# House of Commons
# Committee of Public Accounts

# Delivering successful IT–enabled business change

## Twenty-seventh Report of Session 2006–07

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*Report, together with formal minutes, oral and written evidence*

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## The Committee of Public Accounts

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### Committee staff

The current staff of the Committee is Mark Etherton (Clerk), Philip Jones (Committee Assistant), Emma Sawyer (Committee Assistant), Anna Browning (Secretary) and Alex Paterson (Media Officer).

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# Contents

# Summary

Information technology (IT) plays an increasingly central role in providing major public services. In November 2005, *Transformational Government, Enabled by Technology* set out the Government's strategy for delivering IT-enabled public services, which alongside a drive for greater efficiency in the way services are provided, calls for public services to be designed around the needs of the citizen or customer, not the provider. To achieve this vision, the Government is spending about £12-14 billion a year on new and existing information technology and related services to deliver improvements in key areas such as health, education, and law and order. Central civil government has a portfolio of some 120 mission critical or high risk IT-enabled programmes and projects, each of which faces different challenges. The risks are high and, given a history of past failures, government departments need the structures and management processes to secure greater success in IT-enabled programmes and projects.

The Cabinet Office's Delivery and Transformation Group (formerly the e-Government Unit) and the Office of Government Commerce (OGC) help support departments in delivering IT-enabled change. The Delivery and Transformation Group is responsible for formulating IT strategy and policy, promoting best practice and undertaking departmental Capability Reviews to target underlying issues that affect delivery. The Office of Government Commerce works with departments to help them improve efficiency, gain better value from suppliers, and improve programme and project delivery. The Office of Government Commerce is also responsible for the Gateway Review process. A new Major Projects Review Group in HM Treasury will provide additional scrutiny in the stages up to contract award. With this division of responsibilities across Whitehall, it is important that roles are clear and activities co-ordinated.

The National Audit Office, on the basis of 24 case studies of successful IT-enabled programmes and projects from both public and private sectors, has set out three common principles that underpin successful delivery:

- Ensuring senior level engagement.

- Acting as an intelligent client.

- Realising the benefits.

In the past in departments, board level engagment with major programmes and projects has been found wanting, resulting in a failure to identify and act on immiment risks to delivery. Departments have not always shown themselves to be intelligent clients, with poorly defined requirements and a lack of capacity to engage effectively with suppliers, and only a minority of programmes and projects have carried out final Gateway Reviews to determine if they have delivered the benefits they set out to achieve.

On the basis of a report by the Comptroller and Auditor General,[1] we took evidence from the Office of Government Commerce and the Cabinet Office on three main issues: the

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[1]    C&AG's Report, *Delivering Successful IT-enabled Business Change*, HC (2006-2007) 33-I

importance of embedding the lessons from successful programmes and projects to drive up performance; the need to set standards for capacity and competence; and the value of candour in programme and project reporting.

Key terms used in this report are listed in the **Annex** in order of appearance.

# Conclusions and recommendations

1. **A fifth (21%) of Senior Responsible Owners of mission critical and high risk IT-enabled programmes had not met with the nominated Minister and a further 28% met the Minister less than once a quarter.** For these major high risk undertakings to succeed, Ministers need to be briefed fully and candidly at least quarterly on risks, progress and cost escalations, including key findings from Gateway Reviews and mission critical reporting, and assessment of the performance of suppliers and contractors.

2. **The role of the Chief Information Officer Council, comprising senior board level representatives of all major government departments, is not yet clear and its profile remains low.** The Council offers the potential to identify key risks to the delivery of programmes and projects and to drive up and ensure greater consistency of practice and performance across government. It needs to raise its game, acting more like its American counterpart to become a key influence in government IT by, for example:

   - reporting regularly on the emerging risks around the Government's portfolio of IT-enabled programmes and projects, and making informed judgements about the Government's capacity to handle that portfolio;

   - providing authoritative advice and promoting good practice, and encouraging the greater use of tools and techniques such as the IT industry body Intellect's Concept Viability Service to help test at an early point the robustness of new IT-enabled plans and proposals; and

   - acting to strengthen relationships with the supplier community; for example by seeking ways to encourage the involvement of smaller suppliers through streamlining and standardising processes such as pre-qualification questionnaires.

3. **The Payment Modernisation Programme and Pension Credit demonstrate that success can be achieved in major Government IT-enabled programmes and projects**. Evidence from across government shows that to replicate this success more widely, departments need to make significant changes to their management practices. For example:

   - more than 70% of Heads of Centres of Excellence remain concerned about a lack of programme and project management skills within departments; and

   - over half of Senior Responsible Owners (SROs) are in their first SRO role, and nearly half spend less than 20% of their time on such duties. Lack of relevant experience, combined with a regular turnover of post-holders, adds unnecessary risk to the management of IT-enabled change.

   To address these issues, departments should appoint a Senior Responsible Owner at the outset of an IT-enabled business change on the presumption that he or she will remain in post until the programme or project is delivered, with performance and reward linked to agreed targets and milestones.

