



House of Commons
Committee of Public Accounts

Information and Communications Technology in government

Fortieth Report of Session 2010–12

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

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Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

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Mr Richard Bacon (*Conservative, South Norfolk*)
Mr Stephen Barclay (*Conservative, North East Cambridgeshire*)
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Ian Swales (*Liberal Democrats, Redcar*)
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The following member was also a member of the committee during the parliament:

Eric Joyce (*Labour, Falkirk*)

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The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume.

Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Lori Verwaerde (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

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Contents

Report	<i>Page</i>
Summary	3
Conclusions and recommendations	5
1 The Strategic Direction for Government ICT	7
2 Implementing the Strategy	8
Formal Minutes	12
Witnesses	13
List of printed written evidence	13
List of Reports from the Committee during the current Parliament	14

Summary

Information and Communications Technology (ICT) has the power to transform public services and generate efficiencies. While the history of ICT in government has included some successful projects, there have been far too many expensive and regrettable failures. ICT is not well enough embedded in departments' business, and as a result not enough reform programmes have had ICT at the core. Problems have arisen where expectations for systems are too grand and the proposals from suppliers are unrealistic. Projects have been too big, too long, too ambitious and out of date by the time the ICT is implemented.

We welcome the direction and principles of the Government's new strategy for ICT (the Strategy). But this is not the first time that government has set out to deliver better outcomes for citizens and businesses, and large scale reductions in operational costs using ICT. Success will depend on greater rates of adoption of technology, and a cultural shift to encourage genuinely different ways of working in the Civil Service that will stimulate behaviour change by suppliers.

The Strategy is ambitious, with some 30 actions to be delivered in just 24 months. However it lacks quantitative targets, or a baseline of current performance, which will make it difficult to measure success. We look forward to the publication in August 2011 of the implementation plan, which we expect will include milestones on which we can hold government to account.

We welcome the differences between this and previous strategies. The Efficiency and Reform Group (ERG) will insist on shorter, more iterative projects that take no more than two to three years, will step in and micro-manage a department's project if required, will promote greater input from smaller business suppliers, and will require a focus on designing services around the customer.

We have serious concerns about the Strategy. It lacks detail about the Government's approach to cyber-security, which is worrying given the drive for more government services to move online. Government also has not yet assessed the size of its existing ICT workforce or the number of ICT people or the skills it will need to deliver its strategy. A longstanding issue has been that Senior Responsible Owners have had too little experience and too little time to devote to a project, and leave their posts before they have had to live with the consequences. We are concerned that not enough has been done to deal with this issue, and the ERG should address it.

ERG has only a small team of experts to keep on top of more than 50 major projects. We have concerns that ERG could not provide any detail on the nature or the number of its major projects. We recognise that the Strategy is in its early stages and we will watch progress with interest. Ultimately, success will be shown when complex change programmes like the Department for Work and Pension's Universal Credit are delivered on time and to budget, and the Committee sees fewer critical NAO reports on projects like

the NHS Programme for IT and the Rural Payments Agency's Single Payment Scheme.

On the basis of a report by the Comptroller and Auditor General,¹ we took evidence from the Cabinet Office on the Government's new strategy for ICT² and the practical steps necessary to implement its 30 key actions.

1 C&AG's Report, *Information and Communications Technology in government: Landscape Review*, HC (2010-11) 757

2 Cabinet Office, *Government ICT Strategy*, , March 2011

Conclusions and recommendations

- 1. We welcome the direction and principles of the Government's new strategy for ICT (the Strategy), but it is very ambitious and short on detail about how it will be delivered.** There is a long way to go before government can say it is living up to its claim that there is "no such thing as an IT project". This can only be achieved when ICT is embedded in departments' business and government reform programmes have ICT at the core - key objectives of the new Strategy. The following recommendations are intended to help Cabinet Office's Efficiency and Reform Group (ERG) to tackle some of the challenges that lie ahead.
- 2. The Strategy lacks a baseline or metrics to measure progress. Simply listing actions to be achieved within two years is not sufficient.** The Strategy implementation plan, due to be published in August 2011, should include a small number of measurable business outcomes, or direct indicators, to enable government and this Committee to evaluate success and whether the Strategy is delivering value for money.
- 3. The Strategy cannot be delivered by the Cabinet Office alone – its successful implementation relies on its new principles being adopted across the government ICT and supplier communities, Chief Information Officers and by policy makers in the wider civil service.** The Strategy envisages a small but powerful capability in the ERG, which can control and intervene in departments' projects. To be effective and successfully deliver its strategy for ICT and major projects, ERG should use its new powers selectively and be able to demonstrate that it has achieved buy-in from departments and suppliers.
- 4. ICT-enabled projects have been too big, too long and too ambitious and we welcome the move to shorter, more iterative projects.** ERG is introducing 'starting gate reviews' for new ICT projects to test whether projects are small enough and deliverable. It should publish its 'starting gate reviews' and other significant reviews carried out over the life of the project.
- 5. Value for money in ICT procurement relies on a mixed market of suppliers. The Strategy includes an aspiration to open up the government ICT market to small- and medium-sized enterprises (SMEs).** ERG now needs to set out what the Government will do to encourage more involvement by SMEs, and how it will measure success.
- 6. The Government plans to move more public services online and, rightly, to stress the importance of designing services around the needs of the user. However, approximately nine million people have never used the Internet, and they must not be excluded.** ERG and other relevant departments should withhold sign-off of additional online services until they are satisfied that the service is designed for users. ERG should also continue to ensure that online services are accessible through libraries, post offices or other alternative means. When new services are launched, these alternatives should be well publicised.

7. **The Strategy only makes one reference to cyber-security. This is particularly concerning given the move to more government services online.** The Government has committed to increase the use of new technologies and sharing of information, which rely on the Internet. ERG should clarify in its implementation plan how cyber-security will be integrated into its strategy for ICT.
8. **Government has not yet assessed the number of ICT people it has or the capacity and skills it will need in the future.** In preparing its Capability Strategy for ICT, ERG should establish the size and capability of the existing government ICT workforce, including the number of cyber-security professionals, and build a model to help predict future demand.
9. **There are no proposals in the Strategy to address the longstanding problems of high turnover of Senior Responsible Owners (SROs), their lack of experience and their lack of accountability.** While we recognise that shorter, more manageably-sized projects will help, the ERG should make proposals to keep SROs in post for longer where possible, and raise and maintain their level of skills, in line with the Government's advice on accountability. The identity of SROs should be available on departmental websites, along with their dates of appointment.

1 The Strategic Direction for Government ICT

1. Information and Communications Technology (ICT) has the power to transform public services and generate efficiencies.³ While there have been some successful ICT projects in government, there have been far too many expensive and regrettable failures such as the NHS Programme for IT and the Rural Payments Agency's Single Payment Scheme.⁴

2. The Cabinet Office's Efficiency and Reform Group (ERG) told us that the use of ICT should always have a clear business purpose, such as delivery of a new policy or increased efficiency. ERG's Chief Operating Officer said that there was "no such thing as an IT project". ICT needed to be embedded in departments' business, and government reform programmes needed to have ICT at the core. Problems arose when projects with ICT lost sight of the business purpose.⁵

3. The Government published a new ICT strategy (the Strategy) in March 2011. The Strategy builds on ERG initiatives launched since the General Election. The Strategy contains 30 key actions for delivery by March 2013 that aim to: reduce waste and project failure, and stimulate economic growth; create a common ICT infrastructure; ensure ICT can deliver change in public services; and strengthen governance.⁶

4. The direction and principles of the Strategy are good, but it is very ambitious.⁷ Some of its aims, such as creating a common and secure ICT infrastructure, are perhaps not ambitious technically, but in their need for more collaborative behaviour. Success will depend on greater rates of adoption of technology, and changes in the behaviour of Ministers and civil servants who are involved in setting policy, which will also stimulate behaviour change by suppliers.⁸

5. ERG's Chief Operating Officer accepted that he should be held to account for the success of the Strategy in two years time.⁹ The Strategy, however, lacks a baseline or any direct indicators that can be used to evaluate the business outcomes that the Strategy enables. The absence of such indicators will make it difficult to assess whether the Strategy has delivered good value for money.¹⁰ The witnesses told us that the real success of the Strategy would be proven if it translates into better public services for citizens and businesses. However, we consider that there is a need for direct and quantifiable indicators against which to measure success.¹¹

3 Qq 70-71

4 Qq 1, 95

5 Qq 1, 101

6 Cabinet Office, *Government ICT Strategy*, March 2011

7 Qq 1, 13, 72

8 Qq 1, 72, 75 and 100

9 Qq 72, 76, 101

10 Qq 13 and 14

11 Qq 12, 13 and 14

2 Implementing the Strategy

6. ERG described the new powers which it hoped would enable the Strategy to succeed where previous initiatives had failed to improve ICT. Controls laid down in the Spending Review mean that ERG can intervene in departments directly, stepping in to micro-manage projects if necessary. ERG recognised that these powers should be used selectively.¹²

7. Ensuring the buy-in of departments to the direction and objectives of the Strategy is essential. ERG told us how commitment from each department's Chief Information Officer (CIO) was easier to obtain now that CIOs met regularly, and were accountable to the Government CIO for delivery of their actions in the Strategy.¹³ CIOs need sufficient standing within their departments to influence progress. ERG told us that only four CIOs sat on their respective departmental Boards at the time of our hearing,¹⁴ but that CIOs had better access than before to key committees and could escalate any concerns to the Government CIO if needed.¹⁵

8. Key causes of ICT project failure include over-ambitious expectations on the part of the department, and, in turn, over-confident proposals from the ICT suppliers. Projects with long timescales were then out-of-date by the time the ICT was implemented, and incurred increased costs as changes to the project were made.¹⁶ ERG welcomed the list of *Common Causes of Project Failure* produced jointly by the National Audit Office and the Office of Government Commerce, and said it had been helpful in assessing projects and programmes and managing the risks.¹⁷ ERG told us that it was moving towards shorter, more iterative projects with timeframes of two to three years. One example was the Department for Work and Pensions' Universal Credit project which had a deadline of October 2013.¹⁸ If successful, ERG said this project would be a suitable benchmark for the development and implementation of future ICT systems.¹⁹

