2007. In its 2011 report on the National Programme, the Committee asked the Department to provide an updated statement of benefits to March 2011. The Department did not provide this; instead, in July 2012, it provided the Committee with a draft statement covering the period to the end of March 2012 and also including forecasts to the end-of-life of the systems.

19 The benefits statement covers the individual component programmes that were previously managed under the National Programme, as set out in Figure 2 (on page 8) and Figure 3 (on page 9). For each programme, the statement sets out:

- the estimated costs of the programme – actual costs to March 2011 (£6.4 billion) and to March 2012 (£7.3 billion), and forecast costs to the end-of-life of the systems (£9.8 billion);
- the estimated benefits of the programme – actual benefits to March 2011 (£2.7 billion), estimated benefits to March 2012 (£3.7 billion), and forecast benefits to the end-of-life of the systems (£10.7 billion) – together with a range of illustrative examples of the positive impacts that the systems have had; and
- following the dismantling of the National Programme, how the new governance arrangements are intended to strengthen assurance around the future delivery of benefits.

20 The Committee of Public Accounts asked us to review the benefits statement prior to its publication. We assessed whether the Department's approach to compiling the figures set out in Table 1 – *Cost and benefit by programme* of the benefits statement was robust. Our audit approach, including the criteria against which we assessed the robustness of the Department's approach, is set out in Appendix One of this memorandum. We did not validate individual figures or examples in the statement, or the supporting narrative provided by the Department.

21 It is not possible to compare the total forecast benefits set out in the benefits statement with what was expected at the outset of the National Programme because the Department did not establish a comprehensive baseline. For each element of the National Programme, business cases were prepared setting out the intended benefits to be achieved through the investment, although for some elements only qualitative benefits were identified. The investment in the infrastructure, for example, was not expected to result in any direct quantifiable benefits, and the business cases for the local service provider contracts contained no formal projections of financial benefits.

Our findings

22 This section of the memorandum sets out the findings from our review of the benefits statement, covering:

- governance arrangements across the component parts of the National Programme;
- the consistency, completeness and accuracy of the costs and benefits reported in the benefits statement;
- the uncertainty surrounding the reported figures; and
- the risks to realising future benefits, including how the Department is seeking to mitigate these risks.

Governance arrangements

23 Each component programme is led by a senior responsible owner who is responsible for ensuring the delivery of the programme in line with its business case and realising the associated benefits. Each senior responsible owner is supported by a programme team or board, and the Department's central team also provides advice and support. This governance structure has provided an important mechanism for overseeing the realisation of benefits, and for identifying, collecting and reporting information on estimated benefits. Though some programmes have changed their senior responsible owners during the course of their existence, we found evidence of strong corporate memory and continuity, for example through the retention of key officials throughout the duration of the programme.

24 Until 31 March 2013, strategic health authorities and primary care trusts were responsible for realising and reporting benefits from the programmes. Under the Health and Social Care Act 2012, strategic health authorities and primary care trusts have now been abolished. In future greater emphasis will be placed on local ownership of benefits and benefit realisation plans. Responsibility for realising and reporting benefits on the ground has passed to NHS trusts and NHS foundation trusts. In addition, as current programme contracts come to an end, trusts will have to develop business cases for future IT procurements. These business cases will need to set out how future benefits will be achieved.

The consistency, completeness and accuracy of the reported costs and benefits

25 Compiling the benefits statement was a challenging process for the Department, the individual programme teams and the NHS organisations involved. Their task was to identify and quantify benefits across the NHS in a way that was robust and proportionate. A large number of organisations were involved in compiling and reporting the underlying data for the benefits statement.

26 In reviewing the cost and benefit figures in Table 1 of the benefits statement, we examined whether:

- the Department had adopted a consistent approach in estimating costs and benefits across the different elements of the National Programme;
- the Department had included all costs and benefits attributable to the National Programme (completeness) and excluded all other amounts; and
- amounts had been brought into the benefits statement accurately, including the quality of the data underlying the figures reported.

