

Public Services & ICT

Where next for transformational government?



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By Alexandra Jones and Laura Williams



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Foreword

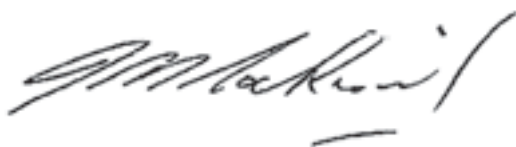
The government set out its vision and strategy for technology-enabled transformational government at the end of 2005. Yet there are some significant challenges that remain in achieving this vision, and vital lessons to be learned from the successes and failures of ICT-led government projects.

Following on from the series of reports published last year – *How, What and Why ICT* - we were interested to review how government itself views the progress so far in achieving transformational government and to look at what may be preventing the efficiencies and cost savings Gershon outlined from being achieved.

There is a widely held belief that government is risk averse, particularly when it comes to ICT projects. However, there are a number of examples where the converse seems to be the case, with failure of these projects widely publicised.

We believe that transformational government is best achieved in smaller steps, rather than by taking giant leaps and committing to huge, full-scale programmes. ICT in government should be about evolution not revolution. Technological success lies in being clear about what the project is for and then assessing what type of software is required and which applications will complement existing IT infrastructures and investments. Using technology in this way, both central and local government in the UK can successfully use ICT to increase efficiencies of information processing. Building on existing IT systems with technology that enables information to be shared across departments means that citizens can receive a faster and more transparent service.

We are delighted to support The Work Foundation in this report. Its history of in-depth and independent research into public services, performance and productivity issues means it is ideally placed to investigate these issues around better public services and technology. We hope you find the report useful.



Ian Cockerill
Government Practice Manager
Adobe Systems Europe

Executive summary

- The progression from eGovernment to transformational government is a welcome and good start to the challenge of delivering more effective ICT-enabled projects. However, there are some key challenges that remain around learning lessons from successes and failures. This report attempts to fill in some of these gaps.
- The report identifies several underlying themes that are being addressed to varying degrees, arguing that if the objectives of the Transformational Government Strategy are to be achieved, then more needs to be done around:
 - **Managing risk** – Government is too eager to take risks when it comes to ICT-enabled projects. There is an urgent need to:
 - be clear about what ICT projects are trying to do
 - keep the scope focused – avoiding ‘scope creep’
 - get the balance right between innovation and tried-and-tested technology.
 - **Piloting projects** – This needs to be done rigorously, against clear measures of success, and lessons must be learned and implemented from these pilots and from ongoing evaluations.
 - **Using tried-and-tested methods** – Trying to achieve too many outcomes from one project increases the likelihood of failure. The likelihood of success is increased if, where possible, projects make use of tried-and-tested technologies with proven business benefits.
 - **Segmenting customers** – Understanding the needs of different groups at different stages of different government interactions.
 - **Understanding the value of ICT** – Leaders need to recognise and value ICT as a crucial organisational tool, and investment needs to be made in the professionalisation of ICT services and solutions.
 - **Engaging stakeholders** – Consulting and engaging key stakeholders early on and throughout the process.
 - **Bridging the chasm between policy and delivery** – Ensuring that there is clarity about the feasibility of delivering different ICT-enabled

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projects and that any changes to policy during a project are informed by an understanding of the impact the changes will have on the chances of delivery.

- The report makes ten recommendations to address these needs and that support the effectiveness of the Transformational Government programme:
 - Ministers and senior managers need to be explicit about desired policy outcomes.
 - Leaders of organisations should be required to publish ICT accounts.
 - 'Scope creep' should be monitored more carefully. When it happens, the risk profile should be updated and the impact on the likelihood of success highlighted.
 - Clearance of large-scale ICT projects should require a report from a rigorous pilot project complete with risk profiles.
 - Everyone involved in ICT-enabled projects should be clear about who is responsible for change management, as well as the change management strategy, and hold them to account.
 - Gateway Reviews should be used more effectively to encourage projects to engage staff early.
 - All ICT-enabled projects must have a communication strategy that makes the case for change.
 - Public sector organisations need to re-think the way they buy in expertise and learn lessons from success.
 - Projects should be managed to create a partnership.
 - Business benefits should drive the way a project is commissioned and evaluated.

1. Introduction: From eGovernment to transformational government

Over the past three years, information and communication technology (ICT) has moved rapidly from the sidelines to the centre of debates about the future shape of public services. There is a growing recognition that technology could transform public service delivery, but that if it is to realise its potential, it has to be taken out of the box marked 'eGovernment' and put at the heart of decisions about what public services look like and how they are managed. The *Transformational Government Strategy*, published in November 2005, was the first comprehensive statement of government policy that explicitly supported this approach and sought to put technology at the centre of the agenda to transform public service delivery.

This is a debate to which The Work Foundation, supported by Adobe, has already made a considerable contribution. Between September 2004 and November 2005, The Work Foundation interviewed 1,000 members of the public, 500 frontline staff and 25 senior managers across the public sector to find out what role ICT does and does not play in improving quality, choice and efficiency in public services.

The findings from this initial year-long Public Services & ICT research project were clear: that ICT has an important contribution to make, but that too often senior managers and frontline staff are struggling to realise the potential benefits of ICT for efficiency and customer service. The main messages from this project are set out in Box 1 overleaf.

Many of these messages are echoed in the *Transformational Government Strategy*, and in the *Transformational Government Action Plan*, published in April 2006. Despite this shift in emphasis in the government's approach, the questions raised at the final seminar of the first phase of the Public Services & ICT work remain:

- ICT is critical to the transformation of public services, to realising greater efficiency and greater customer focus. What will ensure that current and future ICT-enabled projects do not run into the same problems that have bedevilled previous ICT-enabled projects?
- How can public services ensure that they learn the lessons from The Work Foundation's research and from the growing body of evaluation and evidence, including examples of good practice? What is missing in this body of knowledge?
- Is there more research that needs to be done that would support senior managers and frontline staff in realising the potential of ICT to transform public services?

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Box 1: Main findings from the first phase of the Public Services & ICT research¹

- **ICT projects must support business objectives:** Many ICT-enabled projects fail because they have not defined what the ICT is for and if it is appropriate to achieve these objectives. Too often, ICT drives rather than enables the project.
- **No clear vision of high-quality services:** There is a lack of clarity about what high-quality public services look like, and an urgent need to articulate a clear vision of 'better' services to public service workers and citizens alike.
- **Many people remain ICT sceptics:** The case for ICT has not yet been made effectively. Two-thirds of frontline managers do not see ICT as integral to future reforms. E-enthusiasts need to advocate where ICT has benefits – and where it does not – in language that relates directly to public service objectives.
- **Leadership is key:** Leaders of organisations must take responsibility for understanding and managing the potential of ICT, and managing the risks of its failure.
- **Customer segmentation matters:** Customers must be segmented to respond to the needs of different demographic groups and to the type of service. For example, people are more willing to pay taxes online than to discuss medical issues. Fit-for-purpose ICT must then be used for different services: the flashiest technology is not always the most appropriate.
- **Procurement must be improved:** Improved procurement and more effective supply chain management are critical to ICT delivering efficiencies.
- **Staff engagement is vital:** Public services continue to miss a trick by not listening to staff when designing and implementing ICT projects.
- **Communication is fundamental to the success of ICT-enabled projects:** The public needs to be encouraged to use ICT-enabled alternatives, such as online services, where possible. Staff should be made aware of how ICT can benefit their work and be given the space to realise these benefits.
- **More debate is needed:** ICT will transform information management in public services and there is an urgent need for a high-quality debate about the implications this has for customer service and for privacy.

Nearly a year after the final publication in the Public Services & ICT series, this short report seeks to review progress against these questions. Drawing on evidence from case studies, existing literature and evaluation reports, and on interviews with managers across the public sector in policy and delivery roles², this report assesses to what extent ICT-enabled projects currently being commissioned or implemented are learning lessons and, crucially, where they are not learning

¹ All reports can be downloaded from <http://www.theworkfoundation.com/products/research.aspx>

² Individuals were interviewed from: HM Treasury, the Office for Government Commerce, HM Revenue & Customs, PCS, the Department for Education & Skills, the Department for Trade & Industry, the Cabinet Office, as well as a chief executive of a local authority, a chief executive of a primary healthcare trust, representatives from private sector organisations managing ICT-enabled change, and representatives from the voluntary sector.

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lessons and repeating the mistakes made in previous projects. Its findings cannot be taken as a review of the efficacy of the Transformational Government Strategy, which has not had enough time to bed in as yet. Nor should the findings be seen to represent the views of organisations: interviewees were asked to share from a personal perspective the lessons they had learned from implementing policies and where they saw ongoing challenges in implementing ICT-enabled projects. This report therefore presents our interpretation of these perspectives.