9. Another reason for the failure of ICT projects in the past has been a lack of clarity about the policy.²⁰ ERG told us that in future a 'starting gate review' would be performed on every major project. The review would be a check against the common causes of failure and would allow ERG to press, if necessary, for greater clarity from policy-makers and Ministers.²¹

12 Qq 3 and 7

13 Qq 4-7

14 Department for Work and Pensions, HM Revenue and Customs, Office for National Statistics and the Driver Vehicle Licensing Agency

15 Qq 48-51 and supplementary note to Qq 49-50

16 Qq 1, 15, 34, 78

17 Q2; http://www.ogc.gov.uk/documents/Project_Failure.pdf

18 Qq 15 and 36-41

19 Q 41

20 Qq 15, 18

21 Qq 15, 17-18

10. The Strategy aims to create a fairer and more competitive marketplace, putting an end to the oligopoly of large suppliers and providing greater direct opportunities for small and medium-sized enterprises (SMEs).²² The balance of power in the procurement process has leaned towards large suppliers, which have a vested interest in long timescales.²³ ERG accepted that using an SME as a subcontractor through one of the large ICT suppliers could result in government paying a profit margin to both suppliers. Removing the obstacles that hinder the direct participation of SMEs and the voluntary sector was therefore a key element of the Strategy.²⁴ However, previous initiatives supporting greater use of SMEs had failed.²⁵ Departments were now being challenged to find ways in which SMEs could engage and contract with them directly. ERG initiatives included providing websites and meetings where SMEs could pitch their ideas rather than responding to requests for proposals. ERG has also recruited an ‘SME Crown commercial representative’ who is leading on SME involvement in government.²⁶

11. The Government plans to move more public services online and ERG stressed to us the importance of designing services around the needs of the user. ERG would shortly be appointing a ‘Director of Digital’ to lead on improving and extending government’s presence on the Internet.²⁷ ERG said that it had proved very useful, in the development of Universal Credit, to include citizens – typical users of the service – in the design process.²⁸ It also referred to the Driver Vehicle Licensing Agency’s online system for car tax, which was designed from the point of view of the motorist; joining up information about the individual, the car, the insurance and the MOT test.²⁹

12. Approximately nine million people in the United Kingdom have never used the Internet. They are often the hardest to reach, for example the elderly. For the elderly or those from poor backgrounds, the Internet can be very enabling.³⁰ It is important that they are not disadvantaged by the shift to online services. ERG told us it was encouraging the use of alternative means through which to access the Internet, including online centres, libraries and post offices.³¹

13. The Strategy only makes one reference to cyber-security despite government plans to introduce new ways of working via new technologies, which rely on the Internet. This move to Internet-enabled technology increases cyber-security risks. ERG told us that it needed to balance cyber-security requirements against the risk of making services impractical to use because they were smothered by excessive security.³²

22 Cabinet Office, *Government ICT Strategy*, March 2011

23 Qq 34, 78, 97

24 Qq 34, 45-46 and 85

25 Q 35

26 Q 84

27 Qq 12, 76

28 Qq 76, 36 and 101

29 Q 1

30 Qq 1, 73

31 Qq 1,73

32 Q 61

14. Government has a clear need for cyber-security skills, but the witnesses could not say how many cyber-security professionals were working within government compared with what was actually needed. The Government of the United States of America had already identified that it would need to double its capability to meet a shortfall in skills. The Strategic Defence Review had allocated £650 million to cyber-security, which ERG told us would support the development of a wider capability.³³ And, the Minister for the Cabinet Office had, since May 2011, taken responsibility for cyber-security.³⁴

15. Ensuring that the right ICT skills are in place will be critical, and this goes well beyond cyber-security skills. ERG told us that there were high-quality staff within both the centre of government and individual departments, but there were probably not enough of them. ERG had limited understanding of the size and capability of the existing Civil Service ICT workforce. It undertook to address workforce planning, at least at departmental level, in its ICT Capability Strategy, due for publication in the autumn.³⁵

16. In the current economic climate it is likely that ICT will continue to be subject to heavy cuts – maybe 30% to 50% – which will inevitably involve job losses.³⁶ ERG assured us that attempts were being made to ensure that those staff with important skills did not leave on voluntary redundancy schemes. In addition, departments were increasing their in-house skills by replacing contractors and consultants with civil servants.³⁷

17. We reminded the witnesses that we have often raised concerns about the role of the Senior Responsible Owner (SRO), who is responsible for ensuring that a project or programme of change meets its objectives and delivers the projected benefits.³⁸ In 2006 half of SROs were in their first role and half spent less than 20% of their time on their SRO duties.³⁹ There had been cases where the role had been treated more like that of a non-executive chairman performed on a part-time basis.⁴⁰ Many had no relevant experience and it was common for an SRO to change jobs every 15 to 18 months, leaving new SROs able to blame their predecessors for failures.⁴¹ ERG told us that with shorter projects the risk of the SRO departing before implementation was reduced. Departments would be required to do risk assessments and, if for any reason the SRO had to change, to put in place arrangements to ensure a smooth hand over of responsibility.⁴²

18. In the past, the Cabinet Office has not had the clout or ability to establish the level of management or coordination across government that was needed to deliver a successful ICT strategy.⁴³ Future success will partly depend on the work of the new Major Projects

33 Qq 64-69

34 Q 61

35 Qq 7, 97-98 and supplementary note to Q 99

36 Q 7-8, 53-57

37 Qq 53-57 and supplementary note to Q57

38 www.ogc.gov.uk/User_roles_in_the_toolkit_senior_responsible_owner.asp

39 Q20; Committee of Public Accounts, *Delivering successful IT-enabled business change*, Twenty-seventh Report of Session 2006-07, HC 113

40 Q 25

41 Qq 25,52 and 60

42 Q 60

43 Q 3

Authority, but ERG could not provide any detail on the nature or the number of the projects to be in its purview. Potentially the Major Projects Authority could manage a portfolio of more than 50 major projects, of which ERG estimated that around two-thirds could have a major ICT component. ERG described the Major Projects Authority as a small, powerful team of approximately 40 people, which was already up to full strength.⁴⁴ The team would appoint experts to review projects and would have the right to intervene directly where significant concerns arose. It would also have access to Ministers if necessary to get issues resolved.⁴⁵

44 Q32-33

45 Qq 23, 30 and 32-33

Formal Minutes

Wednesday 22 June 2011

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon

Mr Stephen Barclay

Dr. Stella Creasy

Chris Heaton-Harris

Jo Johnson

Mrs Anne McGuire

Austin Mitchell

Nick Smith

Ian Swales

James Wharton

Draft Report (*Information and Communications Technology in government*) proposed by the Chair, brought up and read.

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

Paragraphs 1 to 18 read and agreed to.

Conclusions and recommendations 1 to 9 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Fortieth Report of the Committee to the House.

Ordered, That the Chair 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.

Written evidence was ordered to be reported to the House for placing in the Library and Parliamentary Archives.

[Adjourned till Monday 27 June at 3.30pm]

Witnesses

Monday 16 May 2011

Page

Ian Watmore, Chief Operating Officer, Efficiency and Reform Group, and **Joe Harley**, Government Chief Information Officer, Cabinet Officer

Ev 1

List of printed written evidence

1 Cabinet Office

Ev 13

2 Intellect

Ev 14

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–12

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Multi-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
Seventh Report	Funding the development of renewable energy technologies	HC 538
Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	Community Care Grant	HC 573
Twelfth Report	Central government's use of consultants and interims	HC 610
Thirteenth Report	Department for International Development's bilateral support to primary education	HC 594
Fourteenth Report	PFI in Housing and Hospitals	HC 631
Fifteenth Report	Educating the next generation of scientists	HC 632
Sixteenth Report	Ministry of Justice Financial Management	HC 574
Seventeenth Report	The Academies Programme	HC 552
Eighteenth Report	HM Revenue and Customs' 2009-10 Accounts	HC 502
Nineteenth Report	M25 Private Finance Contract	HC 651
Twentieth Report	Ofcom: the effectiveness of converged regulation	HC 688
Twenty-First Report	The youth justice system in England and Wales: reducing offending by young people	HC 721
Twenty-second Report	Excess Votes 2009-10	HC 801

Twenty-third Report	The Major Projects Report 2010	HC 687
Twenty-fourth Report	Delivering the Cancer Reform Strategy	HC 667
Twenty-fifth Report	Reducing errors in the benefit system	HC 668
Twenty-sixth Report	Management of NHS hospital productivity	HC 741
Twenty-seventh Report	HM Revenue and Customs: Managing civil tax investigations	HC 765
Twenty-eighth Report	Accountability for Public Money	HC 740
Twenty-ninth Report	The BBC's management of its Digital Media Initiative	HC 808
Thirtieth Report	Management of the Typhoon project	HC 860
Thirty-first Report	HM Treasury: The Asset Protection Scheme	HC 785
Thirty-second Report	Maintaining financial stability of UK banks: update on the support schemes	HC 973
Thirty-third Report	National Health Service Landscape Review	HC 764
Thirty-fourth Report	Immigration: the Points Based System – Work Routes	HC 913
Thirty-fifth Report	The procurement of consumables by National Health Service acute and Foundation Trusts	HC 875
Thirty-seventh Report	Departmental Business Planning	HC 650
Thirty-eighth Report	The impact of the 2007-08 changes to public service pensions	HC 833
Fortieth Report	Information and Communications Technology in government	HC 1050

Oral evidence

Taken before the Committee of Public Accounts on Monday 16 May 2011

Members present:

Margaret Hodge (Chair)

Mr Richard Bacon
Stephen Barclay
Stella Creasy
Jackie Doyle-Price
Chris Heaton-Harris

Mrs Anne McGuire
Austin Mitchell
Ian Swales
James Wharton

Amyas Morse, Comptroller and Auditor General, **Gabrielle Cohen**, Assistant Auditor General, **Sally Howes**, Director, National Audit Office, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, were in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

Information and Communications Technology in government: Landscape Review (HC 757)

Examination of Witnesses

Witnesses: **Ian Watmore**, Chief Operating Officer, Efficiency and Reform Group, Cabinet Office, and **Joe Harley**, Government Chief Information Officer and Chief Information Officer of the Department for Work and Pensions, gave evidence.