Consistency of approach

27 The Department developed guidance for the senior responsible owners of the programmes, with the aim of ensuring that they adopted a consistent approach to costs and benefits. Senior responsible owners told us that they found the guidance on identifying and quantifying benefits particularly helpful.

28 The guidance included:

- the Benefits Informatics Zone, established in 2009, which is a repository for benefits-related information and an online forum developed centrally by the Department;
- a Benefits Eligibility Framework, published in 2010 and based on HM Treasury's *Green Book*,[5] which set out a framework for appraising and evaluating policies, programmes and projects, including guidance on how benefits could be categorised, quantified and valued;
- ongoing advice from the Department's economists and other specialists; and
- roadshows conducted by the Department to educate senior responsible owners and programme teams.

5 HM Treasury, *The Green Book: Appraisal and Evaluation in Central Government*, 2003.

29 In addition, a group comprising 'change and benefits leads' from strategic health authorities was established with the aim of ensuring that, where possible, a consistent approach to benefits realisation was adopted across the NHS. The group undertook a review of national applications and benefits metrics, which led to the development of further guidance on measuring benefits and avoiding the double counting of benefits across different programmes.

30 However, we found that in practice measuring benefits consistently was not straightforward. Individual programmes had to adopt different approaches to estimating benefits because of the different nature and maturity of the programmes. There were also variations in the information provided by trusts. Some programmes had to extrapolate from relatively limited information or use models to estimate benefits. For example:

- The London Programme for IT and the South Programme for IT were able to make direct use of data on reported benefits provided by most trusts; in contrast, other programmes, such as the Electronic Prescription Service and the Picture Archiving and Communications Systems, received only limited information from trusts, and had to extrapolate from the data that was received to generate estimates of total benefits. The Department did not compel trusts to provide information.
- Some programmes, including the North, Midlands and East Programme for IT, developed models to estimate the levels of benefits realised by extrapolating demonstrated benefits. The type and depth of research conducted to identify demonstrated benefits varied between programmes, and included detailed case studies at individual sites, time and motion studies at a sample of sites and surveys of all users.

The completeness of the reported figures

Costs

31 The benefits statement sets out the costs of each programme bringing together:

- central contract costs with suppliers;
- central programme costs incurred by the Department in administering the National Programme; and
- local programme costs incurred by strategic health authorities, primary care trusts and NHS trusts in implementing and running the systems. These costs were estimated by strategic health authorities.

32 The costs of individual programmes reported in the benefits statement are not directly comparable with the figures in our 2011 report, where central and local programme costs were reported separately. In the statement, the Department has apportioned the central and local programme costs to the individual programmes, to provide a more accurate reflection of the full costs attributable to each programme.

33 The estimated total cost of the National Programme has changed since our 2011 report,[6] from £11.4 billion to £9.8 billion,[7] a reduction of £1.6 billion. The benefits statement sets out how the estimated costs have changed. The main reasons for the reduction are:

- The Department has excluded the estimated future costs (and benefits) associated with the Lorenzo system. Lorenzo is the care records system which CSC is contracted to deliver in the North, Midlands and East of England. However, in the light of delays in developing and deploying the system, the Department is currently renegotiating the contract with CSC, which runs until 2016, and therefore future costs (and benefits) cannot be stated with any certainty.
- There have been reductions in the number of systems being implemented under some programmes, such as the South Programme for IT, which has reduced the cost estimate for these programmes.

34 As well as excluding future costs relating to Lorenzo, the benefits statement does not include potential future costs relating to the Department's contract with Fujitsu. Fujitsu was the local service provider in the South until the Department terminated its contract in 2008. The contract was worth a total of £896 million. Fujitsu received £151 million for the delivery of the first release of the Cerner Millennium care records system. The Department is currently in arbitration with Fujitsu, with both parties seeking compensation. The potential liability to the Department was not included in the benefits statement due to the uncertainty surrounding the outcome of the arbitration. The arbitration could also result in reduced costs, were it to conclude in the Department's favour.

