

## **CBI RESPONSE TO TRANSFORMATIONAL GOVERNMENT: ENABLED BY TECHNOLOGY**

1. The CBI welcomes the opportunity to respond to the consultation on technology enabled transformation in government. We support the objective of delivering responsive public services centred around the citizen. The CBI believes this objective can only be fulfilled by focussing on transformation and re-engineering services.
2. The CBI sees real potential in technology enabled change. While we remain concerned about government's mixed history of delivering such reforms, we believe the government is definitely moving in the right direction. The use of technology can improve information sharing and provide more choice in methods of interaction with government. These issues are vital to user satisfaction. The ODPM has found that the more people know about public services, the more satisfied they are.<sup>1</sup>
3. We believe the three strands of the strategy (services designed around the citizen, moving to a shared services culture and professionalism in delivering change) accurately reflect the need for new ways of thinking about the role of IT as a change agent. The government will need to consider a number of issues if it is to make the most of technology. The key messages in this response are:
  - real transformation depends upon reform of the whole system
  - public servants and service users must be convinced technology will deliver real service improvements
  - public sector bodies must collaborate with each other effectively
  - the government must improve its capability as a client
  - technical issues must be resolved, particularly around transaction and identity management.

### **Real transformation depends upon reform of the whole system**

4. The CBI believes that transformation depends upon re-engineering processes and reforming whole systems rather than simply introducing new technology. We are pleased to see this reflected in the *Transformational Government* paper. CBI members were concerned that in the past government has tended to adopt technology for its own sake, simply overlaying IT on existing systems. As a result, actual take-up of electronic systems has often been poor. Recognition that technological change must be integrated with other reforms means that, to modernise services, the government will need to communicate a systematic view of what citizens, businesses and frontline staff want and need.
5. There is no room for achieving only partial success in implementing this strategy: all public sector organisations involved in change must be convinced of its worth if the vision is to be realised. In particular, government must be wary of the temptation simply to make existing processes more efficient. Managing transformation will be demanding; the public

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<sup>1</sup> Office of the Deputy Prime Minister, New Localism – *Citizen Engagement, Neighbourhoods and Public Services: Evidence from Local Government*, 2005

sector will need a clear vision and will need to stay focussed on seeing it through. Customer focus should always be to the fore and customers should always be consulted on design and performance monitoring.

6. The government's use of the phrase "enabled by technology" suggests it has grasped this concept. The CBI urges government to consider the role of technology throughout public sector reform. The latest Healthcare White Paper *Our health, our care, our say: a new direction for community services*, gives some consideration to the role of technology: patient smart cards; the monitoring of long-term conditions; and the personalisation of care. This integrated approach should be standard - electronic booking, the national IT strategy and technology in PFI should all be integrated with other reforms.
7. The Schools White Paper, *Higher Standards, better schools for all*, sees some role for technology in schools choice. We urge the government to continue to prioritise the role of technology in transforming education delivery.
8. Integrating technology is an ongoing activity. Building Schools for the Future (BSF) features transformation as one of its objectives. In BSF there is an ongoing challenge of ensuring educational transformation is a priority feature of new projects and is not subsumed beneath a more short-term requirement to deliver new building infrastructure.

### **REAL TRANSFORMATION IN LIVERPOOL**

Liverpool Direct is a joint venture between BT and Liverpool City Council established in 2001 to help improve the Council's performance and introduce the latest customer relationship management techniques. This partnership delivers services to a population of more than 500,000. It demonstrates the real benefits of system transformation. This is a ten year partnership, £300 million in value. BT has invested £50 million so far. It has reduced Liverpool City Council's cost base by £100 million.

The focal point of the partnership is the new contact centre. This takes 200,000 calls a month and handles more than 80% of the council's frontline services. This has dramatically improved customer service, with more than 90% of enquiries handled at the first point of contact. In particular, calls relating to educational grants, school meals and transport costs have improved. This centre has collected £1.8 million of council debt over 12 months.

The revenues and benefits portfolio has also been transformed. First of all the processes were re-engineered. Then a new document management system was introduced and the number of databases rationalised. The new system handles over a million transactions a month. The queries backlog of 50,000 has been reduced by nearly 80%. Compliance with national benefits performance standards has increased from 54% to 94%, collection of business rates is now at 98.9% and council tax 96.5%. The partnership has also cleared the backlog of rent arrears, securing more than £1 million of revenue.