Q1 Chair: Welcome back, Ian Watmore, and welcome for the first time to this Committee, Joe Harley, who is known to some of us.

We have all, I think, read the strategy and universally think it is a very good document. I do not think that anyone could quarrel with the direction and principles that you enunciate in it. Where we want to focus this afternoon, if that's okay with you, is far more on the implementation.

I ought to start you off with a look back—both of you have been in government for some time—at the good things and the bad things. Of the good things, Joe did the ESA, or employment and support allowance, and the DVLA, which is always trotted out as an exemplar of good practice. The bad are always the NHS, on which we are taking evidence next week for a new report, and which we don't expect to be very much better, and the Rural Payments Agency. What are the three biggest things? Perhaps you could both answer. What did you learn from what went wrong and what went right, as to what you have to do now? Would you like to start, Ian? Hearing from both of you would be really helpful.

Ian Watmore: I would be happy to start, Chair. On what we learned from what went wrong, the first lesson is that there is no such thing as an IT project; there are only business projects that involve IT. When something becomes about the IT, it has lost its sense of purpose and focus. One always has to go back to the original business purpose. The business purpose could be a policy announcement, or an efficiency drive or something. Quite often, somewhere along the way, the connection between the business purpose and the project gets lost, and the IT is blamed when the

IT is the last in line that is standing. That is my first big lesson from what goes wrong.

The second big lesson from what goes wrong is that if the aspiration is too large and it will therefore take too many years to implement the change, you tend to find when you get there that the goalposts have moved massively and it is no longer a relevant solution. The consequence of that is shorter development cycles. The third thing that has often blighted these projects is that despite people being aware of the risk, they try to change the whole system nationally on a single day—the so-called “big bang” implementation—which is doomed to failure in almost every situation. You asked for three and I could probably give you three more, but those would be my big three.

In terms of what goes right—I won't just give you the flip of those points, although that could be said—one would be when we design with the customer in mind. You kindly referred to the DVLA and the car tax online. That is an online transaction that was designed from the point of view of the motorist taxing his or her car, and everything flowed from there. Behind the scenes, what it does is really quite clever: it joins up knowledge about you with your car, with your insurance certificate and with your MOT, if that is relevant. All that is seamless to you, and then you pay the tax online. It is clever because it has been thought about from your point of view.

The second big lesson would be: either do smaller projects or chop the bigger projects up into smaller chunks and make sure that nothing meaningful takes more than two to three years to deliver, otherwise it takes too long to reach implementation. The third would be that the Government need to be more—what's the right word? I was going to say bold—

embracing of the new technologies, not just for the haves in our society, but for the have nots. I am working very closely at the moment with Martha Lane Fox in her digital champion role. As you know, she is passionate about trying to get more people connected to the internet. It was 9 million when she first took the statistic, and we want to get that down to 8 million, and then 7 million and then 6 million. The reason is that a lot of people who are not accessing the internet today are the hardest to reach—the elderly person, the poor and so on—and we could help them so much more if they had access. If you are an immobile person at home, the internet can be very enabling. If you are from a poor background with limited life chances, the internet can open up your access to skills, jobs or whatever. My third lesson would be for policy makers, particularly, to embrace the new technologies as ways of tackling, or as routes into, deep-seated social problems.

Q2 Chair: Joe?

Joe Harley: I would—

Chair: Concur. We expect you to concur with your boss here.

Ian Watmore: The idea of Joe having a boss!

Joe Harley: I would just add a couple of things. When scope is not managed properly and managed well, it can lead to time scales being extended and costs going up. The whole area of scope management and requirements management has been something we have needed to improve, for sure. There have been occasions when people have been leading projects who maybe did not necessarily have the experience or the capability to do so. Going forward, one of the things that will work is continuing to strengthen capability in Departments. What works is when the SRO—the senior responsible owner—who is accountable for the project or the programme as a whole, embraces that and stays with the project or programme to ensure the benefits get delivered. There are a number of things there.

I would add that the NAO Report, “Common Causes of Project Failure” has been helpful in projects and programmes assessing themselves against that and managing the risks around it. I welcome that Report. It is frequently referred to. Those are some additional points.

Q3 Chair: You have a new strategy, the ERG, at the heart of it. Bluntly, in the past, even those who were part of that past would say that the Cabinet Office could not deliver the co-ordination that is implied in your strategy, either because you could not persuade people to do it, or because you did not have the clout, or because you could not establish that good management across Government. For sceptics like me, can you tell us what on earth will be different this time?

Ian Watmore: I think Francis Maude and Danny Alexander would both say that one of the necessary parts of success was to lay down the controls in the spending review, which enabled them, if required, to take close micromanagement of a particular project. That was not because they wanted to do that, but

because the knowledge that that could be done brings people to the table.

Q4 Chair: But you had that before.

Ian Watmore: Not really. When I took the job in 2004—the job that Joe now has—we spent the first month introducing everyone to each other. The heads of IT had never met.

Q5 Chair: Have they now?

Ian Watmore: Absolutely. There is a thriving CIO community, which meets regularly under Joe’s leadership.

Q6 Stephen Barclay: Do they have a dotted line into the CIO?

Ian Watmore: Absolutely.

Q7 Chair: So they’re accountable to you?

Ian Watmore: For the delivery of the activities in the strategy, absolutely. We did not have the tough measures and controls of the spending review, which have been put in this time. They are draconian, if used. We do not want to use them all the time, but they are there for use when necessary. That means that people are bringing things to the table much more readily, and discussing things with us earlier and we are then in a position to help. I could give you many examples.

The second thing is that the economic climate is different. It has to be said that this is causing people to think differently about almost everything they do in government. This is another area. If you are trying to make 30% to 40% administrative cost reductions, you cannot carry on as you were and tweak it a bit. You have to do things differently. A combination of those two things gives us a chance. I also think—Joe will be able to comment more strongly on this—that the cadre of people we have is markedly better than it was seven years ago, when I started. We have a lot of really high calibre people around.

Q8 Chair: In the centre or in the Department?

Ian Watmore: Both in the centre and in the Department. Quite a lot come from the private sector, but quite a lot come from the wider public sector’s successful implementations of local government or Transport for London measures. A lot of the best people now come through from within the civil service.

Q9 Chair: If it is so important, why are you only part-time, Joe, as CIO? *[Interruption.]*

Ian Watmore: It’s the sonar sound on my phone. MI5 is listening in, probably.

Q10 Chair: Why are you only part-time?

Joe Harley: I do not view myself as part-time; I view myself as having a role which is—

Q11 Chair: You are part-time. That is what they say. I am assuming you will have to deliver the great big single benefit as well, in the DWP.

Joe Harley: What I have to do is prioritise carefully what I personally need to get involved in. I have a

good, capable team, which I have grown over the years in the DWP. I also have a capable team in the Cabinet Office.

Q12 Chair: I know that that is what you have been handed, but you sit back and think, “All this is important; it’s all going to change. We won’t get any nasty horrors before the PAC ever again, because there is this magical new group”, and then you give him a part-time job.

Ian Watmore: First of all, I would never say what you just said in the opening half of your question. Of course there will be challenges. This is difficult stuff. The British Government, by the nature of the national structure of our systems, have one of the hardest jobs in the world—public or private—for implementing business change. That is a fact, so they will always be on difficult territory.

In terms of Joe’s role, I regard him as the best person in government. He has a long background in the private sector, with BP, ICI and others. He is now very experienced in government and he is delivering the whole agenda across the big Departments for their IT. It is much easier to do that when you are one fifth or one quarter of it yourself. Something like universal credit, which is one of the biggest Government projects, will be successful only if there is a partnership between the Revenue and local government, so having Joe as the CIO brings benefits to both the Department and us.

I have also supplemented the role with a new head of digital services. We hope to make an appointment in May, to start on 1 July, and we have a very good candidate. We have not finalised the terms yet, but we will let you know as soon as we do. We are bringing in someone externally, too, to disrupt the way we do things in project terms, to use the new project methods—agile methods and so on. I am building a team of people across Government to deliver a very complicated and high-scale challenge. To view Joe as a part-time CIO is completely wrong, for those reasons.

Joe Harley: There is an immense amount of talent in the Departments themselves that can be counted on to get things done. It is not just me doing things; it is about bringing together people with the talents that Ian has talked about—grown over recent times—working in collaboration to get big things done.

Q13 Austin Mitchell: It is a big strategy, so I am surprised to hear that you are part-time; it seems as though you are trying to downplay it. We cannot but welcome the strategy, as the Chair did, because it exudes all these good intentions. It plans 30 actions in 24 months—like the “two and a half minutes to save the NHS”. That is a pretty big bill, because you do not give us a baseline showing where the actions start or quantitative targets that they are going to achieve, so it will be very difficult for us or anyone else to evaluate whether they will be successful or whether they will be value for money. A big job for you and a difficult one for us.

Ian Watmore: It is a difficult area to evaluate, I make no pretence about that. We have set ourselves two broad objectives. One is to deliver on the activities,

which we have laid out clearly, and you should hold us to account for delivering those. But the real success or not of the strategy will be whether it translates into business outcomes for citizens and businesses in this country. That is a broader thing than just the IT. You will only judge whether universal credit is a success when you look at it in the round, in terms of its policy, its change in the community and the IT as well.

Q14 Chair: Just to interrupt, that is terribly wide. “Have we delivered the reforms to the NHS?” We put a tick against that and then we say, “Therefore the Efficiency Reform Group and its IT capability have been good.” You have lost the direct indicators that would have measured you. It is a good strategy, but it is a bit motherhood and apple pie; nobody can really disagree with your objectives. You need something tougher against which we and others can assess you. I think that was what Austin was getting at: where is that toughness?

Ian Watmore: I am happy to take the challenge offline to see whether we can develop that further, if that is what you feel. I feel that the actions in the strategy document are a very good start to hold us to account. In the end, however, you will regard it as a success if we help to introduce change in the wider system in a way that makes sense from a policy point of view. I cannot hide behind that. The business objectives are the ones set by Ministers. The IT objectives are there to support them, and that is what we have to trade off.