However, what this report does do is reinforce the urgency of taking action to improve ICT-enabled projects. Central and local government have recognised many of the challenges they face. Yet, despite the efforts of the Transformational Government programme team, too many ICT-enabled projects are still careering headlong into the same problems as previous ICT-enabled projects. Our research suggests that many of those managing or implementing the projects feel powerless to stop this happening. The report signposts the areas that require further attention from the Transformational Government programme team, and highlights the issues that are underpinning these problems and that should receive more attention from policymakers. If ICT is to realise its potential as an enabler of transformed public services, then these are the issues that must be addressed – and quickly.

The report sets out:

- Section 2: Context and analysis of where ICT is making a difference
- Section 3: Ongoing challenges to successful ICT-enabled projects
- Section 4: Underlying issues that need to be addressed
- Section 5: Recommendations for future research
- Section 6: Conclusions and policy recommendations.

2. Context and successes

One of the key findings from the first phase of research is that projects are likely to flounder if there is a lack of clarity about what projects are trying to achieve, or about how technology can support ICT-enabled public services. This section briefly outlines why ICT has become such an important enabler of projects and then where ICT-enabled projects are currently working well.

2.1 Why ICT?

The case for the value that ICT can potentially add has been made time and again in the private sector. Cost savings through moving transactions online, improved customer focus through extending opening hours, and not having to constantly fill in forms are just some of the benefits to organisations and customers.

The way in which ICT could add value to the public sector can be divided into four main areas:³

1. Changing transactions

Transactions can be simplified with information stored so that whether the customer interacts in person, on the phone or online, it is easier and quicker for them to understand and fulfil their obligations.

2. Changing interactions

ICT can support better-quality interactions with members of the public, whether by extending service availability or by ensuring that employees have access to more information to help the customer. It also means that customers can choose whether to visit in person, call or conduct interactions online. Within and between organisations, individuals can use technology to communicate more efficiently, to facilitate joint working and to support the shared-services agenda.

3. Enabling sharing of information across boundaries

In theory, ICT enables different organisations to share their information more effectively. In an ideal world, Mrs A who has recently moved house would only need to tell one organisation, and all other organisations that need to know this (water company, electricity, council tax etc) would be updated. In practice, this relies on 'interoperability' – systems being able to talk to each other – and on organisational culture (a willingness to share information).

4. Overcoming spatial constraints

ICT means that it should not matter as much where individuals are; they should be able to conduct the transaction using the phone or internet. It has also enabled services to be brought to individuals: social services departments

³ See A Jones and L Williams, *Why ICT?: The role of ICT in public services*, The Work Foundation, 2005 for a fuller discussion

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use hand-held computers to talk home-bound individuals through their benefits forms, making the service more customer-focused and efficient.

Yet, despite the potential that ICT has to add value to public services, the public sector continues to lag behind the private sector. In part, this is because the average customer base of a private sector organisation is smaller, as is the average private sector organisation. This enables private companies to be more fleet of foot. It is also because the private sector has clearer catalysts for change: competitive pressures require organisations to get technology-enabled projects right (in the end) and make adapting to customers imperative. Private sector organisations also often occupy just one service market whereas public sector organisations frequently offer several services, thus adding to their complexity.

This is not to say that the private sector always gets it right. Private sector ICT-enabled work goes wrong too, although without the media scrum and scrutiny that accompanies public sector projects. Nonetheless, there are lessons that can be learned from the private sector. Where there have been successes, such as moving large numbers of people to online banking, these have prompted a growing realisation in the public sector that technology can be used on a wider scale as an enabler of higher quality public services.

However, change requires a catalyst and the increasing use of ICT – not just as a process enabler, but also as a transformational tool – is being driven by four factors that affect the whole of the public sector.

2.1.1 Efficiency

The first and perhaps most significant catalyst is 'efficiency'. The Gershon Review, which identified 'auditable and transparent efficiency gains of over £20billion in 2007–08 across the public sector', has had a significant impact on public sector organisations' planning and behaviours. Its emphasis on reforming the back office, procurement and transactional services, as well as re-thinking work organisation to increase staff productivity, is biting across the public sector – and technology is at the heart of many of these reforms. From local authorities looking at e-procurement, to the civil service pursuing a shared-services agenda, technology is providing organisations with ways of changing processes and reducing costs. The Comprehensive Spending Review in 2007, which is likely to freeze or reduce most budgets, will only reinforce the need for organisations to consider new ways of using technologies to become more efficient. From a cost perspective, technology is not just desirable, but also necessary to enact change on a sufficient scale at manageable cost.

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2.1.2 Customer focus

The second catalyst of technology's greater prominence has been the emphasis on 'customer focus'. The terminology used here has been contentious. Many argue that a better term would be 'citizen focus' to reflect the fact that members of the public view public services from a dual perspective: both as an individual using those services, and as a citizen considering the universality and fairness of services. This can mean that perspectives conflict. The focus groups we conducted last year suggested, for example, that people valued the chance to use technology to get appointments quicker, but that they were concerned that those without access to technology would miss out. 'Citizen' is also felt to reflect better the fact that many are now willing customers, either because they are criminals, victims of crime or dealing with the death of a family member, for examples. This report uses the term 'citizen' to reflect the complexity of focusing on a very broad range of customers and the need for public services to make resource allocation decisions that make the most of limited resources.⁴

Regardless of the terminology used, focusing on citizens represents a significant shift for many public services, which have traditionally focused on their own interests. It requires changing not only perspectives, but also work organisation and process design. Moreover, public sector organisations are being left with little choice about becoming more citizen-focused. Both central government and the public have growing expectations that services will be responsive and are assessing the quality of these services accordingly. Central government assesses this quality at the aggregate level. By contrast, the public focus is on the individual or anecdotal level, which means that there is always likely to be a gap between performance ratings and citizen ratings.

The research conducted by The Work Foundation in 2005 found that 'customer focus' was the top indicator of high-quality public services for members of the public.⁵ The focus groups suggested that this priority was partly being driven by improved experiences in the private sector, whether these services were accessed in person, on the phone or online. Meeting these expectations will require public services to make innovative use of technology to ensure that services respond to different circumstances, whether they are offering online payment options for purely transactional interactions, or offering the opportunity to speak to someone in person for more complex and emotional interactions.

One element of citizen focus, choice, is also being used to drive higher performance. For example, in healthcare funding is following patients. Proponents of choice argue that this incentivises higher quality services because patients will only

⁴ See L Horner, *Public Value*, The Work Foundation (forthcoming 2006) for a more detailed discussion of citizens and 'informed preferences'

⁵ See A Jones and L Williams, *What ICT?: Improving customer focus*, The Work Foundation, 2005 for a fuller discussion

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choose high-quality services, meaning that those services whose performance is not up to scratch will not receive funding and may find competitors muscling in on their territory.⁶ However, there are concerns that 'choice' is an illusory concept in areas where capacity is limited. For example, not all coronary patients can go to the best heart surgeon in the country. There is also the potential for the choice and efficiency agendas to clash, since choice requires surplus capacity, which may conflict with the need to manage costs effectively. Although it may not necessarily overcome capacity issues, technology does offer an option for organisations seeking to offer more 'choice' – or at least more customer responsiveness – in a cost-effective way.

2.1.3 ICT and everyday life

The third reason catalysing technology's prominence in so many public service reform discussions is that it has become such a significant part of everyday life, whether in the private or the public sector. The customer profile of companies like Amazon, easyJet and eBay cuts across income and social groups, and more and more households continue to purchase broadband access to the internet. In interactions with the private sector ICT is becoming not just an accepted element, but also an expected element of the transaction, with the technology enabling organisations to remember who we are as customers, to identify what we want and to speed up transactions.

2.1.4 Increased visibility of ICT

The fourth catalyst of ICT's prominence is the fact that more and more ICT-enabled projects are becoming visible in the public sector. This is not just in places such as JobCentre Plus, which now has terminals in its offices that enable jobseekers to search online for work, but also in the Pensions Service, where behind-the-scenes technology has meant that contact centre workers can talk about multiple benefits to pensioners. Some projects have been high profile because they are associated with poor performance: the Child Support Agency, the Criminal Justice Bureau, tax credits. Others are high profile even if they have had mixed success: the NHS National Programme for IT is attracting an enormous amount of media attention around its substantial weakness on stakeholder engagement, but much less attention for the successes the National Audit Office identified around effective procurement processes.

In an atmosphere of tightening public spending and questions about to what extent public services are effective at understanding and responding to their 'customers', there is a growing imperative not just to respond to higher public expectations, but also to ensure that large IT projects are run effectively. And this is why there is so much ongoing interest in what ICT can help public services

⁶ See the Prime Minister's Strategy Unit, *The UK Government's Approach to Public Service Reform – A Discussion Paper*, 2006 for a more detailed discussion of issues around choice and public service reform

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deliver, what makes ICT-enabled projects effective, what prevents them from working, and what lessons should be learned for future projects.