35 The cost figures reported in the benefits statement are not therefore complete because of the exclusion of some future costs. The Department has made this limitation clear in the statement.

6 Comptroller and Auditor General, *The National Programme for IT in the NHS: an update on the delivery of detailed care records systems*, Session 2010–2012, HC 888, National Audit Office, May 2011.
7 All monetary amounts are in 2004-05 prices.

Benefits

36 The reported benefits broadly fall into three categories:

- **Cash-releasing benefits** are financial savings – for example, reductions in the costs of storage and materials from switching to electronic X-rays and scans using the Picture Archiving and Communications System.
- **Non-cash releasing benefits** are efficiency savings – for example, trust staff can be used on other tasks where care records systems automatically construct discharge letters as a patient progresses through an accident and emergency department, removing the need for clinical staff to dictate letters.
- **Societal benefits** are quantified wider benefits to society – for example, where patients spend less time chasing referrals. Choose and Book was the only programme to quantify societal benefits, because of difficulties in defining and measuring this type of benefit. Process mapping and case study evidence was used to estimate the impact of Choose and Book on the time patients spent chasing referrals.

37 Like costs, the benefits reported in the benefits statement are incomplete to the extent that they exclude future benefits that may arise from the Lorenzo system. The Department has made this clear in the statement.

38 All senior responsible owners told us that they were clear what counted as a benefit, and that they had been mindful of the risk of optimism bias in identifying and reporting benefits. The Department did not, however, systematically discount the estimated benefits to counter any such bias; rather it adopted a judgmental approach depending on the circumstances of each programme, with the aim of ensuring that the estimates were conservative. For example:

- The Department started to count the benefits arising from the Summary Care Record only once it covered more than 60 per cent of the population. Although benefits would have been generated earlier than this, for example from quicker diagnoses, the Department's approach reflected its view that the main benefits only started to accrue once these records were more widely available.
- Across a sample of NHS organisations, the introduction of SMS reminders using NHSmail reduced the number of people who did not attend their appointment by between 30 per cent and 50 per cent. The reported cost of these appointments varied from £18 to £240 per appointment. To extrapolate the benefits across all organisations using the SMS service, the Department used the lowest figures to estimate the reduction in the number of missed appointments (30 per cent) and to calculate the financial benefit (£18 per appointment).

The accuracy of the reported figures

39 The costs of each programme included in the benefits statement are based on central contract costs with suppliers; central programme costs and local programme costs. Cost data was taken from departmental and NHS finance systems, contract finance models, and returns from local trusts on expected implementation costs.

40 The estimates of benefits included in the benefits statement were based on a combination of information returns from individual trusts to programme teams, and on models developed by programme teams to estimate benefits where necessary and forecast future benefits.

41 We confirmed that the cost and benefit figures reported in Table 1 of the benefits statement agreed to summary supporting documents provided by the individual programme teams, and to the central data provided by the Department's informatics team. Where cost figures reported in the benefits statement differed from those reported in our 2011 report,[8] we confirmed the reasons for these changes (see paragraphs 33 and 34).

42 For data on actual benefits to March 2011, the Department did not go back to supporting evidence to validate all the information returns it received from trusts. To gain some assurance about the reliability of the reported figures, the Department compared information returns from trusts and performed reasonableness checks to identify errors, querying some returns with individual trusts and removing 'outliers' falling outside the expected range and any instances of double counting that it discovered. All programme teams had their own procedures for checking and reviewing their benefits figures, such as tracking deployment and usage of systems and cross-referencing data supplied to them by trusts.

43 The Department's Benefits Eligibility Framework recommends that programme teams should arrange an independent review of their estimates. However, none of the programme teams commissioned such a review. The Department considered that a cross-programme review of benefits that it undertook independently of the individual programmes, together with HM Treasury's approval of each programme's business case (including for most programmes the models used to estimate benefits), provided sufficient assurance about the reliability of the reported figures.