Q15 Austin Mitchell: When we looked at ICT projects on this Committee, I thought that the main cause of failure was the over-grandiose expectations on the part of the Department or the civil servants applying the system and the over-grandiose predictions on the part of the sales force of the ICT firm concerned. They both went into it with a series of misconceptions and that has led to big problems such as the ones in the national health system, which have turned Richard Bacon’s hair grey. He was a youthful-looking, dark-haired character when I came on the Committee, but look at what worry has done. How will you get round the problem of expectations and sales?

Ian Watmore: Both of those are very good challenges. Both have happened in the past: over-ambition from the Departments and certainly over-selling from the companies. Simplistically, we have two mechanisms for getting around those two problems. First, we are insisting on what we call a starting gate review for every major policy announcement. In that starting gate review—very early on in the cycle of a decision being made—we are trying to test for all the common causes of failure and push back to Ministers and to policymakers at that point. We are doing that on universal credit to make sure that the programme sets off with the right approach in mind. One of the reasons for overselling that is that we have such large, long, multi-year contracts. If you are a salesman and you have a £2 billion number, you will say whatever it takes within reason to get that and then you find that it is a change control nightmare for ever and a day. What we need is to have much shorter contract terms, smaller projects, and more frequent changes to

the supply arrangements, as we have outlined in the strategy.

Q16 Austin Mitchell: The Office of Government Commerce tried to disqualify firms that oversold. Will you do that?

Ian Watmore: To disqualify a vendor, did you say? I'm having trouble hearing. I'm sorry; could you ask the question again?

Q17 Chair: What is different from the OGC or from the gateway process in what you now describe?

Ian Watmore: The gateway process used to come in much later down the track. The first gateway review was after the thing had been announced. The programme was set and the ambitions were there. From then on, it was a matter of trying to claw back from what may be very famous politicians having made very big commitments, and nobody was prepared to do that.

Q18 Mr Bacon: May I pursue this point? You were talking about push-back and about push-back being earlier. When you were talking to the Public Administration Committee, you said something that I thought was fascinating. You said that it was usually either project management done incorrectly or that the policy ambition was too ambitious. A moment ago, you said that business objectives are set by Ministers. You went on to say in the hearing then: "The reason why IT is the place where it gets found out is that that is the place where all the codification of what has been decided finally comes to fruition and the machines are pretty bad at handling ambiguity." Are you saying that in this push-back in the early stages—the much earlier gate—including in the push-back on the policy, you are making it clear to Ministers what the consequences are of trying to codify the ambiguity that they may still have because they have not come up with a clear enough policy.

Ian Watmore: Correct. Absolutely.

Q19 Stephen Barclay: Let me quickly pick up on that. At the public administration hearing, Francis Maude said that the quality of our central data is woefully inadequate. Given that you were the figure at the centre at that time, why was it woefully inadequate?

Ian Watmore: What Francis and I had both been talking about was that management information on a whole range of topics—not just this one—at the centre of Government for the whole of the Government is very important. For example, when Philip Green came to do his review of procurement, he asked to see how much money was spent on x, y or z. It was very hard to tell him because every Department counted the numbers in a different way. In a Department, it may look okay, but when you add it up across Government it is incoherent. That is why you get such vast divergences, such as £4,000 for a laptop or something.

Q20 Stephen Barclay: To make it more specific to IT, Mr Harley in his opening remarks stressed the importance of senior responsible owners. The PAC made a recommendation in 2006 on SROs vis-à-vis IT

programmes, where it found that half of SROs were in their first role and half only spent less than 20% of their time on their duties. How many SROs are involved in delivering the major projects covered by this strategy at the moment?

Ian Watmore: "Major projects" is broader than just IT. The Major Projects Authority is for everything—the Olympics, other things and big construction projects. I think that we have about 40 to 50 projects in the very highest category across Government.

Q21 Stephen Barclay: Okay, let's take it back a step: is there a common definition of a major project?

Ian Watmore: In the process of compiling this, we are setting one.

Q22 Stephen Barclay: If I look at the ERG major projects review, as long ago as August 2010 you identified, "require ERG to establish a single universally accepted definition of what constitutes a major project"—

Ian Watmore: That is what we are doing now. By the end of May we will have pulled together what we determine to be the major projects of Government. They tend to be defined by their size, cost or public—

Q23 Stephen Barclay: What I am driving at is how many major projects will be covered by the strategy. Do you know how many?

Ian Watmore: On the Major Projects Authority, we will lead on about 50 projects across Government, of which about two-thirds, I guess, will have a major IT component.

Q24 Stephen Barclay: Is there a common definition of an SRO? Is it commonly applied?

Ian Watmore: Yes, but—

Q25 Stephen Barclay: I am interested in what Mr Harley said earlier. You made it sound like there was some choice in the matter, and that is what worries me. What works is when the senior responsible owner embraces the idea of the responsibility and stays on. It is referred to in the Report in paragraph 2.24; the fact that they have not embraced the responsibility and stayed on has been a serious part of the problem, but why haven't they? What constitutes a senior responsible owner is crystal clear and has been for years. The whole idea of a senior responsible owner is so that there is clarity over who is responsible, but it turns out that they are sort of part-time non-executive chairmen in some cases.

Ian Watmore: I think that is a valid criticism of what has happened. The best examples are the people who have good programme and project experience, an understanding of what you are trying to do—obviously—and will live with the consequences of what they decide. We have had that discussion recently—I will use universal credit because it is the most topical example. Terry Moran is the SRO for universal credit; he will be the person who has to live with its consequences and that is really important.

Q26 Stephen Barclay: Sure, but that is, in a way, where it is defined by you. You were looking at more

16 May 2011 Cabinet Office and Department for Work and Pensions

than 200 projects, as well as the major projects we covered, and the definitions seemed quite vague. As part of the strategy now, you will be looking at about 50 projects.

Ian Watmore: Yes.

Q27 Stephen Barclay: Will they have a maximum or a minimum value?

Ian Watmore: Each project?

Q28 Stephen Barclay: The scope. You have chosen 50 projects.

Ian Watmore: They range from the Olympics to—

Q29 Stephen Barclay: The projects' definition before included things as vague as, "of particular concern to the Minister", which could be anything, so I am trying to define the group of projects that you define as major projects covered by the strategy. What is within the scope?

Chair: Sorry, to what? Stephen, let him finish his sentence. They range from what to what?

Ian Watmore: They include the bigger ones, such as the Olympics, universal credit and some of the big defence projects. If we did a policy change, such as rural payments, we would probably put in that kind of policy; even though the scale is not huge, but because of its complexity and its impact on society, we would probably put something like that in. If we were doing big capital procurements again, such as Building Schools for the Future, we would put those in. We are putting in those kinds of projects.

You often find that the ones that go wrong are the ones that have been under the radar a bit. I do not know whether you remember a project about doctors' training that had a lot of problems that were blamed on a website. No one would ever have picked that as a major IT project because it was a £10 million website, but it was a major reform to training in the NHS. I think one must go back to those sorts of big business objectives to get them under the portfolio—

Q30 Stephen Barclay: You are going to have far more than 50, aren't you? That's the issue. Are you including projects within Health, DFID and the MOD?

Ian Watmore: Yes.

Q31 Stephen Barclay: They were excluded from your initial review.

Ian Watmore: Yes, we certainly got defence in that.

Q32 Mr Bacon: You and Francis Maude in your previous exchanges with the Public Administration Committee were quizzed on the possibility of having a large, powerful capability at the centre. I think Francis Maude said, "No, a small, powerful capability." If you have all the projects under your purview that Mr Barclay is talking about, how do you stay small?

Ian Watmore: We have a major projects team of approximately 40 people. I can flex it up and down a little, but it is that sort of size. That team oversees the reviews of the various projects. The first thing it does is to manage the portfolio, and to identify them all. The second thing it does is to call in expert reviewers

to go and review the projects. I do not send those people out to do the reviews themselves. The third thing it does is to collate the information so that if there are particular areas that need to be taken up with someone—for example, if something is very troublesome—it is escalated immediately to the Minister and myself, and to the corresponding SRO Minister in the other Department—

Q33 Stephen Barclay: Is it fully up to the 40 strength?

Ian Watmore: Yes.

Q34 Ian Swales: May I move on a little to the procurement side? I have a little experience in the field, and from observing it I feel that the power in the procurement process has rested a bit with the sellers. They have a vested interest in long time scales. Are you satisfied that we have the right sort of capability on the buying side to cut through some of that, and to allow, as the strategy says, smaller and medium-sized companies into the game? That has not seemed possible in the past.

Ian Watmore: I think that in the past, the long and large contract has been of mutual interest, and for buyers as well. One is done every 10 years, rather than after a shorter period. I think it has to change on both sides.

We held a very good launch in January when the Prime Minister spoke personally. To get the Prime Minister to come to a seminar on procurement is quite a challenge. He did so because he cares so passionately about it. He spoke about the need to knock down the barriers that stand in the way, particularly of the SME and voluntary sectors. We announced a whole range of things—such as getting rid of pre-qualification questionnaires, publishing things on contracts, and so on—I could go through those at greater length offline. I think there is a change in attitude by both the buyer and the seller, and in the business practice set by the Government and responded to—

Q35 Chair: Hang on a minute. We had those reviews. If you look at the NAO Report, we had one on SMEs, so let's just take this one—this is the old cynic, I'm afraid. In 2001 the same objective, 2003 same objective, 2008 same objective. What is magical about 2011?

Ian Watmore: I think there is ministerial commitment behind it, which I do not remember there being in the previous regime. I saw the words, but they weren't a mantra running through everything, whereas now I think Ministers across the departmental spectrum are challenging everyone to find ways in which innovative SMEs can come in—and come in directly, not just underneath the prime contractor role of some of the big contractors, when they are smothered and we pay a double margin. It feels different.

Q36 Ian Swales: If I could come back on that, because it is very important, some of the costs of some Government projects are so large, such as for an internet project, that you feel that for 1% of the money you could get two or three smaller companies to try

to do the same thing, and they probably would when you look at the scale involved.

It must be about 15 years since Jack Welch, who at that time was chief executive of the biggest company in the world, said, "Don't bring me an IT project longer than six months, because if you do you haven't thought it through properly, and it'll be out of date by the time it's implemented." Are we being ambitious enough, given how much the ability of software development and so on has changed in those 15 years? Are we being ambitious enough about saying that we will try to get things down to two or three years? Is that really ambitious enough?