4. **Within departments, there is a lack of clarity about the respective roles of Chief Information Officers and Centres of Excellence, and how, in turn, they should support individual Senior Responsible Owners of programmes and projects.** 38% of Senior Responsible Owners, for example, have no involvement with their Centre of Excellence. The Office of Government Commerce and the Delivery and Transformation Group should set out clearly for departments their expectations of Chief Information Officers, Centres of Excellence, and Senior Responsible Owners. Departments should in turn translate these into clear management hierarchies and reporting structures at a local level.

5. **There is potential confusion between the Delivery and Transformation Group's initiatives to strengthen the IT Profession through the Technology in Business Fast Stream and the wider Professional Skills for Government agenda, and the role of the Office of Government Commerce in developing the Programme and Project Management Specialism**. To obtain the full benefit of these initiatives and to build the collective IT knowledge base across government, they need to be overseen by a single body with a clear brief to develop career paths and succession planning. This should include developing and consolidating individuals' skills over a succession of major programmes and projects and ensuring that the contributions of successful teams are exploited fully.

6. **The lessons from Gateway Reviews are not shared consistently across departments, with only some three quarters of Centres of Excellence routinely receiving such Reviews.** Within departments, Gateway Reviews and mission critical reporting should form the focus for regular discussions between the Chief Information Officer, Centre of Excellence and Senior Responsible Owners. Departments need also to seek the views and concerns of suppliers in Gateway Reviews.

7. **Of all the IT-enabled programmes and projects that had completed a Gate 4 (Readiness for service) Gateway Review by June 2005, only a third had by June 2006 completed a Gate 5 (Benefits evaluation) Review.** Following the example of the Payment Modernisation Programme, departments should appoint a senior nominated individual to make sure that Gate 5 Reviews occur within twelve months of a preceding Gate 4 Review, and to ensure that new IT processes are exploited to achieve their full potential, as would be the case with an expensive IT investment in the commercial world.

8. **Where IT-enabled programmes and projects have succeeded, the organisations concerned were clear about the business process they wanted to change and the outcome they wanted to achieve**. In the case of Pension Credit, for example, the project team were thus enabled to resist demands for unnecessary alterations to the initial specification. Britannia Building Society's board kept control over changes to its "Really Big" transformation programme by requiring expenditure over a 3% contingency to be referred to the board. Where changes to original specifications are planned that involve expenditure or time delays beyond any pre-agreed thresholds, the Senior Responsible Owner should re-submit the business case to the departmental board, setting out why a change is necessary and providing an assessment of the risks associated with the change.

9. **The Office of Government Commerce and the Delivery and Transformation Group have not had the power to halt failing programmes and projects.** The Treasury's new Major Projects Review Group will however be reviewing all new business cases for high risk or mission critical programmes and projects for robustness and deliverability in order to ensure that departments do not embark on ill thought out ventures. It will need well rehearsed action plans to intervene to stop programmes and projects that begin to falter.

10. **Nearly half of Audit Committees are not briefed on the results of all Gateway Reviews.** To fulfil their key role in providing independent scrutiny and oversight of a department's portfolio of programmes and projects, Audit Committees need regular briefing about the status of those activities and information about emerging risks. The Statement on Internal Control signed annually by the Accounting Officer should confirm that the Audit Committee has received this information.

11. **Very little has been made public about the identity or performance of the mission critical programmes and projects that underpin much of the Government's IT strategy**. In response to the Committee's request, however, the Office of Government Commerce has provided a list of the 90 mission critical programmes and projects agreed with departments in July 2006.[2] This is an important first step in improving the transparency of departments' management of IT-enabled change, but it needs to be extended into regular reviews of the progress and performance of individual programmes and projects within the Annual Report of the Delivery and Transformation Group.[3]

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3  The first Annual Report was published in January 2007:
   www.cio.gov.uk/documents/annual_report2006/trans_gov2006.pdf

# 1 Embedding the lessons from successful programmes and projects to drive up performance

1. Analysis of successful IT-enabled business change programmes and projects by the National Audit Office identified three recurring principles that contribute to success. These are the level of engagement by senior decision makers; organisations' ability to act as an "intelligent client" by ensuring they understand what it is they are setting out to do and have the skills to manage both suppliers and the change process; and having a clear understanding from the outset of the potential benefits of the business change and putting mechanisms in place to determine whether these have been achieved and optimised (**Figure 1**).

| Figure 1: Three core principles of successful IT-enabled business change | |
|---|---|
| Ensuring senior level engagement | Demonstrating board level and Ministerial commitment to the programme and project<br>Allocating the appropriate priority for resources<br>Creating mechanisms for clear and effective decision making |
| Acting as an intelligent client | Designing and managing the business change<br>Managing the risks of the IT solution<br>Creating constructive relationships with suppliers<br>Building the organisation's capacity and capability to deliver the programme or project |
| Realising the benefits of change | Determining at the outset what the benefits are<br>Selling the benefits to users<br>Winning the support of stakeholders<br>Continuing to optimise the benefits once the programme or project is completed |