2.2 Where are ICT-enabled projects working?

Despite the media's eagerness to jump on any evidence of public sector IT failure, there are some success stories.

At a strategic level, the *Transformational Government Strategy* has largely been judged a success. Even critics welcomed its emphasis on technology as an enabler, rather than being the driving force of change, with its emphasis on putting customers at the heart of the way in which services should be designed and delivered. Some of the comments on the strategy described it as 'ambitious', 'exciting', 'well communicated' and 'visionary'.⁷ Its honest critique of where technology has and has not worked won it mixed reviews, but a private welcome from at least one person who thought it a 'refreshing change' to have such a frank account of what works and what needs improving.⁸ Other recommendations highlighted as hitting the mark included the emphasis on shared services and the focus on the need for IT professionalism.

For some critics of the strategy, there was a feeling that the *Transformational Government Strategy* could have done more to celebrate existing success stories in the public sector, and this report acknowledges the importance of doing so (other concerns will be discussed in more detail in Section 3). Although some examples continue to go unpublicised, organisations such as the Improvement and Development Agency (IDeA), eGov Monitor and Kable are working to ensure that best practice is shared across different sectors. This report is not long enough to highlight all public sector successes, but does set out in Box 2 some examples to illustrate that ICT can and does enable the transformation of at least some public services.

⁷ Taken from the summary of responses to *Transformational Government*

⁸ Interviewee

2.3 Case studies: Successful use of ICT as an enabler

Box 2: Success in practice

Pensions Service

The Pensions Service manages 15 per cent of all public sector expenditure – 6 per cent of GDP – so its effective operation is crucial. At its creation in 2002, it was given a mandate for fresh thinking and its vision has always included objectives to improve customer services and to keep costs low. It is increasingly recognised as a model of change in the public sector, having created a business-led programme to change ways of working.

The importance of IT to business discussions was established with the appointment of the chief information officer to the board, enabling discussions about technology and business strategy to happen at the same time. This supported more effective decision making. When it came to the programme, the Pensions Service focused on the front office, learning lessons from previous projects that tried to change both the back and front office at the same time and which tended to be less successful. The project then had three stages: designing the business model, designing processes and culture, and then designing the ICT to enable these. There was also recognition throughout the process that although technical change was challenging, the risks could be defined and planned for reasonably effectively, while people change was far more challenging, and less easy to predict.

How the Pensions Service worked with its contractors has also been praised. It was challenging at the specification stage to ensure that the contractors put their finest people onto the job, and that they understood the scale and complexity of the task.⁹ The Pensions Service has worked closely with the contractors throughout. The creation of a 'no-blame' culture, where it is seen as more beneficial to both sides to identify and manage risks early rather than to conceal problems until they multiply, is an example from which many other public service organisations can learn. The Pensions Service has also worked with the contractor to develop internal capacity.

Birmingham City Council¹⁰

Birmingham's approach to business transformation has seen it named as Europe's top 'e-City' in a 2005 survey of e-governance initiatives in 35 European cities.¹¹ However, Birmingham's director of business solutions and IT, Glyn Evans, has been quoted as saying that Birmingham would 'never run another IT project'. Instead, Birmingham has developed a 'business transformation vision to deliver significant, sustainable improvements in service, of which e-government is one such area.'¹²

Within the council, a case study of using technology to increase the proportion of social care staff qualified at NVQ level illustrates its approach to ICT. Throughout the project, the IT solutions team worked with the social care staff to improve ways of working – not just to create

⁹ See D Craig, *Plundering the Public Sector*, Constable and Robinson, 2006 for a description of how some consultancies have worked with less demanding public sector clients

¹⁰ See Birmingham City Council case study for Public Services & ICT, first phase, www.theworkfoundation.com

¹¹ 'Birmingham Europe's Top e-City', eGov Monitor, 26 July 2005

¹² Ibid

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an elegant IT system. The project started with a review of existing assessment processes, which provided the opportunity to unpick problems and identify what did and didn't work in the existing training and development process. From there, issues such as the need to develop a robust system that monitored how many staff were qualified were identified and then worked on with relevant stakeholders, such as the HR department. Social care staff were kept involved and were consulted regularly through a programme of change management.

Two years later there is a strong commitment to the changed processes because they have been underpinned by business transformation and accompanied by a change-management programme. Some of the benefits have included:

- a clearer focus on outcomes because the team has been given the space to create its own vision and be specific about desired outcomes
- an improved recruitment process and the chance to review the competencies required in care staff
- a strengthened commitment from staff; the new systems are much less frustrating and are delivering clear benefits for them, making it more likely that they will achieve their NVQ.

Birmingham identifies as key to its success the 'whole-systems' review of its processes, focus on the customer and frontline, and its willingness to let the process take time.

Learndirect¹³

Learndirect started in the late 1990s with the primary objective of increasing widespread access to basic skills training and not with a focus on technology. However, by 1999 it was becoming clear that online delivery was to become a principal mode of learning and that web-based technology could have the potential to make basic skills more accessible. More recently, broadband has contributed significantly to this by making all courses more interactive and driving up the quality of learning material used.

Learndirect was set up as a new organisation and so did not need to deal with legacy issues, although this is no guarantee of success for start-ups. That said, Learndirect has been successful in meeting its objective of widening accessibility to basic skills learning.

Some of the benefits of its use of technology include: learners can balance their learning around other responsibilities such as work and childcare; learners and tutors tend to be more productive in lessons on the web; and there is a consistency about the teaching and the whole experience. Use of technology has also been proven to help overcome barriers to learning, eg the gender divide in subjects such as computer-based technology, individuals' concerns about disabilities or language barriers.

Learndirect has also sought to learn and continuously improve by making use of broadband, learning from feedback from tutors, and striving to ensure that it has in-house expertise to manage technological issues where necessary.

¹³ See Learndirect case study for Public Services & ICT, first phase, www.theworkfoundation.com

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Improving the way benefits are administered¹⁴

There are many examples of where technology is being used to improve how benefits are administered. Three examples worth mentioning (the latter two are financed by Project Nomad) are:

Halton Benefits Bus: 'Halton's Benefits Express is a high-tech, mobile, doorstep service dealing with benefits claims that helps greatly to reduce the time it takes for thousands of people in the borough to get through their entitlement reviews. It was set up because the council needed a new way to reach its customers so that information and services would be more easy and convenient to access and overcome a seemingly endless paperchase with benefits claims.

The purpose of the service is to:

- reduce the time it takes to process benefits claims
- simplify the benefits review process for claimants
- make information available about other benefits to residents
- maximise benefits uptake in the borough.

With £50,000 of funding from the Neighbourhood Renewal Fund, a mobile office on board a bus and connected to the council's computer systems now tours the borough offering a range of services. This is a great help for the elderly and people with mobility problems, and is already a popular service with claimants. Processing time for benefits has been reduced from 8 weeks to less than a fortnight and it works through officers going out to claimants' homes to deal with forms and gather evidence there and then. There is no more waiting for postal correspondence, and this saves time and avoids frustration for both claimants and officials.¹⁵

London Borough of Sutton Social Services: 'The London Borough of Sutton has achieved efficiency savings of up to 47 per cent, demonstrated by the use of "Electronic Financial Assessments", that was enabled by changes of process, places and technologies. It has equipped its financial assessments team with tablet PCs onto which staff can write directly when they carry out home-based interviews for people in need of financial support.

Clients can now see how the figures are worked out, leading to fewer complaints. A letter is generated on the spot about the contribution clients need to make to their care package. Overall there has been a 30 per cent increase in productivity as financial assessments now take 1 week to process rather than 4-5 weeks.¹⁶

Sheffield City councillors saving time through PDAs: 'Elected councillors form part of an often-underestimated urban taskforce that networks with citizens, reports work that needs to be done and chases up council workers to see that it is done. In this role mobile technology is well

¹⁴ See A Jones and L Williams, *How ICT?: Managing at the frontline*, The Work Foundation, 2005

¹⁵ Quote from <http://www2.halton.gov.uk/content/socialcareandhealth/socialbenefits/benefitsexpress>

¹⁶ Quote from <http://www.flexibility.co.uk/issues/modgov/project-nomad.htm>

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suited to improving the turnaround time of case work. The council has provided its 84 elected members with an end-to-end mobile solution using Personal Digital Assistants (PDAs) to send electronically reported issues to the council contact centre. Councillors and citizens can then track the progress of their issue through the internet. Early feedback from the project indicates that councillors are saving around 2-3 hours per week, which they can hopefully use to be of greater benefit to Sheffield citizens.¹⁷

Most successful ICT-enabled projects in the private and public sector have some common characteristics that include (in no particular order):

- a clear and realistic business strategy with ICT designed as an enabler
- processes that are redesigned to make them more effective, rather than simply being technologised and 'preserving in amber the paper-based processes'¹⁸
- leaders in the organisation who are engaged in the project and demonstrate visible commitment to its success
- a change management strategy that seeks to consult and engage with staff, making the 'what's in it for me?' case
- investment in the capacity of staff
- customer segmentation – understanding of different customer needs
- good relationships built with suppliers
- risks that are identified and managed.¹⁹

2.4 So why aren't more ICT-enabled projects successful?

Despite the good practice that does exist, there continues to be high-profile projects that are struggling, small-scale projects that don't get it right, and investment in ICT that goes to waste because it is not linked to the business strategy and not accompanied by a change management plan. While the *Transformational Government Action Plan* has set in place a range of activities to try to address challenges around ICT-enabled change across the public sector, more still needs to be done if investment in ICT is to realise its potential to transform our public services.