Ian Watmore: I would like Joe to describe what is happening on universal credit as an illustration of that.

Joe Harley: In universal credit we are using some agile approaches. We are doing it elsewhere in the Department, too, but certainly for universal credit we are employing that. That is quite different from, let's say, more traditional methodologies—so-called waterfall techniques. In the waterfall, it takes quite a while to do a design—maybe a year or two—and then to develop it in the way you described. By the time we come to execute, things have moved on.

In the agile world, it is a way of providing rapid solutions very quickly. Normally, and in universal credit it is monthly, one designs, develops, implements and produces a product very early on in the cycle. It is particularly useful and appropriate when the users themselves—in the universal credit, citizens themselves—can participate in the creation of it. It is about user-centric, rapid deployment solutions. That is what we hope to achieve.

Q37 Ian Swales: I know this partly because I am on the Welfare Reform Bill; you have a fixed date, in a sense, for that project, don't you? In policy terms, that has to be completed by when?

Joe Harley: October '13 is when they want to go live, and it will be over four years, I think up to 2017 or so, by the time it is fully transitioned.

Q38 Ian Swales: But you will have a working system implemented in two years and four or five months?

Joe Harley: October '13.

Q39 Ian Swales: And would you say the universal credit system is one of the most complex that the Government have ever attempted?

Joe Harley: I don't know whether it is the most complicated one that the Government have ever attempted, but it is significant.

Q40 Ian Swales: Perhaps Mr Watmore could comment on that complexity. What I am trying to do is to get a fix on how long these projects should take. Is five years ever a sensible number, for example?

Ian Watmore: It is complicated because it also links with the Revenue's systems. The real-time information—I think that is the jargon: the RTI—into the Revenue is a necessary predecessor project for the universal credit to come in. We are actually building the RTI on a faster time scale and bringing the universal credit in afterwards.

Q41 Ian Swales: So if we hit that date in October '13 there would be little excuse for any other business transactional type system of Government taking any longer. Would that be a fair comment?

Ian Watmore: I would have thought that if we achieve that, it will become the precedent and benchmark for Government projects.

Q42 Mr Bacon: You make it sound like you might not achieve it. You just mentioned HMRC, and the thing that worries me is that we know that HMRC is just throwing £900 million at trying to stop its system falling over; it is called the two years of the stabilisation programme. While HMRC is trying to stabilise, you are throwing this whole new thing at it and telling it to integrate it and talk to DWP about a completely new system.

Ian Watmore: I am quite happy to say "when," but all good experience says "if." We have to sit here and say that these things are difficult and complicated.

Q43 Chair: And it's got to talk to local authorities for rent levels, and it's got to talk to employers for changes. That is heckishly complicated, and it is big.

Ian Watmore: We are both, in our different roles, very closely scrutinising what is going on. We think on both the Revenue side and the DWP side they are doing the right things to make this a success.

Q44 Chair: What about the other relationships?

Ian Watmore: And the local authorities as well.

Q45 Mr Bacon: Can I pursue the SME point before we lose it completely? Plainly, the Prime Minister and Francis Maude have talked about the need to remove obstacles so that SMEs can get more involved. If you had evidence that providers were being excluded by Departments because they were SMEs, what would you do about it?

Ian Watmore: We have the ability to challenge the procurement that they are doing and change it if necessary.

Q46 Mr Bacon: There is a procurement going on at the moment in what is called the ASCC contract within the national programme for IT in the health service—the additional supply capability and capacity, which is just in the south, in that cluster—where SMEs have been specifically excluded. It is very clear that it is national providers only, despite what has been said. Is that the sort of thing where you would go to take a look? Is that the sort of thing where you would go to take a look?

Ian Watmore: Yes. I don't think that is specific. I was referring primarily to central Government. I don't intervene in a local authority.

Q47 Mr Bacon: It is not a local authority. It's the NPfIT.

Ian Watmore: In the lobby it is bound up in the wider issues of NPfIT contracts. Certainly, I am always happy to have intelligence on what is going on and to go and investigate it.

Q48 Mr Bacon: I am always happy to give it to you.

16 May 2011 Cabinet Office and Department for Work and Pensions

I have one more question. Mr Harley, I go back to the question of CIOs in Departments. If you have a CIO who wants to achieve reform, can they deliver and achieve what they want or will they end up being blocked? I imagine you probably have more clout inside the DWP than some other CIOs may have in other Departments. Are they going to get what they want?

Joe Harley: I think it is very important that all CIOs have board-like conversations in their Departments, and deal with top executives at the formation of policy, not later on, after it has been formulated.

Q49 Mr Bacon: Are all CIOs going to be on boards?

Joe Harley: No. About four are on boards at the moment.

Q50 Chair: Only four?

Joe Harley: Yes, four: myself, HMRC, Defence, I think—no, not Defence. Can you help me?

Ian Watmore: I think it is also the Home Office and Justice, but I would have to check that.

Q51 Mr Bacon: They are all big, heavy IT users, but so is Defence. Why wouldn't you always have a CIO on a board, anyway?

Ian Watmore: It is a matter of debate across Whitehall, about all the different professional functions. Everybody wants their "head of" to be on the board. The board then becomes an exercise in crowd control, rather than a board. Under the new-style boards, we have three or four Ministers, three or four officials and three or four non-exec directors. It would only be in the very largest Departments that it would be worth putting one of those officials as a CIO. Usually, however—this is the important point—there is now much better access to the key board discussions for the CIOs. The important thing is that they have the route, through Joe and me, to escalate if they feel that the board has not really heard; we will take it up on their behalf.

Q52 James Wharton: I would like to take a step back to some extent to look at accountability when projects do not quite go as you had hoped. Invariably, no matter how well the overall strategy works, there will be examples of failure in the system. I would also like to look at SROs. One of the problems that we often have is in trying to trace an accountable person when something goes wrong in Government procurement or spending, or whatever it might be. Part of that is because people tend to change roles and disappear from projects. What are you going to do about that problem in IT procurement to stop SROs reaching a certain point and then disappearing? A new SRO comes in and then, obviously, everything is the fault of their predecessor.

Ian Watmore: Joe talked about SROs, and he might come back to that. I think there is a ministerial role in all this as well. I was asked, when the new Government were formed, to do a bit of ministerial training. They asked for a personal thing from me, and I said two things. One was that because it is announced, it isn't done. The second was: worry about what your predecessor's predecessor announced,

because that is likely to blow up in your face without you even realising it was going on. Quite often, it takes three or four years for these things to go wrong. The average tenure of a Minister is typically about 15 to 18 months. I think there is a ministerial issue, as well as an official SRO one. I happen to know that the Prime Minister is particularly keen to keep Ministers in their jobs for longer; that is one of his mantras in Government. We will see whether he is able to do that, with the forces of politics being what they are.

From an SRO point of view, we have had the same problem: people have taken the job and then gone off after 15 or 18 months, so you are dealing with the "predecessor's predecessor" problem on the official side. That is what we are saying: we have to get SROs to be the people who will live with the consequences, like Terry Moran on universal credit. If we do not achieve that, the same problem will appear in the future.

Q53 Chair: All this is good theory stuff, but you are operating in a context where you have to seek massive savings. You are trying to keep them off front-line services, but inevitably all the guys and women you are talking about are not in front-line service jobs, so there might be cuts of 30% or 50% there. In such a climate, how on earth will you achieve your objective in practical terms?

Ian Watmore: In a world with less money, you focus even more on what really matters. If it is one of these priority projects or programmes—

Q54 Chair: Are you not allowing people to leave voluntarily in any of these jobs? Are you actually selecting people? Presumably, you are losing 30% or 50% in some Departments, so are you saying that people with IT skills—

Ian Watmore: We are trying to keep the best people in the system.

Q55 Chair: You will have to do it through compulsory redundancies, then.

Ian Watmore: No. Most reductions in the system to date have been done through voluntary schemes.

Q56 Chair: Yes, but if you do that, with the greatest respect, that will mean that the best people will go.

Ian Watmore: There are voluntary schemes and voluntary schemes, and we are very strongly encouraging the best people to stay. They know who they are, and for the most part, they are staying. I am sure we have lost some people whom I would rather not have lost, but in the main, we are keeping the best resources in the civil service. One thing that that is prioritising is project and programme skills—that is something that we value, going forward—and not only policy-making skills. We are trying to emphasise that that is a really important aspect.

Q57 Chair: I have to say that at that level, when you are making cuts of 30% or 50%, unless it is done in a compulsory way, I cannot see how you can do it.

Ian Watmore: We might have a word offline, and I can explain to you how the schemes are working in

practice, but believe me, we are targeting keeping the best people, and we are placing a particular focus on project and programme skills, as well as policy-making skills.

Q58 Chair: Without salary increases.

Ian Watmore: That is the climate we are in, isn't it? There are lots of ways to motivate people other than with pay.

Q59 James Wharton: Referring to the strategy, my understanding is that part of the issue with SROs—this returns to my original question and the point about ensuring the continuity of accountability—is about looking to establish appropriate break points, so that if somebody is going, you can say, “Up to that point, we can measure what you have done. We can hold you accountable and assess you against the project up to there,” which I think sounds perfectly reasonable. My concern is what you are going to do, and what other planning you have done, around SROs who might leave before you reach a break point where that assessment can be made, so that SROs can be kept until at least those fixed points at which they can be tied to the work that they have been responsible for.

Ian Watmore: I think that comes back to Mr Swales's question about shortening the life cycle of these projects. If they are going to be six-year projects, it will be much harder to say to somebody, “You must stay for six years,” because you can't enforce that. However, if we are going to say to somebody, “This project goes live in less than two years, and we are expecting you to see that through its early live running period, as a minimum,” that is a perfectly reasonable expectation to have of people. That is what we are trying to do.

Q60 James Wharton: So you will be implementing policies to try to ensure that is the case. It is all well and good to say to somebody, “We expect you to be there; it's only two years,” but after six months, they might get a better offer or have another opportunity, so are you actually going to change things to keep people there?