*Source: National Audit Office*[4]

2. In response to recommendations by this Committee and the National Audit Office, there have been a number of initiatives in recent years to strengthen the management of programmes and projects.[5] Within departments, since 2003 every mission critical and high risk programme and project is required to have a nominated Minister, and every major IT change programme or project should have a Senior Responsible Owner, usually a senior civil servant, to monitor progress and risks, ensure the programme or project meets its objectives, and deliver the benefits projected in the business case (**Figure 2**)[6]. Since 2003, all departments have had a Programme and Project Management Centre of Excellence responsible for support, oversight, scrutiny and challenge to Senior Responsible Owners and programme and project delivery teams. Most government departments also now have a Chief Information Officer, at or near board level, usually with experience of the IT
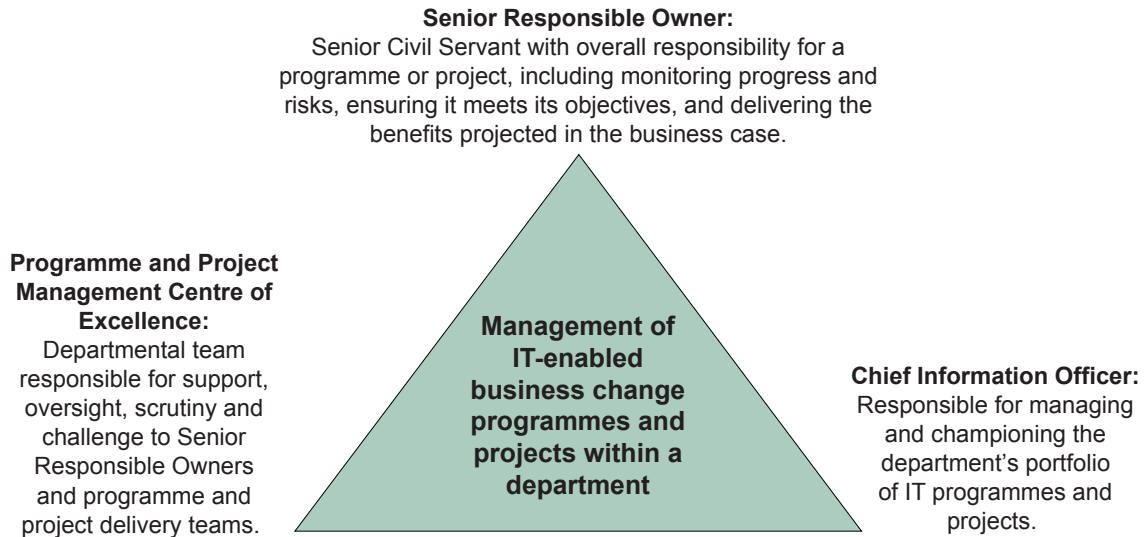
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4    C&AG's Report, *Delivering Successful IT-enabled Business Change*, HC (2006–2007) 33–I, para 1.13

5    *Ibid*, paras 1.3–1.5

6    *Ibid*, Appendix 3

industry, to manage and champion the department's portfolio of IT programmes and projects; although some fulfil the role in conjunction with other duties.

**Figure 2: Key mechanisms within a department for improving delivery of IT-enabled programmes and projects**



**Senior Responsible Owner:**
Senior Civil Servant with overall responsibility for a programme or project, including monitoring progress and risks, ensuring it meets its objectives, and delivering the benefits projected in the business case.

**Programme and Project Management Centre of Excellence:**
Departmental team responsible for support, oversight, scrutiny and challenge to Senior Responsible Owners and programme and project delivery teams.

**Management of IT-enabled business change programmes and projects within a department**

**Chief Information Officer:**
Responsible for managing and championing the department's portfolio of IT programmes and projects.

*Source: National Audit Office*

3. There is, however, confusion around these roles[7] with, for example, 38% of Senior Responsible Owners having no involvement with their Centre of Excellence.[8] Audit Committees also play an important role by providing to Accounting Officers assurance and information on risks to delivery of their programmes and projects; but while 77% of Centres of Excellence received copies of all Gateway Review reports, many Audit Committees (42%) were not briefed on the results of all Gateway Reviews.[9]

4. Responsibility for sharing and disseminating knowledge about success between different departments and across government as a whole is shared between HM Treasury, the Office of Government Commerce, and the Cabinet Office's Delivery and Transformation Group.[10]

5. The Treasury's announcement in its *Transforming Government Procurement* report (January 2007) of the setting up of a Major Projects Review Group, chaired by the Treasury and composed of commercial experts, aims to ensure that the most complex projects are subject to high levels of scrutiny of deliverability through an enhanced Gateway process.[11] Central scrutiny of IT-enabled change has been weak in recent years, in part because central departments had no power to stop failing programmes and projects.[12] As the