¹⁷ Quote from <http://www.flexibility.co.uk/issues/modgov/project-nomad.htm>

¹⁸ Interviewee

¹⁹ These findings are taken from the Public Services & ICT programme, first phase

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The rest of this report sets out a series of recommendations for those managing the *Transformational Government Strategy*, identifying the issues that need to be focused on if change is to happen. The report first looks at the intransigent issues: the continuing challenges that again and again are identified by managers and researchers (including The Work Foundation) as preventing ICT-enabled projects from realising their potential. It then identifies some of the underlying issues that managers suggest are not considered enough in existing policy discussions or implementation plans. Finally, the report highlights some areas where interviewees suggested further research would be of interest and concludes with some policy recommendations about what those managing the Transformational Government programme need to focus on to ensure that their reforms are effective.

3. Continuing challenges

There is no shortage of literature about what goes wrong with ICT-enabled projects. The National Audit Office's (NAO) 2003 list of common causes of failure is one of the most useful in highlighting the issues that constantly crop up:

- lack of a clear link between the project and the organisation's key strategic priorities, including agreed measures of success
- lack of clear senior management and ministerial ownership and leadership
- lack of effective stakeholder engagement
- lack of skills and proven approach to project management and risk management
- lack of understanding of and contact with the supply industry at senior levels
- evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits)
- too little attention to breaking development and implementation down into manageable steps
- inadequate resources and skills to deliver the total delivery portfolio.²⁰

The most worrying finding from our research was that despite the NAO's findings being reinforced by later research, including the Public Services & ICT series, and being recognised in the *Transformational Government Strategy*, the challenges outlined above continue to be the ones that people identify as the main barriers to success. And, as discussed below, our research suggests that too many people are unsure about how they can overcome them. (Please note that unless stated otherwise, quotes are taken from interviews.)

3.1 Lack of a link between the project and the organisation's key strategic priorities

'ICT is too often used to resolve a problem that's not business-led.'

Without fail, the lack of frequency with which ICT is linked to business strategy is highlighted as one of the main reasons that ICT projects do not succeed. And time and again, the literature search and interviews confirm that public service organisations are not learning the lessons. Instead, many projects fall into one of two traps:

²⁰ These causes of failure were agreed between the OGC and NAO, disseminated to departments in February 2003 and updated in March 2004

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- **Computerise existing processes:** 'If processes need computerising, then the processes probably need changing anyway. If the process is wrong, when it is computerised it is still wrong. You really need to change the process first and that is often forgotten.'
- **Answers looking for questions:** It is easy to get carried away with the elegance and potential of technology, and in doing so forget to check whether the organisation needs the ICT to achieve its objectives.

As one interviewee put it: 'If ICT was solving the big problem, then people would be keen to support it.' Too often, ICT is seen as being an additional project, rather than as central to transforming an organisation – and that means it lacks support, as well as not contributing to overall business objectives.

For most people, the business benefits of ICT are reasonably clear: 'ICT is the only way you can transform services within reasonable cost limits.' However, interviewees are concerned that there remain problems around defining precisely what an ICT-enabled project is for and that too many projects remain sidelined rather than being integral to the organisation. As one interviewee summarised: 'We really need a more accessible and coherent long-term strategy about how we use IT...The thinking that is happening isn't being translated into practice and it's not accessible...We need real leadership on this and to know where the government is going.'

3.2 Lack of clear senior management and ministerial ownership and leadership

'You've got to get someone at the top who wants it to be done.'

Leadership emerges strongly as one of the barriers to success that seems most immovable. There are concerns that, despite the Transformational Government programme and high-profile ICT problem projects (such as the Child Support Agency and tax credits), leaders are still not concerned enough about their ICT projects, and fail to get fully involved with scoping the work and then ensuring it delivers. Chief information officers are seen as making a difference, but many interviewees expressed the view that without the full engagement of the head of the organisation, ICT-enabled projects would still too often go adrift from organisational strategy. Moreover, despite evidence that getting the ICT right is becoming as important as getting the accounts right, too often it is not understood until too late what impact a poor-performing ICT project will have on delivery of organisational objectives.

Leaders are also seen as critical to ensuring that stakeholders are engaged – customers, IT experts, policymakers, frontline managers and staff – and that

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Box 3: Case study of early process reform: Teachers' Pensions Agency (adapted from a CBI document)

A contract for the management of the Teachers' Pensions Agency was let to Capita in 1997 and subsequently re-let to them in 2004. This case study demonstrates how new technology coupled with significant process re-engineering can improve the quality of services and efficiency.

The Teachers' Pensions Agency has 1.5million members and manages £3.7billion of expenditure. It takes 600,000 calls per annum. Capita found itself managing 450 administrative staff, 9 miles of paper files and a cost base of £17million per annum while service levels were considered inadequate. Capita was asked to provide capital for IT investment, reduce costs and improve services, at the same time as creating employment and developing the site into a pensions administration centre of excellence.

The public sector set policy, standards/KPIs, the penalty regime and the price. The private sector ran the process and carried the risks if service levels were not met or cost savings not achieved. Capita re-organised the business, introduced customer service teams, commenced a business improvement programme, then introduced workflow and began scanning back-files. This was followed by customer survey benchmarking, an annual return process and improved external interfaces. Finally, Capita introduced the latest access channels – interactive digital, TV and PDA, and refreshed its own desktop technology to retain functional flexibility.

In other words, Capita worked with staff to identify improvements to processes using the existing paper-based system. By the time all these processes had been identified, enormous efficiencies had been realised and computerisation was simply used to reinforce them.

The measures improved quality, with the service attaining a 98 per cent satisfaction rating. A web-enabled live enquiry service was launched. More than 90 per cent of queries are now dealt with online or at the first phone call. This demonstrates that once the right systems are in place it becomes possible to offer a high-quality service. Costs were reduced by half to £8.9million per annum, a total saving of £8.1million. The centre now employs over 800 staff. Only 250 of these work on teachers' pensions – the rest service a range of other public and private sector contracts from the centre.²¹

ICT-enabled projects are successfully integrated into the lifeblood of the organisation and supported by a clear change management programme headed by leaders to help make this happen.

Even though the most common policy recommendations from case studies and interviewees could cluster under the heading of 'more engaged leaders', there remains a concern that leaders are not really getting on board. Despite chief information officers, despite customer group directors, despite the efforts of the Transformational Government programme, too many leaders are not really engaged and delegate ICT projects to their head of ICT.

²¹ Adapted from http://www.cio.gov.uk/documents/consult_responses/Confederation_of_British_Industry.pdf

3.3 Lack of effective engagement with stakeholders

'None of the common causes of failure are about technology.'

Most ICT projects do not struggle as much with the technology as with the people and process changes required to make the technology effective. Change management continues to be an area that many interviewees recognise as critical to successful ICT-enabled projects, but are unsure of how to go about it. The impact of a failure to engage with stakeholders is evident in a range of projects, most recently in the NHS National Programme for IT.

Box 4: Case study: The importance of engagement

The National Programme for IT was praised by the National Audit Office for its analysis of potential benefits, its cost savings through speedy and efficient completion of central procurement and effective tendering processes, and its management of contractors – all areas where the public sector has traditionally been identified as having weaknesses.²²

However, where the programme has floundered is in its late engagement of staff, resulting in a situation where 94 per cent of GPs say they knew 'a little' or 'very little' about the project and 92 per cent of GPs say they have not had the opportunity to feed into the consultation.²³

Not enough was done by project leaders to engage staff early on because of a reluctance to raise expectations and a lack of clarity about who was responsible for doing this work. There are now serious concerns about the clinical implications of the system not being used effectively, let alone the billions spent on the system not being put to good use because doctors are not engaged and not keen on the system.