Ian Watmore: There are limits to how much you can pin somebody to a desk, if they have another job offer. However, within the major projects group cycle, we are looking to identify the SRO and say, “This person is committed to whatever the significant date is”—the go-live date and the first few months thereafter. We would regard that as an assessment of risk for the project. If, for any reason, that looks like it is changing—it could be because the person is leaving the system, or not functioning, or whatever—we would have to make a change very carefully, if we were to introduce one. In the past, we have allowed somebody to go off and somebody to come in, and they pick up the baton as though it were a relay race; they just pick it up, and off they go again. We need much better methods of doing that.

Chair: I call Stella, and then Amyas. *[Interruption.]* Sorry, did you want to come in, Joe?

Joe Harley: Sorry to interrupt. On the point about SROs, I would expect SRO availability and their constantly being on the job to be part of the risk to be

managed. I would expect mitigating actions to be in place. In the event that another job came up or whatever, there would be succession; there would be the issue of who was ready and who was being groomed, in that eventuality. At least then there would be a smooth transition.

Q61 Stella Creasy: I want to move on to a subject that, as I think the Committee knows, is a particular bugbear of mine. You say that one of the ways that you will reduce cost is by working in different ways—more use of open-source technologies, more use of the cloud, more collaboration. At the same time, you talk about some major projects that will cut across a number of Government Departments, and also work with local government and third parties. In that sense, is it not slightly worrying that there is only one reference to cyber-security in the document?

Ian Watmore: It is interesting, because as of this week, my Minister has responsibility for cyber-security, so this is a subject that I shall be particularly keen on. On whether the document references it enough, that is a good challenge for us to think about, but we have to get a balance between real security—you see what happens, as in the Sony situation at the moment, when you get that wrong—and smothering everything with security so that nobody ever uses the technology as it takes four hours to log on, because you have 83 passwords. We have a creative tension in that world. The best examples of that are where the real assets—the data and the core systems—are put in a place that is very secure, but then you enable multiple devices to access that: laptops, mobile phones or whatever.

Q62 Stella Creasy: Sure, but you are talking about some major projects that would be clear targets for attack.

Ian Watmore: Absolutely.

Stella Creasy: Take the example of the Olympics: we all know the scenario in which somebody does something around the Olympics. How many cyber-security resilience professionals do we currently have working within Government, and how many do you think we need, given that need to learn how to do it?

Ian Watmore: I do not know if you have ever had the privilege of going down to GCHQ in Cheltenham and seeing what its guys do. They have a division called CESG. I cannot remember what the acronym stands for, but I am sure that the “S” is for security. They are among the best in the world. I cannot talk too much about what they do, because I would have to shoot you all, but they are among the best IT people at this that I have seen in the world. They are the sort of people who advise product manufacturers on security flaws in their products.

Q63 Stella Creasy: Are they working with the CIOs?

Ian Watmore: Absolutely.

Q64 Stella Creasy: I have not yet had the opportunity to go down to GCHQ, although I have concerns about this, but I know that America has already identified that it needs double the number of people with these skills working within Government.

16 May 2011 Cabinet Office and Department for Work and Pensions

What are we doing in the UK to make sure that it is not just GCHQ, but the people with whom you are working now? The cost to us, were there to be some kind of attack—we know that these attacks are happening on a regular basis now—would be far greater than that of developing the skills that it takes to be able to make resilient systems under the sort of working process that you are talking about.

Ian Watmore: Yes. The whole industry is after the same people. We have to recognise that there is a worldwide shortage of people with these skills. One advantage that we have is that some of the very best people in the world like to come and work for, in this case, the British Government for a lot less pay than they would get in the companies that specialise in this, because they are on the inside. We have set aside a big budget in the spending review. I think the figure is £600 million; I will have to check that.

Q65 Stella Creasy: The £650 million in the strategic defence review?

Ian Watmore: Yes.

Q66 Stella Creasy: You think that is going to be enough to attract all these people?

Ian Watmore: I am sure that if that was all on pay, it would attract everybody in the world, but a portion of that money will undoubtedly go on investing in our capability to grow this. We do have some of the best. When we have enough—

Q67 Stella Creasy: When will you have clarity on that? When will we know that the skills development that we need for people working across Government on these projects, so that they are able to provide protection from those kinds of attacks, will be happening?

Ian Watmore: I think I am struggling to understand the question. You will never have enough top security people in a world where this is changing all the time, but—

Q68 Stella Creasy: Perhaps my question is not clear. Obviously, you are developing project management skills and the ability to do technology. What about security skills? What programmes have you got for that?

Ian Watmore: The guys in CESG have an investment budget to grow skills down there as well, and they are the people whom we rely on for these very sharp, internationally sponsored or major terrorist attack infrastructures. Those are the guys that we call on around the system. We then have, within each Department, people who are security and information officers, some of whom are ex-CESG or from the industry. So we have a grouping right across the Government, but the real core of expertise that we rely on is in Cheltenham, and it is fantastic.

Q69 Stella Creasy: With something like the universal credit, what percentage of the work is being managed by people who are looking at its security aspects, rather than its deliverability?

Joe Harley: The security in the universal credit is absolutely key, and we are relying on CESG and other

members in GCHQ who are actively engaged on it. I don't know exactly how many people that is, but it is crucial that they get involved, help us with it and are constantly advising us.

Ian Watmore: And they accredit every system.

Joe Harley: And they accredit it, before it goes anywhere.

Q70 Amyas Morse: I should just like to move this around to the effects of using information on taking layers out of the organisation, and having a more information-led approach to working. Are you satisfied that there is real understanding of that outside your own community? We are talking about people being on the board. This is a bit of a general statement, but I have been a bit surprised, frankly, when looking at a lot of the cost reduction proposals that have come forward so far, at how few of them seem to be driven by genuine change in the way of working—something that is likely to be really sustainable. We can understand that in the short term, but it would be pretty disappointing if through this whole period we did not get to something where people began to see a deeper change in ways of working in Government.

Ian Watmore: Are we talking about within the civil service, or in the wider public sector?

Amyas Morse: I guess that mostly I am seeing it immediately in the civil service.

Ian Watmore: I don't think that we have really scratched the surface yet of what we could do in enabling people in the civil service to be more flexibly deployed—to be the “knowledge workers” that people have talked about. I think that most of the professional services organisations and IT organisations have set a high bar for how the knowledge worker can work, and we are well short of it at the moment. We are too hierarchical in our structures, we're not flexible enough in our IT to move around and we don't have the mobile tools with the usability that enables us, as knowledge workers, best to do our jobs. I would see that as one of the strands that we want to improve on significantly over the next three years.

Q71 Amyas Morse: How are you going to get people bought into that? You have excellent recognition of the problem. What I see is technology-driven change often happening in quite an incremental way, and you keep thinking, “Why isn't it happening on a wider scale and moving a bit faster?”. It seems to be because of a sort of inherent conservatism, and perhaps a lack of understanding of what the implications are.

Ian Watmore: There's a generational shift going on in technology that isn't just about the civil service. If you go to most businesses, there's a group of people leading them who are not themselves technologically the world's best yet, but the notch below them are fantastic and are coming through, and I'm trying to accelerate that change by showing the art of the possible more. What we're doing with our team in the Cabinet Office—I picked up the team from various buildings all over the place—is moving them all to the Treasury, which is an open-plan environment, and on to the same flexible IT platform, with laptops etc., and we are trying to use people in project-team-type

structures, rather than in rigid hierarchical ones. If we can do that, so can other people in Government—it is trying to create the cascade effect. It is a good challenge, and one that I think we are behind the private sector on.

Q72 Ian Swales: I would like to talk a little about the speed and ambition of the strategy. In the preamble to the strategy, you say that “public bodies too rarely reuse and adapt systems which are available ‘off the shelf’”, that “infrastructure is insufficiently integrated, leading to inefficiency and separation”, and that there is “serious over-capacity” in data centres. From about paragraph 32 onwards, there is an extremely ambitious set of statements about new ways of working, openness, cloud computing and so on, culminating in paragraph 36, which says: “The Government will create a common and secure ICT infrastructure, based on a suite of agreed, open standards which will be published and updated.” Remembering that this strategy is aimed at a two-year time horizon, that seems incredibly ambitious from where we are now. Can you get to that point within two years?

Ian Watmore: Obviously, I have to say yes, because we published the strategy six weeks ago. So we would say yes, but I think that the previous question from Mr Morse highlights the challenge, because in our own working practices there is a degree of conservatism with a small “c” that we have to overcome. All the symbols that we can set to lead to that will be welcome. For example, I keep asking, “Why do we ever publish any document? Why don’t we just put it on the web in some open document format?”, and everybody says, “Because Parliament insists on having 200 bound copies,” or something.

Q73 Mr Bacon: And there are 9 million people in the UK who do not have access to the internet. That is the other reason.

Ian Watmore: But the other argument around that is that there are people, as Martha Lane Fox would say, who are set up to help people get hold of information in that way. There are libraries, online centres, post offices and so on. My point is that if we can send some really strong signals from the top of the civil service, ministerially and from Parliament, we might have more of a chance of changing that situation.

Q74 Ian Swales: Let us take cloud computing, for example. In its purest form, it removes applications and software from everybody’s desktop and from data centres and puts them into big data centres that are internet-enabled. Do you believe that that is a direction that we could go in? Lots of companies are going that way, and even some public sector organisations are, such as the state government of California. Do you see us going in that direction?

Joe Harley: The answer is yes, and in response to your previous question, the strategy itself is ambitious. That is one of the reasons why we have decided to spread it around a bit, and to empower and hold to account other Chief Information Officers in Government Departments to get things done, so that things do not always need to be done by the Cabinet

Office. If we spread it around, things will get done even more quickly. The governance needs to be tight to make sure that happens.

Q75 Ian Swales: Perhaps I should refine my comments. I am not sure that the strategy is technically ambitious. What it is ambitious about is the approach to people. We all know that most IT projects fail because of people, not because of technology. I suppose that my point is really that the strategy is ambitious in terms of changing the behaviours of tens of thousands of people inside Government, the behaviours of thousands of suppliers and indeed, as you said, the behaviours of Ministers and other people involved in making policy and so on. Are we equipped to get that amount of behaviour and culture change, as opposed to simply changing the technology that sits underneath it?