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7    Q 7

8    C&AG's Report, para 3.26

9    *Ibid*, para 2.19

10   Qq 3–5, 7, 9, 14, 21–23; C&AG's Report, paras 1–1.5

11   HM Treasury (2007) *Transforming Government Procurement*, London: The Stationery Office, para 2.11

12   Q 8

Committee recommended in its 2005 Report,[13] the Treasury's Major Projects Review Group will in future have the power to stop a procurement project from progressing to the next stage where it feels that are issues that need urgent correction.[14]

6. The Transformational Government arm of the Delivery and Transformation Group is responsible for formulating IT strategy and policy and for promoting best practice. The Delivery and Transformation Group now publishes an Annual Report on progress in implementing the Transformational Government Strategy.[15]

7. The Chief Information Officer Council created in 2005 brings together at a senior and influential level knowledge and expertise of IT across government departments and agencies.[16] The Chief Information Officer Council acts as a focus for the IT profession across government; while the Programme and Project Management Specialism is overseen by the Office of Government Commerce.[17] The Cabinet Office, however, is responsible for actions designed to strengthen the IT profession as part of the wider Professional Skills for Government agenda and for the new graduate-entry Technology in Business Fast Stream for those with the potential to become Chief Information Officers or leaders of large scale IT-enabled business change.[18]

8. Recent years have witnessed the development and dissemination by the Office of Government Commerce of extensive guidance and advice to departments on how to manage their programmes and projects, some in response to past PAC hearings (**Figure 3**).[19] The level of take up of major guidance such as the Successful Delivery Toolkit [20] has increased, with 87% of Centres of Excellence and 65% of Senior Responsible Owners finding it "very helpful" or "fairly helpful", and entry into the Gateway Review process has improved since the Committee last reported on it in 2005.[21]

9. The Chief Information Officer Council has a potentially important role to play in providing leadership and authoritative advice. This role includes promoting good practice, sharing lessons learned and working with the Office of Government Commerce to encourage greater use by departments of newer tools, techniques and services, such as the IT industry body Intellect's Concept Viability Service, and addressing of skills shortages and other issues identified in Gateway Reviews.[22]

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13    Committee of Public Accounts, Twenty-seventh Report of Session 2004-05, *The Impact of the Office of Government Commerce's Initiative on the Delivery of Major IT–enabled Projects*, HC 555

14    *Transforming Government Procurement*, para 2.12

15    Q 102

16    C&AG's Report, paras 1.3–1.5

17    *Ibid*, paras 1.3–1.5

18    *Ibid*, para 1.3

19    Q 78

20    An on-line guide to procurement policy, tools and good practice.

21    C&AG's Report, para 3.29, Figure 9, Appendix 1: para 1

22    Qq 3–4, 21–23; C&AG's Report, Terms used in this Report, page 7, paras 2.20, 3.24, 3.25

| Figure 3: Key reports and guidance to assist the delivery of IT-enabled business change | |
| --- | --- |
| January 2000 | Committee of Public Accounts—*Improving the Delivery of Government IT Projects* |
| May 2000 | Cabinet Office Review of Major Government IT Projects—*Successful IT: Modernising Government in Action (The McCartney Report)* |
| February 2003 | The Prime Minister's Office of Public Service Reform (OPSR)—*Improving Programme and Project Delivery* |
| November 2004 | National Audit Office—*Improving IT Procurement: The Impact of the Office of Government Commerce's Initiatives on Departments and Suppliers in the Delivery of Major IT-enabled Projects* |
| November 2004 | Joint National Audit Office/Office of Government Commerce list of the common causes of project failure—DAO (GEN) 07/04 |
| April 2005 | Committee of Public Accounts—*The Impact of the Office of Government Commerce's Initiative on the Delivery of Major IT–enabled Projects* |
| November 2006 | National Audit Office—*Delivering Successful IT-enabled Business Change* |

10. Transport for London in delivering the London Congestion Charge acted as an "intelligent client" and used its knowledge of suppliers' strengths and weaknesses to determine its procurement strategy.[23] The Office of Government Commerce and the Chief Information Officer Council can help to share intelligence about suppliers' performance across departments and can engage with suppliers, both individually and collectively through their representative bodies, to drive up performance and to raise awareness of and devise solutions to common issues.[24] The Office of Government Commerce is also working with the Chief Information Officer Council to assess the capacity of the IT industry to deliver the Government's portfolio.[25]

11. The Office of Government Commerce has worked with the IT industry body Intellect to develop a Government Procurement Code of Practice and the IT Supplier Code of Practice.[26] In recent years, the Office of Government Commerce has also worked to remove barriers in the procurement process, particularly those affecting small and medium-sized enterprises, for example by simplifying the pre-qualification questionnaire.[27]

12. The Payment Modernisation Programme demonstrates how departments can optimise the benefits of an IT-enabled change by tracking and reviewing programmes and projects regularly after completion, setting up dedicated teams responsible for ensuring that benefits realisation is on track and developing further benefits, and making nominated