The Work Foundation's change management experience demonstrates that achieving the goals of an ICT-enabled project requires moving both mindsets and actions in three main ways from:

- a focus on 'system development' to a focus on 'whole-system development'
- a technical orientation with 'bolt-on' programmes for core issues of culture, motivation and user engagement, to a focus on how the constituent organisations, and individuals within in them, really operate as complex webs of behaviours, processes and technical systems
- technological capability becoming inexorably the goal, to the desired outputs remaining front and centre as the goals to which the technical system contributes appropriately.

Managing stakeholders encapsulates the change issues for ICT-enabled projects: an effective programme of stakeholder engagement will unlock the

²² National Audit Office, *The National Programme for IT in the NHS*, June 2006

²³ National Audit Office, *Patient Choice at the Point of GP Referral*, January 2005

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doors to success in all other work streams, from communications to solution enhancement. Too many stakeholder initiatives tend to the 'one-way' stance of 'how can we convince/instruct this constituency to comply?'. At best, this is sub-optimal and at worst will merely serve to engender resistance. Real stakeholder commitment requires a process that gains real insights as to the motivations of each stakeholder group as the precursor to effective management. Proponents of change need to understand the different components of Gleicher and Beckhard's formula for change:

$$C = (D \times V \times F) > R^{24}$$

where,

C = Change

D = Dissatisfaction with status quo

V = Vision or picture of the way things could be if our problems were solved

F = First steps towards doing something about it

R = Resistance to change

So, in a public service organisation, there needs to be a reason why people are **dissatisfied** with the status quo, a **vision** of what a better way of doing things would look like, and a sense of how to take the first steps to getting there – and these need to add up to more than the **resistance** to change.

An effective programme of stakeholder engagement also recognises that the manner in which it is undertaken is also part of the solution; it is advantageous, wherever possible, to co-opt the stakeholder in solving the issue rather than to present a fait accompli. But this does mean acting on feedback. One interviewee described their experience of the consultation process as being: 'Government consults, then goes into a box, and then says "Here's the solution!" – but it doesn't work because they hide in a little room to design it. Government needs to share more of what it is going to do and how so everyone can align behind that.'

It also means making use of all available data to understand different stakeholders. One interviewee highlighted how difficult it was to find out information on an individual from different places, particularly if you are a small organisation working with government and given that there are so many interpretations of the Data Protection Act that people are reluctant to share information, just in case.

²⁴ See R Beckhard, *Organisation Development: Strategies and models*, Addison-Wesley, 1969 for details

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The interviewee argues that engaging with stakeholders also means enabling providers to engage with the government system so that everyone working with different groups can understand those stakeholders, know their history, and so use the technology to provide the best quality public service possible.

3.4 Lack of skills and proven approach to project management and risk management

'Too many parts of the public sector want to feel unique and they try to re-invent the wheel.'

Project, programme and risk management are vital elements of successful projects of any kind, but perhaps particularly so in some of the large-scale ICT-enabled projects in the public sector. It is well recognised that, despite the Office of Government Commerce's work on establishing clear protocols for managing programmes, projects and risks, and despite the delivery unit's work with key delivery departments, project, programme and risk management remain capacity problems in the public sector.

Some of the particular challenges include:

- **Scope creep:** Too often projects either start with unrealistic objectives or get into 'scope creep'. There can be a tendency in some public sector projects to put everything that it would be desirable to do into one specification. This makes that specification hugely complex and very difficult to deliver. As one interviewee puts it: 'People assume that because things are possible, they are practical as well.' Sometimes scopes can start off being realistic and then gradually become more and more complex with each small addition: 'People... keep adding to the spec. While each addition in itself is small, over time it is massive. It is the last 10 per cent of the spec that makes the system fall over.'
- **Unrealistic timescales:** Unrealistic timescales can be the result of pressure from media headlines, politicians or the public. Some projects can also start with unrealistic timescales because of lack of experience in delivering a similar project. Bringing deadlines forward has a knock-on effect on delivery.
- **Perfection tomorrow rather than compromise today:** A wholly understandable desire to get everything right first time, rather than accepting that this is very difficult and that it may be better to get something mostly right and then keep improving it, could also be partly explained by a lack of project and risk management capacity. While it is recognised that there are some areas where the public sector cannot afford to fail, for example benefits payments cannot be delayed, there is a strong argument that: 'All you need is 95 per cent of the system working and a safety net.' This would be a less

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risky option than insisting that everything works perfectly from the start and tolerating lengthy delays and hiked up costs to achieve this.

- **Not enough attention paid to risk profiles:** Each addition to the specification, particularly if it is during the lifetime of a project rather than early on, makes the risk profile of a project less good. Each project should have a minimum permitted level of risk and this should be well above 50 per cent. All too often projects are allowed to continue with a much lower probability of success. By having an unrealistic specification, or adding to it too much, the public sector is asking projects to deliver too much. It is therefore taking on a much higher risk that the project will find it difficult to deliver anything worthwhile.

Box 5: Case study: Risky scopes

The Child Support Agency was set up to work through 'often complicated emotional, financial and legal issues to bring about a degree of financial stability for children and parents'.²⁵ This involved: assessing applications, calculating maintenance payable, maintaining the accuracy of maintenance assessments, collecting money and enforcing assessments. The agency was struggling and so was reformed with a new system coming into force in March 2003. The main features of these reforms were introducing new rules for child support and a simplified calculation for maintenance, which were supported by a new IT system and substantial business restructuring.

Where it works, the agency collects regular contributions from non-resident parents and transfers it to the parents caring for the children. However, there have been problems with the IT systems and the organisation that have meant the reforms have not been implemented effectively. A number of factors were identified as contributing to this, including: a lack of sufficient internal technical resource; inappropriate original contracting strategy; the time it took to develop a full partnership with EDS²⁶; serious governance failures; over-optimistic planning; and a continuing culture of non-compliance with established systems of control.²⁷

However, one of the central challenges that the NAO report identified was that the: 'Agency's requirement for a large, complex IT system to a tight timetable was at the upper end of what was achievable. Coupling development of the IT system with a fundamental re-alignment of the agency's business arrangements further increased the risks to successful delivery for an organisation, when the reforms were announced in 1999, that was under-achieving and already stretched.'²⁸ The NAO report goes on to argue that with such high inherent risks the agency's governance and mitigation strategies had to be exemplary – and that these risk management strategies were not good enough.

²⁵ National Audit Office, *Child Support Agency – Implementation of the Child Support Reforms*, June 2006

²⁶ EDS provides business and technology solutions to a range of private and public sector clients

²⁷ National Audit Office, *Child Support Agency – Implementation of the Child Support Reforms*, June 2006

²⁸ Ibid

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3.5 Lack of understanding of and contact with the supply industry at senior levels in the organisation

'Government doesn't wield its muscle enough with the supply chain.'

The relationship between public sector commissioners and private and voluntary sector suppliers remains one that needs improving on both sides if the quality of interactions and outcomes is to be improved. There is widespread recognition that improved procurement is vital to better government projects, and the work by the Office for Government Commerce (OGC) has had a considerable impact, including Gateway Reviews and more advice for public sector suppliers. Yet the quality of procurement and of supplier relationships continues to be patchy in a number of areas:

- **Designing the procurement specification:** All too often the specification for projects is hopelessly overloaded or expands over time. Many specification requirements run to hundreds and hundreds of pages specifying in minute detail what is required. This is instead of focusing on the outcomes required and then demanding that the suppliers – the experts – draw on their experience to devise a proposal that will deliver these outcomes. By over-specifying early on and changing the specification because there is a desire to cram more into one project rather than basing changes on the limits of technology, many projects run the risk from the start of being impossible to deliver.
- **Creating genuine partnerships:** Government spends a great deal in the ICT market and could use this leverage to demand more from its suppliers, ensuring that they put their best people onto projects, that they produce high-quality tenders and that they work with others (eg change management specialists) to ensure that the project is not solely about ICT. Government also needs to ensure that the relationship is not too adversarial. More needs to be done to learn from projects that have 'devised a model based on trust and relationships and less on contracts'. This means creating a relationship where the supplier works closely with the public organisation, where both are keen to identify and rectify problems early on, and where both are learning from each other.
- **Being realistic about risk transfer:** It is important that the supplier takes on some of the risk of a project and that there are penalties if a supplier fails to deliver. But this should not make it difficult for the supplier to admit that problems exist because this would make the project more rather than less likely to fail. It should also be recognised that government departments cannot fully transfer risk: if a high-profile project doesn't deliver, it is the government

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department and the minister who is blamed by the public, not the private sector – regardless of who was responsible.