Joe Harley: I think we have the skills and capability to do that. We are tackling it on a number of fronts. We are tackling it on the procurement front, with the suppliers. We have Crown representatives, who are now associated with each supplier, modernising the relationships and holding them to account. We have strands of the strategy laid out and spread across Government with the assurance being held by the Cabinet Office. It’s very ambitious.

Q76 Ian Swales: If we are sitting here reviewing this strategy in two years’ time, as I suppose we may well do, and Mr Morse and his team have produced a report—let’s hope for great success; let’s hope that the strategy is so successful that we don’t need to talk about it, but on the assumption that we may be talking about it—what do you think are the top three things that you would worry about? I’m particularly talking about the whole change in approach that is laid out in the strategy, rather than specific systems. What are your biggest worries sitting here right now?

Joe Harley: There would be a few worries, but I think the channel shift in society, in terms of the digital strategy, is a big ambition. We are very much behind Martha Lane Fox’s review, and we will help as much as we can to get that work done. It is another front for us and we will, as Ian said, be appointing a digital director to pick up that and lead on it.

I think we have to make real inroads into the costs of IT in Government. I would be looking in particular to make real progress in the data centre consolidation, because I think that, if we can get that consolidated, rationalised and virtualised, it will place you on a good footing for real cloud benefit realisation. Those would be a couple of the things that would be on my mind.

Ian Watmore: I would add that we have more clarity on what we mean by civil service reform. I would include the way we use tools, information and working environments and all the other things we were talking about. If we change the way we work, that will have a cascade effect on everything else.

Q77 Ian Swales: Are you saying that that is one of your worries—whether the civil service will change alongside this?

Ian Watmore: I was thinking about what we will think in two years' time. I will assume for the purposes of this that Joe and I will still be here and will not have changed three times.

Ian Swales: You're the SROs for two years.

Q78 Chair: Looking at your report, the failures and the great things that you are going to change in the future, I see that 65% of what was being delivered on IT has been delivered by the private sector, and that—to the extent that the NAO has been able to quantify it—out of 135,000 people who work in it, 100,000 are private sector people. Are you therefore thinking of bringing it all in-house or something? Private sector people have been the problem. It is not so different from other experiences; you have a small oligopoly of providers—interestingly, this is not so different from what we see in defence—who have ripped off the state.

Ian Watmore: I could not possibly agree that they have ripped off the state.

Chair: They have been very expensive, have delivered late, and they have not delivered to specification.

Ian Watmore: Your point about the fact that most of the design development and operation of IT is done by the private sector is correct, and that will continue. Your point about the oligopoly is correct, and that will not continue. We need to change that. That is one of our key procurement strategies.

Q79 Mr Bacon: Why don't you make prohibiting SMEs from taking part a job-losing issue for a CIO?

Ian Watmore: Effectively, it is. In central Government, they would not last very long.

Q80 Mr Bacon: But they seem to in the Departments.

Ian Watmore: No—central Government, including the Departments. It gets harder when you get into the wider public sector.

Q81 Chris Heaton-Harris: What about accountability for overruns and penalties for suppliers that do not perform? Are we building those in now? We certainly have not in the past.

Ian Watmore: They have always been built in.

Chris Heaton-Harris: Are we policing those now? Are we increasing those now?

Ian Watmore: You get into a dilemma on these things. They are never black and white when it comes to it, because one person's delay and overrun is another person's change of mind. The lawyers have a field day in this territory—Mr Bacon and I have talked about this often in the past—because it is really hard to pin down and say, "You failed, and the reason why was nothing to do with something that we did differently," such as a Minister changing their mind or a policy being changed. It is really hard to get the contractual penalties lined up. Multiple contracts have been set like that. The best way to get success is to contract for success and not contract for failure. I think that what Mr Swales was talking about earlier sets the benchmark for that—set your contract, smaller companies, more people taking part, shorter delivery

time frames, more rapid change in the way you develop things. That is more likely to lead to success than the mega-contracts with huge failure penalties.

Q82 Mr Bacon: You sounded quite confident about universal credit. Will you send us the initial gateway review for universal credit?

Joe Harley: The starting gate review?

Ian Watmore: The starting gate review. I don't have a problem with that.

Q83 Mr Bacon: Great. It seems to me that, if there are issues to be flagged up, the more out in the open they are—rather like the Olympics—the more likely they are to get addressed.

Ian Watmore: I have always thought that. We have agreed on this in the past.

Q84 Chris Heaton-Harris: I should declare an interest, because I help manage a small IT firm that is involved in gambling—it is in my declaration of interests—which is why I get frustrated with anything to do with Government and IT. There seems to be a fascination with hardware and not delivery and software. I think what Ian picked up was the fact that it is a work force and training issue as much as it is a what you are providing them with issue. Surely the best way forward, as well as training the work force you have, is to bring in more people from the private sector and smaller companies and give them more opportunities, because out there in a garage somewhere are another two blokes who are going to be the next Google. They could easily be doing Google services for Government, as George Osborne, the Chancellor, was talking about earlier today. Why aren't we running things like competitions for people who can provide better public services—small company competitions and things like that?

Ian Watmore: That is precisely what we are doing through the changes to the way we are procuring and the SME procurement. We have appointed a guy, who you may wish to meet in another forum, called Stephen Allott, who is from the high-tech sector. He has come in as the SME Crown commercial representative, as we call it; you or the press would doubtless call it the tsar. He is the guy who is leading on the SME side. He has put up websites for people to bid ideas in. He has SME surgeries going on. The first one happens to be in the west midlands, from memory. There is a rolling programme now to try to get more innovative SME companies to pitch their ideas to us rather than respond to our RFPs.

Q85 Ian Swales: May I ask a supplementary? One excuse that is often used against SMEs—I should declare an interest as my son runs one—relates to security and continuity. Obviously if we are using open source software there must be ways to ensure that SMEs are not excluded from the bidding process because there is a concern about security and continuity. The two guys in the garage might go off and do something else. That is one of the big obstacles. It is one of the reasons why your buyers in all the councils and Departments will run away from the local firm. However good the product is, it does

not feel that they will have the support necessarily that they need.

Ian Watmore: That is the trade-off.

Q86 Ian Swales: Exactly. The Government need to think a bit more about how the power of Government can help to solve that one.

Q87 James Wharton: I may have imagined it, but I thought I saw relief on your face as my colleague, Mr Barclay, had to leave. You will be pleased to know that he has handed me a document that he would like me to ask you about. He has given me the transcript of our meeting on 30 November when we looked at the CSR and departmental business plans. One issue is highlighted—the amount that arm's length or partner bodies spend on consultants. Mr Barclay suggested that Sir Gus O'Donnell had said that it would not be practical to gather that data. But in reply, Mr Watmore, you said that in future it would be and that “we probably would only start to get really good data from April 2011 onwards”. Are we getting that really good data and can you tell us what it reveals?

Ian Watmore: We are going to put out the information we have publicly in the next few weeks, so correct me if I have misremembered it when you see the data. We now have information about consultancy spend by central Government Departments and their arm's length bodies and we believe it to be under half what it was in the last full year of the previous Government, so it is a reduction of about 55% reduction year on year.

Joe Harley: As part of the spending controls and the moratorium processes that took place, requests for consultancy services over £25,000 needed ministerial agreement. So it has really choked off the large spending.

Q88 Chair: That's a 55% reduction in the use of consultants?

Ian Watmore: Yes.

Q89 Chair: I will bring you in, Austin, but this is an area that I wanted to pursue. You also committed yourself to reducing general IT expenditure.

Ian Watmore: I don't think I have ever done that.

Q90 Chair: Reports suggest £1 billion—

Ian Watmore: I have always been quite careful on this one. On what we do today I think we ought to be able to do it for a lot less money. Equally, I expect us to be dealing more online and more digitally.

Q91 Chair: Where have I read £1 billion or £800 million?

Ian Watmore: That was on the supplier contracts—the £800 million figure you quoted. We went to all the big suppliers of government, most of which were IT companies—not all of them, but the vast majority. We negotiated an £800 million reduction in the cost to us for the year just ended. That is another figure, but alongside—

Q92 Chair: What's that? A 5% reduction?

Ian Watmore: From memory, it was about £800 million on just under £10 billion—so just under 10%. That was in-year; annualised it was probably worth about 15%.

Q93 Austin Mitchell: Why is it only a two-year strategy? Is that to allow you to clear up the existing messes primarily?

Ian Watmore: I think the strategy is a direction for longer, but we put the plan in place for two years and we expect to renew it on an annual basis.

Q94 Austin Mitchell: And the two years begins with the implementation plan, does it? When can we expect that?

Joe Harley: The implementation plan for the strategy will be during the summer. It will cover each of the strands—

Austin Mitchell: What's the summer?

Joe Harley: In the summer. Probably no later than August—

Austin Mitchell: I thought the summer was nearly over!

Ian Watmore: The summer in New Zealand is nearly over; it will be before we come back in September.

Q95 Austin Mitchell: What are you going to do about the major messes we have been involved with in the past—rural payments and the NHS IT?

Ian Watmore: Sorry, could you say that again?

Austin Mitchell: What are you going to do with the two major problems?

Ian Watmore: I have to be very careful what I say about the national programme for IT because I believe you are about to have a hearing on it

Q96 Chair: That's all right, you can help us with it. The reason for putting them together is to have a more coherent programme for us.

Ian Watmore: We set up this thing that we called the major projects authority, to take effect from April this year. We have targeted it on two or three key activities, one of which is the national programme for IT. We are doing the review in the week commencing 23 May—that must be next week—and we will be feeding that back to respective Ministers, probably during June. Then it will be for the political, programme and commercial decisions which have to be taken. However, we are doing that very aggressively.

On rural payments, DEFRA are considering what next for the Rural Payments Agency, and how to take it forward, because a particular cycle is coming to an end. They are seeking our advice on what should happen, but it is not being formally reviewed in the way that the national programme is.

Q97 Austin Mitchell: Are you satisfied that you and Departments generally have an adequately IT-qualified and trained staff to deal with this issue? Or, as we have developed the numbers, have they been subject to poaching by that oligopoly of suppliers? Have you been losing or gaining and are you satisfied with the quality?

16 May 2011 Cabinet Office and Department for Work and Pensions

Ian Watmore: I don't think we ever have enough; I think that was my answer to Ms Creasy's question on security. We can never have enough really good people in this field.