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23  Qq 58–61; C&AG's Report, para 3.6; *Case Study Volume*, page 33, para 6

24  Qq 58–66; C&AG's Report, paras 1.4–1.5

25  C&AG's Report, para 1.4

26  *Ibid,* para 1.4

27  Q 42

managers of business units accountable for delivering the benefits.[28] The Office of Government Commerce's Gate 5 (Benefit evaluation) Reviews provide opportunities to establish whether a business change has delivered the benefits projected in the business case.[29] To June 2006, however, only a third of programmes and projects that had reached Gate 4 a year or more before had gone on to a Gate 5 Review,[30] though the proportion is rising since the Committee last drew attention to this issue.[31]

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28   Qq 81, 85; C&AG's Report, para 4.12; *Case Study Volume*, page 9, paras 17–19

29   Qq 80–85

30   C&AG's Report, paras 4.9, 4.10, Appendix 2, para 1, Figure 12

31   Committee of Public Accounts, Twenty-seventh Report of Session 2004–05, *The Impact of the Office of Government Commerce's Initiative on the Delivery of Major IT–enabled Projects,* HC 555

# 2 Setting standards for capacity and competence

13. To achieve successful delivery, departments need to be clear about the priority of the different change programmes in their portfolio and about their capacity and capability to deliver them. Prudential UK, for example, delivered its 1000-day transformation programme by managing the portfolio as a whole rather than as individual projects, which allowed the board to trade-off between projects in the best interests of the overall programme.[32]

14. The Chief Information Officer Council is promoting a common approach to portfolio management designed to enable departments to plan better how to timetable and prioritise their programmes and projects and to keep Accounting Officers and boards informed of risks to delivery. A common approach to portfolio management will also provide a clearer overview of the totality of the Government's mission critical programmes and projects and hence the capacity and capability needed by both departments and suppliers to deliver them.[33]

15. A key element in the 24 case studies of IT-enabled change identified in the C&AG's Report, was their recognition of the need to build the capability and capacity to deliver major programmes and projects.[34] Within central government, despite moves to improve capacity and capability, the skills and resources needed to deliver large IT-enabled business change remain a matter of concern for Gateway Reviewers (**Figure 4**), and for Heads of Centres of Excellence, more than 70% of whom remain concerned about a lack of programme and project management skills within departments.[35]

**Figure 4: Between the periods July 2003 to February 2004 and March 2004 to March 2006 the percentage of "Red" issues raised in Gateway Reviews of IT-enabled programmes and projects fell in three of the top five categories, but concerns about skills and resources rose.**

Total red issues: 92 (July 2003-February 2004); 321 (March 2004-March 2006)
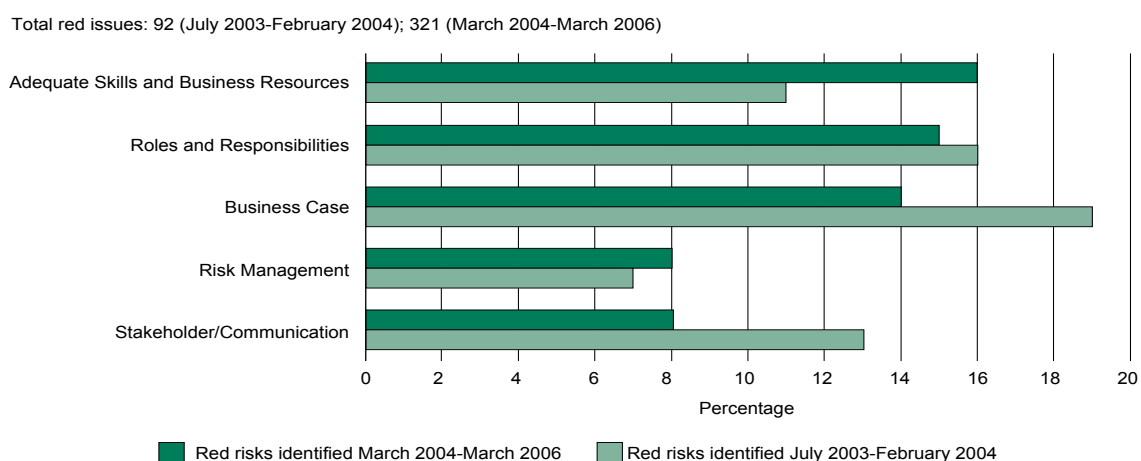


Source: Office of Government Commerce

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32   C&AG's Report, para 9; Q 1; *Case Study Volume*, page 76, para 5

33   *Ibid*, para 9; Q 1

34   *Ibid,* para 9; Q 4

35   Q 21; C&AG's Report, para 3.21

16. Senior civil servants are relatively inexperienced in running mission critical and high risk programmes and projects.[36] Around half (53%) of Senior Responsible Owners are in their first "SRO" role and the time they spend on the role is limited. Most spend only a minority of their time on their Senior Responsible Owner duties and for nearly half (45%) the role accounts for less than a fifth of their time.[37] The Delivery and Transformation Group acknowledges that departments' skills in managing large IT-enabled change are weak and is seeking to re-build capacity.[38]