- **More honesty from suppliers:** 'An engineer would refuse to build a bad bridge and would know that no one else would, but with an IT system even if you think it will never be successful, suppliers tend to think it will become clear, and then you will get paid more...[some companies] know the customer is flexible and will give you more money, and it is not an exact science.' Although there are many challenges that the public sector needs to rise to around procurement and the relationship with private sector organisations, more is also needed from the suppliers. There is a need for professionalisation across the sector to ensure that all operate to the same standards. This would also mean that if a specification was undeliverable, every ICT organisation would say so. Of course, there is a tension here as the government market is lucrative, and this requires a reformulation of the relationship between contractors and suppliers. There are examples of very effective projects – the Pensions Service, Westminster City Council – that do manage relationships well with suppliers, maintaining the balance between establishing trust and working with them, and holding them to account. More lessons need to be learned from these projects to manage the risks created by poor procurement and poor relationship management.

3.6 Evaluation of proposals driven by initial price rather than long-term value for money

'All too often, the success of an ICT project is assessed on whether it delivers on time and to budget – but not based on whether it has delivered measurable benefits.' Case studies and interviewees suggest that too many projects start with an unrealistic budget (perhaps excluding the full cost of change management) and with too little consideration of what the business benefits will be. When it comes to assessing how successful a project has been, there is also a tendency to focus on whether the project was delivered to time and to budget – and not to examine whether business benefits have been realised. There is little point delivering a project quickly and cheaply if it generates no benefit to an organisation – it just makes the project an additional cost. Conversely, if a project generates considerable benefits, but takes a bit longer or is slightly (not enormously) over budget, then it should be perceived as a success.

Challenges to the delivery of business benefits include the fact that the scope can change a great deal between commission and final delivery of a project, making it difficult to keep to budget, time or business benefits. There can also be a difficulty if the project is not using tried-and-tested technologies but new technologies

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instead where business benefits have not been clearly demonstrated and it is harder to learn lessons from previous practice.

3.7 Too little attention to breaking development and implementation down into manageable steps

'There's a void between well-intentioned policy and delivery.'

The lack of experience in project, programme and risk management is reflected in the observation, emerging from literature searches and interviews, that development of the project often takes place too fast with too much happening at once. The desire for 'perfection tomorrow, rather than compromise today' manifests itself both in overloading the requirements for a project and in trying to do too much at once.

Part of this may come down to the lack of productive dialogue between expert groups:

- **Between policymakers and deliverers:** Too often, these groups do not talk to each other enough, and even when they do there are misunderstandings: 'The language and the concepts are not shared.' Neither group is very good at understanding the perspective of the other. This can mean that there is a lack of awareness on the part of policymakers about the way to break down a project into manageable chunks and a lack of time on the part of deliverers to manage a project in the most effective way. This can result in antagonism between the two groups, both blaming the other for failures, and a lack of clarity about who is ultimately responsible for delivering business benefits: 'Policies tend to go into the ether and clear lines of accountability need to be drawn between policy and delivery. There is a murky area between them at the moment and that is where IT fails.'
- **IT managers and senior managers:** 'People don't talk well about ICT. The IT professionals don't engage in organisational discussions. They use jargon, and the managers are uncomfortable with IT and don't challenge the IT professionals, and so you have two groups that are more comfortable not talking with each other.' This means that there can be misunderstandings over whether the technology is fit for purpose or generates business benefits, and about how that technology needs to be implemented at different stages. There is an urgent need for IT specialists to change the way in which they interact with the organisation – and for the organisation to rethink IT's standing – if ICT-enabled projects are to benefit from a real dialogue about what can and cannot work, and the different stages.

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Bringing these groups together is an important step to overcoming some of the challenges around design and more effective implementation, as well as making it more likely that resources will be used effectively.

Another key issue is the absence of robust measures to ensure that pilot projects are just that, pilots, and that they are tested, evaluated, then revised and finally rolled-out. As the former head of the Prime Minister's Strategy Unit, Geoff Mulgan, commented recently: 'Some pilot projects that had barely started were proclaimed as successes, and many programmes that depended on the slow graft of building up community capacity – like Sure Start or the neighbourhood regeneration programmes – were implemented too quickly.'²⁹ Projects need to progress slowly, not only to break down development and implementation into smaller steps, but also to recognise that it is very unlikely that everything will be right first time. This is why there is a need for piloting and testing that is 'real', rather than just being the precursor to rolling out the original programme.

3.8 Inadequate resources and skills to deliver the total delivery portfolio

The dual challenges of resources and skills are touched on throughout the discussion about the successful delivery of ICT-enabled projects.

Resources are always likely to remain a challenge. In the public and private sector, too many projects are under-resourced, expected to deliver a great deal for very little, and the time and cost of change management underestimated. With Gershon and the next spending review likely to tighten budgets still further, there is a need to address this issue more effectively through prioritisation based on a clear cost-benefit analysis (where the benefits are about business and customer benefits). Projects will have to consider more rigorously the resources required for successful delivery and how much change management is needed, and whether these projects will be able to deliver business benefits that make the investment of resources worthwhile. One interviewee also highlighted the importance of reviewing whether cost savings made through ICT projects should be re-invested in frontline staff in order to reap maximum benefits in terms of quality of service.

Skills is an issue that has been recognised and that is starting to be addressed. Managers have welcomed Professional Skills for Government and the emphasis on the professionalisation of IT managers as vital contributions to improving the implementation of ICT-enabled projects. Yet as one interviewee highlighted many frontline staff 'do not have access through their work to technology and are not computer literate'. If some projects rely on frontline staff being able to use new technology, then this skills gap must be bridged.

²⁹ Quoted from 'Lessons of Power' by Geoff Mulgan in *Prospect*, May 2005

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Yet the challenges of skills is not just about a lack of skills, but also the esteem in which certain skills are held and the extent to which they are valued sufficiently in organisations to encourage people to make use of them. Sir Michael Bichard, former permanent secretary of the Department for Education and Employment, famously once said: 'If you can't "do" policy, then you are relegated to the Siberian fields of management.'³⁰ In other words, managers are seen as second to policymakers, and while this is changing rapidly in the civil service, these changes take time and it may still be the case that a policy perspective is valued above a management perspective when it comes to taking project decisions.

IT skills are also seen as less valuable than some others. One interviewee commented that: 'In most jobs, people work with experts like lawyers and accountants, and you know a bit about the law for your job but you always consult the expert...and IT should be like that. It should have the same standing as lawyers and accountants do.' The fact that IT does not have this standing is not just down to the skills of IT professionals, but also to perceptions about how important IT is in the grand scheme of public services – and this needs to change.

Our case studies and research suggest that these issues, identified by the NAO three years ago, continue to be intransigent for those seeking to maximise the benefits of ICT-enabled projects. But our research also suggests that there are some underlying themes that need to be addressed if progress is to be made. These are outlined in the next section.

³⁰ A Jones and A Westwood, *FE:UK: Productivity, social inclusion and public sector reform*, The Work Foundation, 2003

4. Underlying themes

These underlying themes were identified during the course of our year-long research project and our more recent research and interviews. They are issues that underpin many of the challenges outlined in the previous section and which some interviewees think more attention should be focused on if progress is to be made. Some, such as customer segmentation, are being seriously considered. Others, such as the gap between policy and delivery, require further attention. However, all are critical if the public sector is to achieve a step-change in the contribution ICT makes to transforming its services.

4.1 Government takes too many risks

'The risk appetite in government seems to be high based on failure rate. So maybe it shouldn't be about using technology in ways that it hasn't been used before?'

The public sector is often criticised for its risk aversion. However, when it comes to technology projects, there is a strong argument that the public sector is far too eager to take risks and to pursue over-complex solutions. For example, the issue of scope creep discussed earlier.

Each project should ideally have a risk profile with a 75 per cent probability of delivery. However, all too often projects are allowed to continue with a much lower probability of success. By having an unrealistic specification, or adding to it too much, the public sector is asking projects to deliver too much and so taking on a much higher risk that the project will find it difficult to deliver anything worthwhile.

There is also too much emphasis in ICT-enabled projects on innovating rather than adopting tried-and-tested technologies. This is not an argument against innovative technologies *per se*. For example, making use of mobile technology is an innovative way of reaching hard-to-reach groups. However, innovative technology that is untried is often required because the scope is too broad. As one interviewee commented: 'If you want to increase success rates...you should use tried-and-tested methods and get 99 per cent of the business benefits...Too many parts of the public sector want to feel unique and they try to re-invent the wheel.'

Many organisations in the private sector work across continents. There are therefore lessons at the level of scale that are now more easily transferable to the public sector. Not all projects can be solved by tried-and-tested technologies, but considerably more can than are at present if money is to be used efficiently in a time of more constraint.

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4.2 More projects need to be rigorously piloted

Time constraints, political and media pressures and the desire to sort out a problem perfectly now all conspire to make it difficult to conduct rigorous pilots of government projects. Indeed, some see pilots more as a rubber-stamping exercise than as an opportunity to iron out glitches or perhaps re-think the whole approach. More testing would potentially save the public purse millions. Some of the testing may have already taken place in the private sector. As discussed earlier, there is a strong argument that more public sector ICT-enabled projects should use systems where the business benefits have been proven in the private sector. But every ICT-enabled project should strive to learn lessons from somewhere else, and to ensure before an expensive roll-out exercise takes place not just that the technology is tested, but also that stakeholders are engaged, that risks are recognised and that the likelihood of achieving business benefits is very high indeed.