44 The National Programme was launched in 2002 and many of the forecast costs and benefits extend well into the future, generally to 2016 and up to 2024 in the case of the North, Midlands and East Programme for IT. Over such a long period, it is important that the reported figures reflect the time value of money to make them comparable. The Department has therefore discounted the estimated costs and benefits in the benefits statement, in line with good practice and HM Treasury guidance. The figures are discounted to 2004-05 prices, for comparability with the previous National Audit Office reports.

8 Comptroller and Auditor General, *The National Programme for IT in the NHS: an update on the delivery of detailed care records systems*, Session 2010–2012, HC 888, National Audit Office, May 2011.

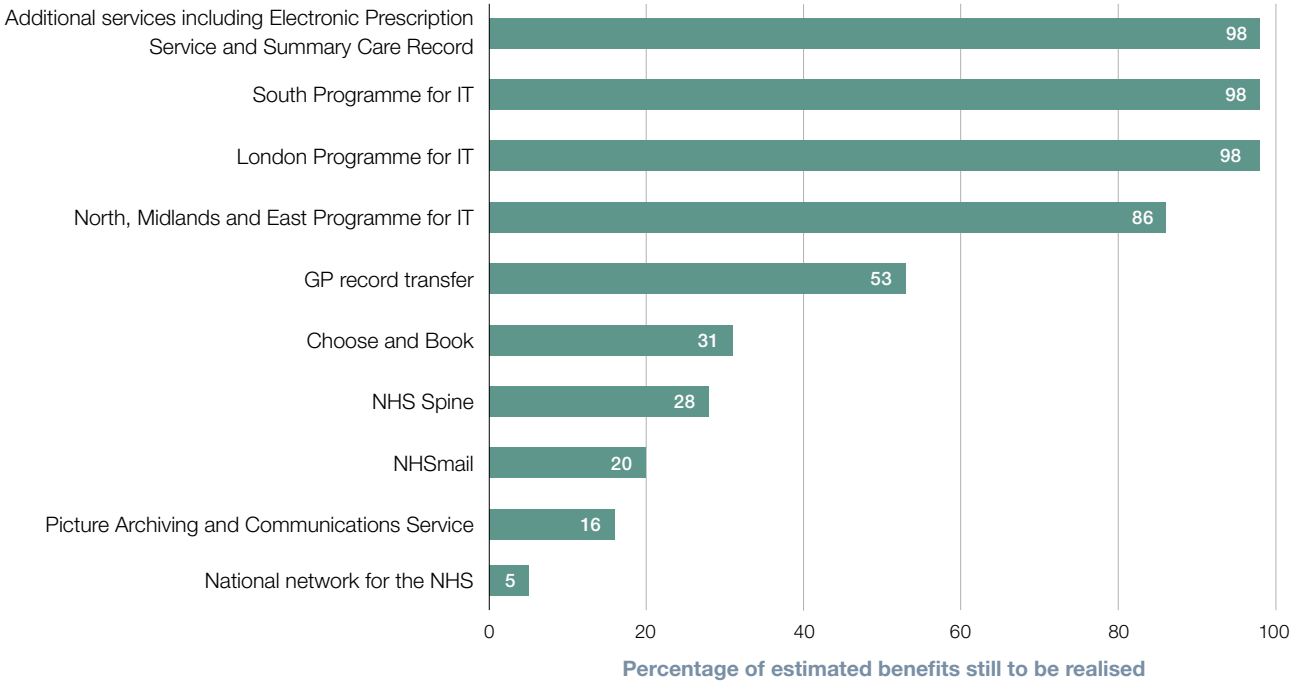
The uncertainty surrounding the reported figures

45 It is clear there is very considerable uncertainty around the benefits figures reported in the benefits statement. This arises largely because most of the benefits relate to future periods and have not yet been realised. Overall £7 billion (65 per cent) of the total estimated benefits are forecast to arise after March 2012, and the proportion varies considerably across the individual programmes depending on their maturity (**Figure 4**). For three programmes, nearly all (98 per cent) of the total estimated benefits were still to be realised at March 2012, and for a fourth programme 86 per cent of benefits remained to be realised. There are considerable potential risks to the realisation of future benefits, for example systems may not be deployed as planned, meaning that benefits may be realised later than expected or may not be realised at all (see paragraphs 49 and 50).