17. For commercial organisations, IT-enabled change can be crucial to the success or failure of the business and, reflecting this importance, incentives and performance management regimes are geared to motivate those responsible to succeed.[39] Currently, Senior Responsible Owners are not rewarded for staying the course to delivery of their programme or project, or for taking ownership of risks.[40] Lack of experience combined with a regular turnover of Senior Responsible Owners, creates discontinuity and adds unnecessary risk to the management of IT-enabled business change.[41]

18. As programmes and projects make the transition from initial planning through to implementation and post-implementation, departments need to undertake careful succession planning to ensure that successful teams are deployed to best effect in order to consolidate their skills over a series of major IT-enabled programmes and to build up capability across government.[42]

19. Successful client-supplier relationships are characterised by open and honest dealings between departments and suppliers, where outcomes are defined clearly and risks are shared.[43] Here, valuable lessons can be learned from major programmes and projects in longer-established sectors such as construction, for example Heathrow Terminal 5.[44]

20. Departments manage their suppliers better when they specify clearly what they want delivered.[45] Allocating time up front to ensure that change is well thought through was important for the Northern Irish Criminal Justice Directorate's Causeway Programme. The Directorate achieved clarity about what the business change should achieve by spending eight months on mapping the business processes involved in the Programme.[46] Similarly, OGCbuying.solutions spent time drawing on the experience of customers to help design an e-sourcing service that met their needs.[47]

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36    Qq 13, 19

37    C&AG's Report, paras 2.12, 2.14

38    Qq 19, 20, 46–47

39    C&AG's Report, para 9; Q 3

40    Q 72

41    Qq 54, 67–76

42    Q 68

43    Qq 40–41, 95–97

44    Q 44; C&AG's Report, *Improving Public Services through Better Construction,* HC (2004-05) 364-1, Case Example 15

45    Q 64

46    C&AG's Report, para 3.10; *Case Study Volume,* page 36, para 6

47    C&AG's Report, para 3.12; *Case Study Volume*, page 26, paras 5–6

21. Major IT-enabled business change frequently involves the use of third party consultants to supplement the client's capacity. Britannia Building Society used third party consultants to validate at significant milestones whether the conditions for success were in place.[48] The Vehicle and Operator Services Agency used consultants to work with its front line staff who were experienced users of the existing system to help design the new process.[49] Consultants' input can also include assisting departments to manage suppliers, providing independent quality assurance of suppliers' work, and at the procurement stage helping departments shape their requirements and testing the quality of bidders' proposals.[50]

22. Departments can derive maximum benefit from such arrangements by adopting a model similar to that of the Vehicle and Operator Services Agency, whereby in order to build up longer term capability its consultants were contracted to transfer knowledge and skills to the Agency's staff throughout the programme. The importance of skills transfer in building departments' capability was also noted in the C&AG's Report on central government's use of consultants; alongside a more general need for government departments to act as intelligent clients and use consultants effectively and sparingly.[51]

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48   C&AG's Report, para 3.4

49   *Ibid,* para 3.11

50   *Ibid,* paras 3.3–3.4

51   *Ibid,* para 3.5; See also C &AG's Report, *Central Government's use of Consultants*, HC (2006-07) 128; *Summary*, paras 4, 6

# 3 Candour in reporting

23. With around £12–14 billion being spent each year on new and existing information technology, there is considerable risk to service performance and to public funds should major IT-enabled programmes or projects fail to deliver.[52] Leadership from the top is essential for success and for the New York City 3-1-1 Citizen Service Center, for example, political leadership was key to driving through complex change.[53] In departments, Ministers have the power to halt major IT-enabled programmes likely to fail and to discontinue those that no longer meet policy objectives.[54] To ensure they are fully aware of risk, they need regular opportunities to meet with Senior Responsible Owners and also with those who have operational responsibility for the programme, including suppliers and contractors, who are often best-placed to set out the practical challenges.[55] Ministers are not always fully briefed, however, with only a half (52%) of Senior Responsible Owners having quarterly meetings with the nominated Minister and a fifth (21%) having had no meetings.[56]

24. Accounting Officers have a responsibility to keep themselves fully informed of progress and of any risks to delivery. Senior Responsible Owners have a responsibility to ensure that Accounting Officers are kept informed and three quarters (76%) of Senior Responsible Owners of mission critical and high risk programmes met with their Accounting Officer at least once a month.[57] To ensure Accounting Officers receive timely notification of risks to delivery, however, the Office of Government Commerce is planning in future to write to them when a programme or project under their command receives a red status in a Gateway Review.[58]

25. Involving suppliers in Gateway Reviews provides an opportunity for them to express concerns about the progress or management of programmes and projects. 80% of Senior Responsible Owners of mission critical and high risk programmes and projects had involved their main supplier in their most recent Review.[59]