4.3 Keep it simple

'In my view success is all about using simple technology effectively.'

If projects are to deliver business benefits, then they need to have simpler, more focused scopes. Underlying many of the challenges facing the public sector is a desire to over-complicate: to reinvent the wheel, to do everything at once, to solve all problems. Usually this is a recipe for disaster. Instead of trying to address one discrete issue, public bodies can find themselves not addressing the original issue, creating new problems for themselves and realising next to no business benefits from the investment at all – the Rural Payments Agency is one example of this. The principle of 'keep it simple' should underpin these projects. If the desired outcomes cannot be expressed simply with clarity about the audiences, and if the business benefits cannot be expressed simply, then questions should be raised about the feasibility of achieving the scope.

4.4 Customer segmentation

'What are the places where what customers want is important, and what are the places where it's not?'

At the heart of the *Transformational Government Strategy* is a realisation that customer focus is critical to transformed public services. As *How ICT?* argued, there is a need to balance this with concerns about efficiency. Those who can use cheaper channels, such as online services, are encouraged to do so, but not at the expense of harder-to-reach groups who perhaps need to use more resource-intensive, face-to-face and telephone services. However, there is still not enough discussion about operating different channels at different times for different customer groups, and second, how different channels may need to evolve over time.

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An interviewee expressed it as follows: 'Everyone wants to force people down the same path – but one channel is not enough... You need to balance transactions with quality contact.'³¹ Another described it as: 'When you apply for a mortgage, there is one-way interaction when you look at the literature online, and then you have a face-to-face conversation, and then they need to look at your suitability and come back. Between the beginning and end of the process there are lots of different points of contact, all of which require different channels.'

Best practice literature and the interviewees' experience suggest that the following principles are vital to re-thinking how services are provided – and are currently too often overlooked:

- **Simplify transactions:** 'Use ICT to take away the transactional thing' – ensure that simple transactions can be conducted online.
- **Incentivise cheaper options:** 'Take out the person who doesn't mind which channel they use' – incentivise those who can do so to use the cheaper service.
- **Different solutions for different services:** 'Some public services are involuntary, such as getting arrested or car tax. Others are completely voluntary, such as the library or health.' Some services will be taken up, even if it requires change, because they are compulsory. Others need to make it easy for the user – the key is to work out which is which.
- **Design services around customers:** 'Match the strata you serve with access.' Research who uses which channels and at what times of day and tailor your provision to that. For example, ensure that there are more staff at peak times rather than maintaining the same staffing levels throughout the day.
- **Do a pilot:** Test whether customers are willing to use the solution you offer: 'People weren't ready for the Mondex card [a card that meant you did not need to use cash in newsagents]...but the Oyster card now might mean they are.'
- **Have a safety net:** 'Always have some kind of safety net, not too easy, but something that means if you are in an automatic voice system, you can always press a button and get a person.'

Not only is there a need to re-think how services are designed so that they use different technologies at different times in order to minimise costs and maximise

³¹ Interviewee

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customer focus, there is also a need to think about how this might change over time. There was a concern that public services may be unaware of what customers are using now, let alone what they might use in 5 years. While there was an acknowledgement that any ICT-enabled project will be out of date almost as soon as it starts because of the speed with which technology evolves, it was also recognised that services like mobile phones offer cheap ways for government to interact with hard-to-reach members of the public. Big mistakes could be made if the public sector does not keep an eye on the future. For example, an airline could have lost a lot of money in the last 5 years if it had invested in voice-technology systems when everything is moving online. A great deal of public money could be wasted also if projects don't keep sufficient focus on the future.

4.5 ICT matters

'There needs to be an assessment of the potential and limitations of IT before a project starts; expectations tend to be much too high.'

Too many expectations and not enough value are placed on ICT. It is not an end in itself; it is an enabler. However, more importance needs to be placed on it being used and implemented effectively because ICT failures can lead to anything from people not receiving benefits to information being overlooked or misused in a way that leads to serious consequences.³² Leaders in particular need to recognise how important it is that they understand ICT, that they manage the risks of failure, and that ICT skills are valued in the organisation as part of the mix that leads to successful policies that focus on business benefits.

This also requires investment in ICT skills, creating ICT professionals who are consulted as experts in the same way as lawyers and accountants are. This is seen as requiring 'a more disciplined approach to ICT...all employers need to develop common competencies and look for certain qualities in their staff'. The Transformational Government programme is making a start on this. It needs to be backed up by a change in the dialogue between managers and ICT professionals, and through governance measures such as ensuring that directors of ICT are on the boards of organisations and are involved in policy discussions from an early stage.

4.6 Stakeholder engagement must be real

If a process requires computerisation, then it is likely to require revising and to do this successfully requires engaging with employees. Projects frequently fail because they did not engage properly with people and aim to understand not just their motivations – 'what's in it for me?' – but also how they work day to day. One interviewee argued strongly that many processes in the public sector are not very susceptible to technology since they rely on face-to-face interaction, such as

³² The Soham Inquiry highlighted the importance of sharing information between police forces

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education and social services, and that the desired content of interactions should be considered as well as the potential of technology to save money. In order to use ICT in the most effective areas, those running the project have to talk to people about what they do day-to-day and have to ensure that it is the organisation that makes the decisions about how to change processes – not just consultants. After all: 'People tend to deliver by working around the problems in the existing system. When there are too many "work-arounds", the system falls over. And because the work-around isn't written down, it's not compatible with the work-around elsewhere, so consultants don't know about it. When things are changed these little things get lost and everything falls apart.'

Over-reliance on those too far removed from the day-to-day working practices (strategic policymakers, consultants etc) to design an elegant, technology-enabled solution is dangerous because it doesn't account for the informal ways in which people get around the system in order to do their jobs well. If people who deliver to customers – and this should include engagement with unions – are not involved in the design of policies, then policies are likely to miss something crucial to success.

4.7 The chasm between policy and delivery

At the heart of many of the challenges facing ICT-enabled projects is the chasm between policy and delivery. This is illustrated by a lack of understanding about how people work day to day (discussed above), as well as in the way that scopes rapidly change without clarity about the impact that this will have on delivery. This leaves policymakers and managers blaming each other when projects fail.

There are no easy solutions to this. Policymakers are put under considerable pressure continually to adapt and update policies. As one interviewee put it: 'There is too much time pressure and focus on delivery in policy, creating very tight deadlines ...making it hard to make good policy.' Another interviewee concurred, but said that policymakers will always be subject to these pressures: 'We live in a democracy and there are always different solutions – you only find out the issues when you implement them and there needs to be more flexibility in delivery.'

Yet despite the policymakers being under pressure, they are criticised by deliverers because 'there is not enough interest in detail, in the consequences of the system crashing down...[policymakers] don't realise how clunky it is to fix things.' Unless deliverers cut corners or refuse to play ball – not usually an option – then they risk failing to deliver a successful project.

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A higher quality dialogue between the two groups could start to overcome these barriers with each explaining their different perspectives. Rather than delivery staff complaining that policymakers don't understand how complex it is to implement solutions and policymakers complaining that delivery staff don't understand that they need to be flexible, the two should be talking to each other early on and throughout a project: 'Too much time is spent on policy [discussions] with delivery just not there.' It may also make it easier for policymakers and delivery staff to be more flexible about what can and cannot change: 'If policymakers and deliverers were in a room together, then they might be more modest early on and have a solution that can be changed, with the changeability [reflected] in the main design.'

5. Where are the research gaps?

One of the key aims of this brief report is to investigate the gaps in existing research. Are there issues that those trying to run or deliver ICT-enabled projects need to know more about? The interviews suggested that there were. While one of the gaps was around not enough piloting, evaluation and subsequent review of projects (a general issue for any ICT-enabled project commissioned), other research gaps fall under five main headings.

5.1 Customer segmentation and future predictions

Policymakers considering how to deliver more customer-focused and efficient services argue that it would be helpful to know more about how different channels of interaction might change over time. Key questions include:

- What combination of channels is suitable for different demographics using different services? Are people thinking about the right demographic group? For example will home-help social services increasingly be procured by elderly people's children, who will be much more comfortable operating online?
- What is the private sector thinking about since they tend to be ahead?
- How can services make use of technology like mobile phones, which all homeless people – a very hard-to-reach group – tend to have, for example?
- Which transactions need multiple channels? How do we understand customer behaviour?
- What channels are needed to deliver different government services? How do we assess people based on behavioural characteristics rather than on demographics?