46 Some £2.5 billion (26 per cent) of the total costs are also forecast to arise after March 2012. There is greater certainty around future costs (compared with benefits) because in the main they are contractual payments to suppliers which have already been specified. Under the contracts, however, the Department does not pay suppliers until trusts confirm that systems have been successfully deployed and are working satisfactorily. Future costs are therefore also dependent to some extent on the successful deployment of systems.

Figure 4

Percentage of total estimated benefits still to be realised at March 2012 by programme



Source: National Audit Office analysis of Department of Health data

47 Some uncertainty also arises from the nature of the information sources underlying the amounts reported in the benefits statement. Some benefits have been extrapolated from a specific number of trusts rather than all trusts or from detailed case studies (see paragraph 30). Extrapolation inherently carries greater uncertainty than where information is complete. In addition, many NHS organisations were involved in generating the data underlying the benefits statement, and the use of different approaches adds to the degree of uncertainty surrounding the figures reported.

48 The Department has not quantified the degree of uncertainty around the estimated benefits, and the benefits statement does not include a range of estimates based on a statistical assessment of uncertainty. It is possible to use statistical techniques to quantify sampling uncertainty if samples are designed and selected in advance to achieve this outcome. However, this was not the case here. Individual programme teams extrapolated on the basis of returns already received, which may not be representative of all trusts. It would not be possible for the Department now to produce an estimate of uncertainty without re-performing the benefits assessment exercise with appropriately designed samples.

Risks to the realisation of future benefits

49 Looking ahead, there are a number of potential risks to the realisation and reporting of future benefits:

- **The transfer of responsibility for benefits to individual NHS trusts and NHS foundation trusts from April 2013.** The need to identify and realise benefits was previously driven by strategic health authorities and the individual programme teams, supported by the Department's central team. From April 2013, the central team and some strategic health authority programme teams moved to the Health and Social Care Information Centre and were restructured to help them become more responsive to local needs. Accountability for realising and reporting benefits remains with the senior responsible owners of the various programmes, but on the ground this responsibility now rests with individual trusts. There is a risk that the transition may result in disruption to the delivery of programmes, and delays in the realisation of benefits. In addition, the changes may result in some loss of expertise and experience, and trusts may not place the same emphasis on benefits realisation.
- **Deployment assumptions for a number of programmes.** The vast majority of the benefits reported for the local care records systems, the Summary Care Record and the Electronic Prescription Service are future benefits, contingent in the first instance on the systems being deployed successfully, followed by work to drive benefits realisation. In our previous reports on the National Programme, we have highlighted the significant difficulties experienced in deploying the systems as planned. When benefit estimates have been revisited in the past, the upshot has often been to shift the timing of the expected benefits further into the future, mainly because of delays in deploying the systems. Reductions in, and delays to, planned deployments are likely to reduce the amount of benefits realised and add to the considerable degree of uncertainty as to whether forecast benefits will be generated as intended.

- **Possible supplier disengagement towards the end of contracts.** Suppliers play a crucial role in the realisation of benefits. There is a risk, however, that suppliers who are not awarded a further contract may become increasingly disengaged as the end of their contract approaches. Without the incentive of a future contract, suppliers may potentially focus their attention elsewhere, leaving trusts with less support and reducing the potential for knowledge transfer between old and new suppliers.