26. In line with the Intellect Supplier Code of Practice, suppliers also have a responsibility to offer constructive challenge to their clients to keep programmes and projects on track and to prevent unnecessary delays and increased costs. In the case of Pension Credit, the open relationship established between client and supplier enabled the supplier and project team to work together to challenge fifty requests from different business units for requirements changes.[60]

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52  C&AG's Report, para 1.1

53  Qq 1, 25–35; C&AG's Report, *Preface*, page 5, paras 2.8–2.10

54  Qq 8, 12, 25–35

55  Qq 10–12, 25, 95–96

56  Qq 27-33; C&AG's Report, paras 2.5–2.7, 2.8–2.9, 2.11

57  C&AG's Report, Figure 3, page 23, para 2.11

58  Q 12

59  Qq 40–41; C&AG's Report, para 3.22

60  C&AG's Report, Case Study Volume, paras 8–10

27. Boards can help keep programmes and projects on track and address risks by ensuring they are fully consulted where major changes are proposed to the specification, timetable or budget.[61] For its "Really Big" transformation programme, Britannia Building Society's board authorised a low (3%) budget contingency to ensure it was informed and could keep a grip on any major changes.[62]

28. The Audit Committee of an organisation offers support and advice to the Accounting Officer on issues concerning risk, control and governance.[63] Failure to brief Audit Committees on the results of Gateway Reviews impairs a key means of independent scrutiny.[64] The Office of Government Commerce wishes to strengthen the role of Audit Committees in monitoring the risks to delivery of programmes and projects. Half of Audit Committees are already receiving Gateway briefings and it would be natural for all to do so.[65]

29. Departments are required to report regularly to the Prime Minister through the Office of Government Commerce on the progress and status of their mission critical programmes and projects,[66] a list of which the Office of Government Commerce has now made public for the first time.[67] In the United States, transparency is greater in that the Office of Management and Budget makes public the status of all major programmes in a document updated quarterly.[68]

30. The Delivery and Transformation Group's first Annual Report published in January 2007 offers the first attempt at a high level commentary on expenditure on IT by departments and other bodies represented on the Chief Information Officer Council. The Annual Report provides a vehicle through which transparency and hence scrutiny of major IT-enabled business change can be developed further by departments reporting regularly on the progress of their major IT-enabled change programmes and projects, along the lines of their United States' counterparts.[69]

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61   *Ibid*, para 2.7

62   *Ibid, Case Study Volume*, page 73, para 4

63   *Ibid,* Terms used in this Report, page 6

64   *Ibid*, para 2.19

65   Q 6

66   Qq 32, 34

67   Qq 86–88, 94, 105–107

68   Q 107; details of the President's Management Agenda are at

www.whitehouse.gov/results/agenda/scorecard.html

69   Qq 36–39, 100, 102, 105, 112

# Annex: Key terms used in the report

1. **Mission critical** programmes or projects are defined as: "A: essential to the successful delivery of (i) a major legislative requirement OR (ii) a PSA target OR (iii) a major policy initiative announced and owned by the Prime Minister or a Cabinet Minister OR B: If the programme or project is not successful there are catastrophic implications for the delivery of a key public service, national security or the internal operation of a public sector operation.

2. **OGC Gateway Reviews** are undertaken by a team of experienced people independent of the project team at key decision points in a project's lifecycle. For projects, there are five Reviews (Gates), three before contract award, a fourth at service implementation and a fifth to confirm the operational benefits. For programmes, there is an additional repeatable Gate 0 (Strategic Assessment) to determine if it is needed and if it is likely to achieve the required outcomes.

3. Every major IT change programme or project should have a **Senior Responsible Owner** (usually a Senior Civil Servant) to take overall responsibility for making sure that the programme or project meets its objectives and delivers the projected benefits. Key tasks include developing the business case, and monitoring and liaising with senior management on progress and risks to delivery.

4. All main government departments now have a **Chief Information Officer (CIO)** at or near board level who is responsible for championing the department's IT programmes and projects and management of its overall portfolio. Most Chief Information Officers have a background in the IT industry, but some are generalist officials who undertake the role in conjunction with other responsibilities. The Chief Information Officer Council is the first initiative to bring together Chief Information Officers from across all parts of the public sector to address common issues and to spread good practice across.

5. **The Intellect Concept Viability Service** is a five-stage service provided for a small fee by the IT industry trade body Intellect: 1. Department submits a short written description of business need to Intellect. 2. Intellect invites selection of suppliers to comment. 3. Workshops facilitated by Intellect to exchange information between department and suppliers. 4. Intellect prepares Concept Viability Assessment based on suppliers' collated responses. 5. Concept Viability Assessment made available to all interested suppliers prior to official procurement process.