BT revolutionised both the technology and the system, introducing a single, central ICT service, brought together from 12 different departments. Following this, BT changed the technology, consolidating 500 different databases. These changes enabled the authority to eliminate a backlog of 760 faults within two weeks. The internal human resources service was also revolutionised. Most information is now provided on an intranet, enabling HR staff to be re-deployed to new roles. This has significantly improved performance, with overall employee absenteeism down from 16.5 days a year to ten.

## **Public servants and service users must be convinced technology will deliver real service improvements**

9. The introduction of technological change is often accompanied by a high degree of suspicion, from both public servants and the public. The public sector has also had a number of highly visible perceived IT project failures. If transformation enabled by technology is to secure wide support amongst public servants and users, the government will need to create confidence that business process redesign and the application of technology will deliver service improvement.
10. The government should be bold in making clear the service benefits technology can bring when supporting service and process change. This includes online transactions, better information for users, better communication and improved differentiation of service for individuals and groups. The uptake and actual use of technology will depend upon this buy-in. It will be important to provide a range of access channels to support users. This will have cost implications. These issues reiterate the importance of both full system re-organisation and also a professional attitude to change management.
11. To ensure users understand the benefits of technology they will need to be engaged from the earliest stage. Consultation is vital in determining which access channels best suit user needs. In 1999 the Criminal Records Bureau let a contract for managing its IT infrastructure and running a call centre. However, consultation with users did not take place until the procurement was under way. The bureau assumed that 75-80% of its applications would be made online. In reality, more than 80% of applications came in paper form. This, and other problems in the client's decision-making meant that initially the project was not as successful as it might otherwise have been.

### **IMPROVED SERVICE IN THE TEACHER PENSIONS AGENCY**

A contract for management of the Teachers' Pensions Agency was let to Capita in 1997, and subsequently re-let to them in 2004. This is a valuable case study demonstrating that introducing new technology coupled with significant process re-engineering improves the quality of services and efficiency.

The Teachers' Pensions Agency has 1.5million members and manages £3.7 billion of expenditure. It takes 600,000 calls per annum. The incoming supplier found itself managing 450 administrative staff, 9 miles of paper files and a cost base of £17 million per annum; service levels were considered inadequate. A private sector partner was sought who could 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 reorganised 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.

These measures improved quality with the service level greater than 98%. A web-enabled live enquiry service was launched. More than 90% 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 £8.9 million per annum, a total saving of £8.1 million. The centre now employs over 800 staff. Only 250 of these work on teacher's pensions – the rest service a range of other public and private sector contracts from the centre.

### **Public sector bodies must collaborate with each other effectively**

12. Process re-engineering and information and communications technology (ICT) can facilitate shared-services working. To realise this government needs to consider reform not only of each organisation's processes but of how organisations work together. Focussing services on the citizen will inevitably involve joint working between public sector bodies: outcomes can rarely be delivered by one department, as has already been recognised in the *Every child matters* strategy in children's services. This cross-departmental approach must also be reflected in the subsequent design of IT delivery systems.
13. In local government, collaboration between contracting authorities has traditionally been a public sector weakness, with a number of high profile collaborative failures. Problems have arisen in the process of specifying a contract, before a system is anywhere near delivery. Successful joint working requires a number of complex issues to be resolved beforehand, including who the procuring authority will be, the budget and remit. Any other complex areas in the specification (e.g. where staff are employed) need to be resolved up front before tendering.
14. Suppliers are aware of the complexity of public services and the diverse range of stakeholders that public bodies need to consider and are willing to meet the public sector's needs. But they depend upon government having a clear vision and communicating consistent messages its vision of transformation to the market. This will allow the market to plan, invest, innovate and respond with its own vision.
15. The government can take steps to reduce the risks of collaborative ventures. Central government should use its control of funding as an incentive for the wider public sector to improve its collaborative processes. Political support from all levels will be vital. The shared services programme launched by the Cabinet Office, and led by David Myers, is addressing this.
16. Focussing services on the user will be vital, but the government needs to be realistic about how this will work. This means undertaking at the start of any project an in-depth analysis about how new processes, channels and technology can be used to deliver the best results for the user. In the employment agency example below, technology has been used to free up human resources and allows more face-to-face work with customers, allowing them to focus more time on finding the most appropriate and individualised outcomes.
17. Ultimately, the government will need to develop a balanced scorecard in order to measure the success of transformation. This could include metrics relating to:
  - value for money
  - user satisfaction
  - timeliness of delivery
  - equity of outcomes
  - range of outcomes

- responsiveness and flexibility.