Q98 Stella Creasy: You can make an assessment of the numbers. That is what the American Government have done, haven't they? About the need to increase tenfold, basically, over the long term people with these skills—that is planning, isn't it?

Ian Watmore: We need more.

In terms of the IT skills we have, I think we have some really great ones. Mostly, they are people who have worked on some of these problem projects. They are a great place to learn; you learn what not to do, as well as what to do. Secondly, we have found it relatively easy, compared with the pay differentials, to attract some very good people to our side of the fence. People who would be paid 10 times the money in the private sector, will come to our side of the table because they believe in the challenge they are trying to support. So, actually, we have quite a lot of top-quality people. Do we have enough? Probably not. Do we have high quality? Yes, definitely.

Q99 Amyas Morse: Presumably you have the planning for the numbers that you need? Just supporting what Ms Creasy was saying, don't you think it is reasonable for us to ask you what your aspiration is for numbers of IT people? Isn't that reasonable?

Ian Watmore: I am quite happy to take that as a challenge from the Committee and come back to you with some ideas about it.

Q100 Chair: We are drawing to a close. Thank you for your evidence.

There are two further things. You have committed yourself to a massive set of objectives, and you are the senior responsible officer.

Ian Watmore: I won't be here in two years' time. *[Interruption.]* Just teasing.

Q101 Chair: You will be here in two years' time, and we look forward to holding you to account for it. Finally, how can we, as a PAC, help to ensure that this ambitious programme is met?

Ian Watmore: A very good question. I would highlight the two or three things that we started with. Number one, you should stop talking about IT disasters, which makes the problem worse, and start to focus on the business problems that lie behind them. IT is very rarely the problem; it is nearly always the business challenge that has been set. Number two, you should be pressuring people to shorten their time scales for project delivery, in the same way as we are. You can help with that, which we have talked about a lot. The third way that you could help is by evangelising making public services digital by default, to use Martha's phrase. Public services should be designed with the eye of the citizen in mind, not the eye of the Government Department.

If you were able to help in those three ways, it would be massively helpful.

Chair: Good. Thank you very much indeed.

Written evidence from the Cabinet Office

Q14 Chair: Just to interrupt, that is terribly wide. "Have we delivered the reforms to the NHS?" We put a tick against that and then we say, "Therefore the Efficiency Reform Group and its IT capability have been good." You have lost the direct indicators that would have measured you. It is a good strategy, but it is a bit motherhood and apple pie; nobody can really disagree with your objectives. You need something tougher against which we and others can assess you. I think that was what Austin was getting at: where is that toughness?

Ian Watmore: I am happy to take the challenge offline to see whether we can develop that further, if that is what you feel. I feel that the actions in the strategy document are a very good start to hold us to account. In the end, however, you will regard it as a success if we help to introduce change in the wider system in a way that makes sense from a policy point of view. I cannot hide behind that. The business objectives are the ones set by Ministers. The IT objectives are there to support them, and that is what we have to trade off.

Answer:

The ICT strategy is action orientated and has set 30 clear actions with delivery dates, against which PAC and citizens will be able to assess Government's performance. A Strategic Implementation Plan (SIP) will be published during the summer. The SIP will set out a more detailed delivery plan and tasks designed to deliver the objectives of the strategy including major implementation milestones.

Q49 Mr Bacon: Are all CIOs going to be on boards?

Joe Harley: No. About four are on boards at the moment.

Q50 Chair: Only four?

Joe Harley: Yes, four: myself, HMRC, Defence, I think—no, not Defence. Can you help me?

Ian Watmore: I think it is also the Home Office and Justice, but I would have to check that.

Answer:

I can confirm that of the CIOs from Government Departments, Non-Ministerial Departments and Agencies on the CIO Council, there are four that are members of their Main departmental boards. They are Department for Work and Pensions, HM Revenue and Customs, Office for National Statistics and the Driver Vehicle Licensing Agency. A number of departmental CIOs are members of Executive Management Boards that report into the main Departmental boards.

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Q57 Chair: I have to say that at that level, when you are making cuts of 30% or 50%, unless it is done in a compulsory way, I cannot see how you can do it.

Ian Watmore: We might have a word offline, and I can explain to you how the schemes are working in practice, but believe me, we are targeting keeping the best people, and we are placing a particular focus on project and programme skills, as well as policy-making skills.

Answer:

Voluntary departure requires both the individual and the department to agree before it can be granted. Individuals are asked to apply and departments consider these applications against departmentally defined criteria. These criteria enable the Departments to retain the skills and experience needed; if an individual is deemed to have skills that are required by the department, voluntary departure will be refused.

Furthermore, the Redeployment Service (for IT Professionals) was set up in 2010 to limit potential skills loss through compulsory redundancy by matching surplus people to vacancies.

Q99 Amyas Morse: Presumably you have the planning for the numbers that you need? Just supporting what Ms Creasy was saying, don't you think it is reasonable for us to ask you what your aspiration is for numbers of IT people? Isn't that reasonable?

Ian Watmore: I am quite happy to take that as a challenge from the Committee and come back to you with some ideas about it.

Answer:

The number of IT people required and, more crucially, the skills mix that these people have is driven by departmental priorities and business plans. The ICT Capability Strategy due for publication in the autumn will address workforce planning, at least at departmental level. In the meantime, Departments are working to replace contractors and consultants with Civil Servants. By using initiatives such as the Redeployment Service (for IT Professionals) we aim to achieve this with minimal need to recruit from the private sector. However, it is fair to say, that given Governments' reliance on managed service providers that many of the skills and therefore people required will be in that space and not in the public sector.

May 2011

Written evidence from Intellect

Thank you for inviting us to provide written evidence following your committee's session of 16 May 2011 on the National Audit Office's IT landscape review.

The technology industry believes that there is great potential for the government to take advantage of advances in technology to help tackle the deficit and reform public services. We are working with the NAO to provide detailed input from the industry into their continuing review of government ICT, but here we would like to briefly expand on a few points that arose in your session with Ian Watmore and Joe Harley.

1. **Ensure consistent senior leadership**—From their experience with complex business change projects in all sectors, Intellect members report that consistent senior leadership greatly increases the chances of success. Ministerial sponsorship in particular has a very positive effect on public sector projects, and ideally this should be maintained through transitions of responsibility. Senior Responsible Owners

(SROs) of appropriate seniority and experience should lead projects of all sizes from conception through procurement and delivery. This should be mirrored by a senior lead on the supplier side—a Senior Responsible Industry Executive (SRIE).

2. **Work with the industry to improve information security**—The committee discussed cyber security at length, and ensuring the security of sensitive government information is obviously of utmost importance. Additionally, it is estimated that the cost of cyber crime to the UK economy is £27 billion per year. To tackle this challenge, Intellect and ADS have agreed with technology industry CEOs to set up a “Virtual Task Force” to confidentially share intelligence on cyber attacks across industry and government, identify patterns and organise appropriate responses. This industry-led initiative will not only help secure the UK’s infrastructure, but will contribute to economic growth by minimising the impact of cyber attacks.
3. **Incentivise civil servants to deliver policy and financial outcomes**—At the same time, we need to instil different attitudes to risk in government to accelerate change. “Agile” delivery implies trial and error, and accepting a degree of failure. Doing business with new suppliers requires different approaches to how government evaluates a company’s capacity to deliver and their viability as a business. Running procurements in shorter timescales will depend on standardised processes and perhaps a less rigid application of the EU directives. These reformed ways of working are not necessarily in the government’s DNA, and the “age of austerity” could lead to greater risk aversion and a retrenchment that stifles innovation.

So, we should ensure that there are incentives for ambitious and successful civil servants to step up to the challenge of ICT-enabled business projects. For example, we suggest that civil service bonuses should be explicitly linked to the delivery of policy or financial outcomes, and overseeing a major technology change programme should be a necessary step for reaching the top of the civil service.

4. **Follow through on the SME agenda**—The aspiration of 25% of government business going to SMEs, increased transparency of business opportunities including Contracts Finder, and procurement reform are all welcome initiatives. However, our SME members are reporting that they are still finding it challenging to win government business due to the prevailing attitudes towards risk. Translating the aspiration into reality will take time, and we encourage the government to stay the course. Intellect is currently looking at additional steps that government and industry can take to allow SMEs to win more direct business from government and also form partnerships with companies of all sizes.

One established Intellect initiative is our Innovation Den, which gives technology SMEs opportunities to present their innovative propositions to representatives from central and local government and large technology companies. Over 60 small businesses have pitched at Innovation Dens to date, booking over 125 follow-up appointments on the back of the sessions.

5. **Engage early with the industry**—Similar to the government’s “Starting Gate” (which was discussed in the evidence session), early engagement with the industry can provide early visibility of potential risks and allow public sector customers to test the practicability of their ideas. Intellect’s Concept Viability is one means of engaging the technology industry at the earliest possible stage, and has been used for over 80 public sector projects. Our oral evidence to the Public Administration Select Committee on 15 March 2011 covered Concept Viability at greater length.
6. **Support the UK technology industry as an engine of growth and innovation**—Finally, we would like to echo one of Ian Watmore’s closing comments in his evidence. The technology industry represents 10% of UK GDP, employs over 1.5 million people and will create 500,000 jobs in the UK over the next five years. While it is crucial that we learn the lessons of the past and improve the government’s use of ICT in the future, our industry has a wider role as an engine of economic growth. We urge your committee to get behind our industry in the interests of growth and innovation. Speaking only of “government IT disasters” (especially when many of these “IT projects” are actually complex business change projects) takes the focus away from the underlying business problems and overlooks the immense value that successful technology-enabled business change projects have delivered across government.

The technology industry understands that reforming how the government uses ICT is a two-way street. We are therefore working with Joe Harley to support the implementation of the government ICT strategy, and proactively developing ideas for how we can collectively raise our game. To this end we will be publishing an industry manifesto in October, and we would welcome conversations with you and your committee colleagues as we shape the commitments our industry can make to help the government deliver on its agenda for change.

ABOUT INTELLECT

Intellect is the trade association for the UK’s technology sector, which includes the IT, telecoms and electronics industries. Intellect has over 780 member companies ranging from major multinationals to SMEs. We are a not-for-profit and technology-neutral organisation.

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