50 The Department and the programmes' senior responsible owners have recognised these risks and are taking steps to address them. The transfer of the Department's central team and strategic health authority programme teams to the Health and Social Care Information Centre is intended to help ensure continuity and the retention of corporate memory. Programme teams have been engaging with trusts to help them develop appropriate approaches and skills to manage their current IT contracts, realise benefits and get the most out of future IT procurement. In November 2012, the Department established an informatics services commissioning group which will oversee future procurement decisions about national IT infrastructure.

51 From April 2013, the Department appointed a full-time senior responsible owner accountable for the delivery of the local service provider contracts for care records systems in London, the South and the North, Midlands and East, and for planning and managing the major change programme that will result from these contracts ending. The senior responsible owner is supported by a local service provider programme director in the Health and Social Care Information Centre.

52 In addition, from April 2013, chief executives of NHS trusts and NHS foundation trusts became responsible for the realisation and reporting of benefits on the ground. They will also be responsible for developing local business cases for the procurement of replacement systems ready for when the local service provider contracts end.

Appendix One

Audit approach

53 In reviewing the benefits statement, we assessed whether the Department's approach to compiling the cost and benefit figures was robust. We did not audit individual figures or examples in the statement, or the supporting narrative provided by the Department.

54 We assessed the robustness of the Department's approach against the following criteria:

- Has the data in the statement been incorporated accurately?
- Do cost estimates include all relevant costs?
- Are the estimates of benefits evidence-based?
- Can assurance be gained that the underlying data on costs and benefits is robust and reliable?
- Are underlying assumptions clear, reasonable and consistently applied (with and between programmes)?
- Is there consistency in the preparation, recording and reporting of estimated costs and benefits across programmes, and with previous National Audit Office reports?
- Has a prudent or conservative approach been adopted where there is uncertainty around reported costs and benefits?
- Has uncertainty and any other limitations in the scope and quality of the data been disclosed clearly?
- Are there sound governance structures across the programmes?
- Are there mechanisms for maintaining and enhancing capability within programme management, including development and sharing of guidance, sharing of information and learning across programmes, and continuity among key personnel?

55 We examined the costs and benefits reported for each of the following 11 programmes, previously managed under the National Programme for IT:

- Choose and Book
- Electronic Prescription Service
- GP record transfer

- London Programme for IT
- National Network for the NHS
- NHSmail
- NHS Spine
- North, Midlands and East Programme for IT
- Picture Archiving and Communications Systems
- South Programme for IT
- Summary Care Record

56 For each programme we:

- Interviewed the senior responsible owner, who is responsible for reporting the costs and benefits of the programme, and/or the staff involved in compiling the estimates of benefits.[9] Topics covered included: how costs and benefits were identified; what assumptions had been used; what assurance was available that the underlying data on costs and benefits was robust and reliable; how optimism bias and uncertainties were dealt with; and how the systems' end-of-life was determined.
- Examined documents relating to the approaches adopted to developing benefits estimates for the programmes and the evidence that underpinned the estimated and actual figures reported.

57 We interviewed members of the NHS Connecting for Health finance team and examined supporting documents behind the cost estimates to ensure that costs incurred to date were accurate and that future cost estimates were based on sound judgements.

58 We interviewed members of the NHS informatics team to understand: how central costs were apportioned to each programme; how the estimates were brought together centrally due to the varying approaches taken by individual senior responsible owners; and how figures reported in the benefits statement traced back to supporting information provided by individual senior responsible owners and to the central data held by the NHS informatics team.

59 The benefits statement includes the Department's best estimates of the future benefits of the programmes. The statement has not been prepared in the same way as a set of financial statements because accounting standards require that financial statements do not include uncertain future benefits. Therefore, the purpose of our work was not to give an opinion as to whether the benefits statement shows a 'true and fair' view, as an audit opinion on a set of financial statements would do.

9 We did not interview the senior responsible owner for the GP record transfer service because the costs and benefits of this programme are relatively small compared to other programmes.

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