This suggests that a project that focuses on different services, examining the channels preferred by different groups using those services and how these might change over time, would be invaluable for a range of strategic policymakers and deliverers.

5.2 Leadership and governance

Interviewees argued that leadership is critical and that many of the IT programmes that would make a real difference now or in the future run across several different public sector organisations. They argued that there is a need for research that looks at some of the following questions around leadership and governance:

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- How do you develop leaders who recognise the importance of ICT to their business?
- How do you manage projects so that there are clear accountabilities and responsibilities that go right to the top of the organisation?
- How do you manage the complexity of IT programmes that run across several different organisations given that there is no single responsibility for governance and control and no obvious source of funding?

5.3 Case studies

It was clear from most interviewees that more practical information on what works and what does not would be invaluable to those implementing projects as well as those planning them. Some key questions include:

- What do leaders need to do?
- How do you design the scope most effectively?
- What are effective ways of working with suppliers?
- How can you identify and manage risks most effectively?

There was demand for a research project that looked at a project happening in different organisations now and that assessed how effectively different organisations were implementing the same requirements.

5.4 Culture change good practice

NAO research and interviewees acknowledge that the public sector does not have sufficient expertise to manage change effectively at present and there is a real desire to know more about how to do this. Some of the key questions include:

- How do you establish a case for change?
- How do you involve the right people at the different stages of design and delivery of an ICT-enabled project?
- What keeps people motivated throughout the life of a project?
- How can the change management and ICT programmes work together most effectively?

Interviewees were concerned that this strand of the *Transformational Government Strategy* was particularly challenging to deliver and could be overlooked.

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5.5 Dialogue between policy and delivery

The final area in which interviewees indicated that research would be useful was in improving the dialogue between policymakers and those delivering the policies. Key questions that interviewees are interested in include:

- Where does communication currently fall down?
- Where would be a good point to get a conversation going between policy and delivery?
- How can ICT experts be involved more effectively?
- How can an element of challenge from both sides be introduced so that there is always awareness of the desired outcome – and of the risks of failure if the scope is expanded?

Interviewees suggested that case studies from successful and less successful projects would be the most effective way of bringing to life lessons about improving these key relationships.

6. Conclusions and policy recommendations

If government is to have more successful ICT-enabled projects, then it needs to:

- think much more explicitly about what each project is trying to achieve
- keep the scopes simple rather than trying to wrap everything possible into them
- pilot projects
- manage risks much more effectively than it does now.

Although it is counter-intuitive to argue that government takes too many risks, the evidence base suggests that when it comes to ICT-enabled projects, too often caution is thrown to the wind in favour of complex specifications. This is not to say that the problems facing government are simple, nor that it is easy for policymakers to rule issues in and out of projects – far from it. But one of the most significant and perhaps underplayed challenges facing the Transformational Government programme is the need to manage risks more effectively.

The recommendations set out below aim to contribute to the work that the Transformational Government programme is already doing and enable government to manage better some of the risks.

Recommendation 1: Ministers and senior managers need to be clearer about desired policy outcomes

'It is almost impossible to deliver on policy objectives without being explicit about the desired policy outcomes... People focus on what's written down and that means policy outcomes can get squeezed out.'

Political considerations can make it difficult for ministers to be clear about the outcomes they are trying to achieve. Often this makes it easier for projects to focus on outputs, such as the number of days someone should have to wait for a hospital appointment, rather than the outcome of more responsive, high-quality care. Yet that lack of clarity can fatally undermine all projects, particularly ICT-enabled projects, which are expensive, take years to implement and even longer to dismantle. Ministers, local councillors and senior managers in the public and private sector need to recognise their responsibility in this area. For projects where the outcomes remain unclear this should be logged in the risk register. Proxy measures of success should be devised and progress reviewed regularly against them, with ongoing conversations at a senior level to seek greater clarity about desired outcomes.

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Recommendation 2: Leaders of organisations should be required to publish ICT accounts

Leaders of organisations are held accountable for the state of their finances. They should also be asked to publish a report on their technology, how it is performing in terms of customer service and efficiency, what investment in technology and people has been required over the last year, the risk of poor performance in coming years and any actions that are being taken. If ICT is as important as finances are to the operation of organisations such as HMRC, the Child Support Agency, the Passport Office, the Immigration and Nationality Directorate etc then there should be a requirement to report on ICT and to be held to account for it. This would make it part of leaders' performance assessments and make it more likely that they would see the need to be fully engaged in the commissioning and management of ICT-enabled projects.

Recommendation 3: Scope creep should be monitored more carefully and always linked to the risk profile

Leaders of organisations should take more responsibility for ensuring that scopes have more realistic objectives early on and are not allowed to creep out of control. Whenever a scope is designed or changed, a risk profile should be constructed to demonstrate the impact of any changes. And where the risk profile shifts so that there is less than a 75 per cent chance of achieving the project on time and to quality, serious questions should be asked about whether the scope should be extended.

Recommendation 4: Clearance for large-scale ICT projects should require a report from a rigorous pilot project complete with risk profiles

Clearance by permanent secretaries of the expenditure needed for large ICT-enabled projects should require a rigorous pilot project report. This should involve setting up a 'user group', where relevant, involving not just unions and private sector representatives but also private and voluntary sector companies and public sector organisations that will need to use the IT system. The pilot should have been conducted with success criteria defined early on, and include an evaluation that highlights successes, lessons and the likely risk profile for the wider project.

Recommendation 5: Everyone involved in ICT-enabled projects should be clear about who is responsible for change management, as well as the change management strategy

One of the reasons that the National Programme for IT has floundered may have been a lack of clarity about who was responsible for stakeholder engagement. All too often in ICT-enabled projects change management can fall into the gap

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between the organisation running the project and the contractors – who may only be specialists in ICT – designing and implementing it. Even where organisations work with change management specialists, there is a need to be clear about responsibilities: who designs the change management programme?; who implements it?; who evaluates it? Successful ICT-enabled projects must not only have a change management strategy that draws on experts' experiences, but also clarity about who owns that strategy and drives it through.

Recommendation 6: Gateway Reviews should be used more effectively to encourage projects to engage staff early

'Problems are made worse by not involving people in design and development. People who are not part of the business are left to design the solution – and that means no ownership.'

Projects should ensure that consultants are not left to design the solution in isolation. Effective change management strategies work closely with key stakeholders – senior staff, frontline staff, customers – to understand their motivations, what will drive change and how they work day to day. Examples of success, such as Good Hope Hospital in Glasgow³³, demonstrate that involving people in discussions about what an ICT scope should include at an early stage makes it much more likely that the final project will be successful. Gateway Reviews offer an opportunity for an assessor to evaluate whether this is happening and to encourage it to do so if it is not.

Recommendation 7: All ICT-enabled projects must have a communications strategy that makes the case for change

Change requires a catalyst or some kind of recognition that change is either necessary, for example to keep a job, or that it will make a job better. In the public sector it can be challenging to create a clear catalyst for change. Even sweeping initiatives, such as Gershon, may be viewed as something that will disappear if people keep their heads down long enough. Yet without a case for change – and one that understands different stakeholders' motivations – it is much more difficult to engage different stakeholders in the project, particularly if it requires difficult change. All ICT-enabled projects should, in an ideal world, be linked clearly to the big issues facing an organisation so that everyone will buy into it. They should also have a communications strategy that explicitly helps to make this case, explaining 'what's in it for me?' to different groups.

Recommendation 8: Public sector organisations need to re-think the way they buy in expertise – and learn lessons from success

From outsourcing most ICT functions, some public sector organisations are swinging the other way by trying to ensure that most ICT expertise is in-house,

³³ See www.employersandworklife-balance.org.uk for detailed case study

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but neither extreme is effective. The professionalising IT agenda needs to build in-house specialists' expertise so that those who work in the organisation can contribute to policy design and procurement. However, salaries are not sufficiently high for all the ICT or change management expertise required by public sector organisations to be employed directly. Moreover, in-house career opportunities may be seen as limiting. Too many projects rely too much or little on consultants. Lessons need to be learned from successful ICT-enabled projects, such as the Pensions Service, about how to maintain a more effective balance.

Recommendation 9: Projects should be managed to create a partnership

Government needs to work closely with its suppliers to ensure that they understand the desired outcomes and to encourage partnership working (eg ICT and change management specialists working together) where appropriate. Contracts need to be flexible enough to build in achievable changes. There should also be a recognition that risk is always shared rather than being transferred.

Recommendation 10: Business benefits should drive the way a project is commissioned and evaluated

Time and money should be sub-sets of success criteria that focus on whether the organisation has gained the business benefits it thought it would when the project started. Progress against business benefits should be assessed throughout the life of a project and, where possible, projects should consider using tried and tested technologies with guaranteed business benefits, rather than constantly opting for innovations that may deliver more uncertain returns.

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