6. Programme and Project Management (PPM) **Centres of Excellence** were established in departments in 2003 and 2004 as one of six key Cabinet actions to strengthen the delivery of government IT-enabled programmes and projects. Centres of Excellences are responsible for supporting the strategic oversight of programmes, including those delivering Public Service Agreement (PSA) targets, and for providing a continuous overview of the department's portfolio of programmes, not just co-ordinating and reporting on the programmes, but challenging what must be delivered and how it will be delivered.

7. The **Programme and Project Management (PPM) Specialism** was established in October 2003. The specialism supports staff in government who wish to follow a career in programmes and projects rather than line-oriented career paths.

8. **Professional Skills for Government** is a programme intended to equip civil servants with the mix of skills and expertise to deliver effective services.

9. The **Technology in Business Fast Stream** is a new career route for graduates interested in delivering technology-enabled change within the public sector. Graduates are selected for their potential to become future Chief Information Officers or leaders of large IT-enabled business change.

10. The **Audit Committee** supports the Accounting Officer in monitoring the organisation's corporate governance and control systems and offers objective advice on issues concerning the risk, control and governance of the organisation and the associated assurances. It has no authority in its own right over the operations of the organisation or those bodies that conduct audit and assurance work (including Internal Audit).

11. **Portfolio management** refers to prioritisation of all an organisation's programmes and projects in line with business objectives and matched to its capacity to deliver them.

12. The **Intellect IT Supplier Code of Best Practice** sets out standards of professionalism that all providers of information systems and services to the Government should endeavour to meet.

# Formal Minutes

Mr Edward Leigh, in the Chair

Mr Philip Dunne                    Mr Alan Williams
Mr Austin Mitchell

**Draft Report**

Draft Report (Delivering successful IT-enabled business change), proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 30 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

*Resolved*, That the Report be the Twenty-seventh Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Wednesday 16 May at 3.30 pm.

# Witnesses

**Monday 27 November 2006**

**Mr Ian Watmore**, Permanent Secretary, Head of Delivery and Transformation Group, Cabinet Office, and **Mr John Oughton,** Chief Executive, Office of Government Commerce.

Ev 1

# List of written evidence

Office of Government Commerce

Ev 14

# List of Reports from the Committee of Public Accounts Session 2006-07

| | | |
|---|---|---|
| First Report | Tsunami: Provision of support for humanitarian assistance | HC 25 (Cm 7018 |
| Second Report | Improving literacy and numeracy in schools (Northern Ireland) | HC 108 (Cm 7035) |
| Third Report | Collections Management in the National Museums and Galleries of Northern Ireland | HC 109 (Cm 7035) |
| Fourth Report | Gas distribution networks: Ofgem's role in their sale, restructuring and future regulation | HC 110 (Cm 7019) |
| Fifth Report | Postcomm and the quality of mail services | HC 111 (Cm 7018) |
| Sixth Report | Gaining and retaining a job: the Department for Work and Pensions support for disabled people | HC 112 (Cm 7019) |
| Seventh Report | Department for Work and Pensions: Using leaflets to communicate with the public about services and entitlements | HC 133 (Cm 7020) |
| Eighth Report | Tackling Child Obesity—First Steps | HC 157 (Cm 7020) |
| Ninth Report | The Paddington Health Campus Scheme | HC 244 (Cm 7076) |
| Tenth Report | Fines Collection | HC 245 (Cm 7020) |
| Eleventh Report | Supporting Small Business | HC 262 (Cm 7076) |
| Twelfth Report | Excess Votes 2005–06 | HC 346 |
| Thirteenth Report | Smarter Food Procurement in the Public Sector | HC 357 (Cm 7077) |
| Fourteenth Report | Ministry of Defence: Delivering digital tactical communications through the Bowman CIP Programme | HC 358 (Cm 7077) |
| Fifteenth Report | The termination of the PFI contract for the National Physical Laboratory | HC 359  (Cm 7077) |
| Sixteenth Report | The Provision of Out-of-Hours Care in England | HC 360 (Cm 7077) |
| Seventeenth Report | Financial Management of the NHS | HC 361 (Cm 7077) |
| Eighteenth Report | DFID: Working with Non-Governmental and other Civil Society Organisations to promote development | HC 64 I(Cm 7077) |
| Nineteenth Report | A Foot on the Ladder: Low Cost Home Ownership Assistance | HC 134 (Cm 7077) |
| Twentieth Report | Department of Health: The National Programme for IT in the NHS | HC 390 |
| Twenty-first Report | Progress in Combat Identification | HC 486 |
| Twenty-second Report | Tax credits | HC 487 |
| Twenty-third Report | The office accommodation of the Department for Culture, Media and Sport and its sponsored bodies | HC 488 |
| Twenty-fourth Report | Owfat: Meeting the demand for water | HC 286 |
| Twenty-fifth Report | Update on PFI debt refinancing and the  PFI equity market | HC 158 |
| Twenty-sixth Report | Department of Work and Pensions: Progress in tackling pensioner poverty—encouraging take-up entitlements | HC 169 |
| Twenty-seventh Report | Delivering successful IT-enabled business change | HC 113 |

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number