### **HIGH-TECH KIOSKS IN A GOVERNMENT EMPLOYMENT AGENCY**

In 1999 JobCentre Plus contracted EDS to deploy an electronic solution to replace printed job display cards and boards. EDS decided to introduce touchscreen kiosks. The company developed an ergonomic screen design catering for differences in height and enabling wheelchair users to access the system. Substantial investment was put in to ensure an intuitive, easy-to-use and effective system with touchscreens and structured information specifically designed to be convenient for the agency's customers.

The kiosks enable users to access 500,000 job vacancies from across Europe and from private sector agencies. The kiosks also provide different ways of searching through vacancies: type, role or location. The information provided is also updated more frequently

The kiosks were favourably received by all groups of customers, according to a Department of Work and Pensions study (*Delivering the Jobcentre Plus vision: Qualitative research with staff and customers (Phase 3)*). In particular customers liked the national availability of vacancies and the greater quantity of information provided about job opportunities. JobCentre Plus staff have described the kiosks as empowering customers.

The kiosks are also flexible and designed to meet changes in future needs. The job search software can be enhanced. The kiosks can also be easily deployed to new locations; innovative new uses are already being piloted, for example in supermarkets and prison rehabilitation centres.

### **The government must improve its capability as a client**

18. Specialisation will be vital in improving the government client's capability. The government should specialise in specifying services based around the user. It should be an expert commissioner, not a direct deliverer.
19. The public sector has neglected its IT client resources in recent years. Therefore, the public sector needs to show a serious commitment to building up in-house commissioning and procurement capacity, both in central government and the wider public sector. This can only be achieved if these skills are given a higher profile, made a political priority and allotted more resources.
20. Better client capability would make government a more reliable client, with more predictable, shorter and less costly procurement processes. In addition, there needs to be a greater effort from the public sector to understand the business models of its suppliers and the financial imperatives which will drive their approach to innovation and market entry. Better contracting will also help to develop a more competitive market. Contracts should be output based and encourage innovation.
- 19 The government also needs to actively manage the market and enter into a strategic dialogue with its suppliers. The government should continue to encourage entrants to the market; this is best achieved through providing consistent and clear, early signals about the structure and operation of each market. Business is reassured by the dialogue launched with industry by the shared services team at the Cabinet Office. Such a dialogue should happen at a number of levels, including Chief Information Officers (CIO) in departments and within the wider public sector. The dialogue must nevertheless be joined up at each of these levels. The CBI is keen to explore the potential role of the CIO Council as a forum for market dialogue. Where government is a market-enabler, rather than a deliverer, it is able to build a better relationship with the market.

## **Technical issues must be resolved, particularly around transaction and identity management**

21. A major barrier to the development of e-government has been the lack of a comprehensive online identity management scheme that can ensure information shared within and amongst government departments is secure and authentic. No movement exists towards a single credential for transacting within government. Without this, government is inhibited from examining how such credentials might enable efficient, extended supply chains with the private sector for other (B2B, B2C, P2P) transactions. The Government Gateway is attempting to do this, although this is not working as well as it might.
22. What is needed is not so much a single standard for identity authentication (e.g. digital signatures or PIN and password), but a system that clearly establishes standards appropriate for different information and security requirements. This would also help resolve issues of liability and compliance that arise in relation to, for example, inputs to and use of the national ID Registry. Any standards adopted in this regard by government should be broadly compatible with and usable by those being developed by businesses. It is important for business to be able to inter-operate with the data on ID cards (with the consent of the subject, of course, who should be able to determine what data is on the card). There will also be issues around data sharing.

**Public Services Directorate & eBusiness Group**

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