

Sent: 14 November 2005 23:05
To: Stott Andrew - e-Government Unit -
Subject: RE: Strategy for Transformational Government

First, congratulations - this is a far cry from the air-fairy 'blue-sky' policy papers of the Pinder era, and actually seems to get to grips with many of the concrete actions needed to turn lofty objectives into actual results. I also believe the three prongs of the strategy - delivering services around customer groups, moving to more shared services, and increasing the professionalism and skills around IT and business change - are exactly the right ones. There's a lot of ground to cover in moving from setting out an effective strategy to actually implementing it, but this is an excellent start-point.

I do, though, have a few comments on areas where I believe the strategy thinking needs to be developed to provide a more solid foundation for implementation:

1. Customer-centred services:

My experience with Businesslink.gov brought home how far government is organised into a hierarchy of Department & Agency silos, and how far existing funding, accountability and targeting arrangements reinforce those silos, causing each unit to pursue its own goals and services independently of others that were very closely related from a customer viewpoint. As Programme Director for Business.gov I effectively played a 'Customer Group Director' role (for SMEs) of the kind you envisage in the strategy, yet despite very strong political support my ability to create customer-centric services was limited to creating a joined-up 'front-end' to what remained separate & diverse underlying services (what Andrew nicely called 'putting lipstick on a pig'), and limited to the web channel. Moreover even that was made feasible only through provision of very generous funding, over and above that already provided in Departmental & Agency budgets - something which realistically isn't going to happen again in the current government spending environment. Similarly, I believe the direct.gov franchises that have been able to develop in-depth offerings that replace rather than 'front-end' departmental services are those where the franchise can be largely delivered in conjunction with a single 'owner' Department (e.g. motoring) rather than requiring the pulling together elements from diverse elements of government.

Therefore before you go too far in appointing 'Customer Group Directors' I think you need to address how the system can be changed in such a way as they are able to really have an impact in delivering the objectives you seek. I am personally convinced that the key to this is in the way funding is handled, and in particular giving Customer Group Directors the ability to divert and bring together funding for services currently allocated to individual departments and agencies, so as to deliver joined-up services on behalf of those units, delivering rationalisation savings in the process.

This kind of approach would start a movement towards what I describe as a 'manufacturer-retailer' model for government. My analogy is that current arrangements are equivalent to every consumer goods manufacturer trying to sell their products directly to the end-customer, rather than working through and with retailers who assemble 'joined-up' offerings centred around particular customer needs (electricals, DIY, kid's clothing, etc) and deliver the products on

manufacturers' behalf. The problem currently is that government has no concept of a retail layer, nor is there any easy place in the government structure where such entities can exist or be funded - as evidenced by the parlous positions of businesslink.gov and direct.gov. Customer Directors therefore have to be given the means to establish and fund 'retail' outlets delivering customer services on behalf of - and instead of - individual government units, leveraging on underlying shared channels like business.gov, direct.gov, or a common call centre. A government that understood the importance of 'joined-up' delivery channels like this would never countenance outsourcing the core engine room and knowledge base for business.link.gov, as is currently being pursued.

2. Shared services

The strategy rightly identifies the potential for savings from shared services (into which I would include the kind of shared customer delivery channels outlined above). But again, I think we need to address how the 'system' needs to be changed to allow such developments. The current thinking seems to be that if departments and agencies are exhorted enough to go for shared services they will somehow get together of their own volition. I doubt things will move very far that way. There are, in my view, two main planks that have to be put in place:

(a) Commonality of requirements: The lesson time and time again with shared services - and Ian Watmore with his Accenture background MUST understand this - is that it is very difficult to get economies from shared services without some commonality in the underlying requirements, processes, etc. Try and develop a common HR system & service across Departments with radically different grading systems, HR procedures, etc and you will simply have multiple versions of an HR package running on the same machine rather than on separate ones, and separate Departmental HR support units that happen to share the same building. Drive from Cabinet Office a more common approach to HR management across Whitehall - as existed, as I understand it, 10 years ago before it was all devolved as an overkill move to achieve more distributed bargaining - and you will get a natural pull toward common processes, procedures and systems and associated rationalisation savings. Similarly, the idea of a more common IT infrastructure, while laudable, requires a careful study of the business requirements that drive each Department's current infrastructure arrangements, and an understanding of which of these are driven by genuine differences in business needs rather than prejudice, history and individual preferences.

(b) Organisational arrangements: The second issue is the one raised earlier - provision of a natural 'home' in the government organisational model for shared service arrangements. Currently the only neutral ground appears to be Cabinet Office, whose role is clearly not to run large-scale services arrangements. Linked to that is a model for funding and governance arrangements that will enable government units that rely on the shared services to feel jointly in control of what the service is delivering to them, and reassurance that their particular priorities and needs will be properly taken into consideration. Unless the strategy addresses changes to the fundamental mechanisms and incentives that drive the current fragmentation across government, I believe pursuing the strategy will constantly feel like pushing water uphill - i.e. the 'system' is constantly working to reverse what you are doing.

3. Professional skills

Though the strategy mentions it briefly, I feel the strategy greatly underplays the importance of developing appropriate skills in the 'user' - the SRO - as opposed to the IT professionals themselves. From everything I have seen, problems with IT projects that go badly wrong can usually be traced back to an SRO who really doesn't understand what they are doing. Outsourcing created the idea of the 'intelligent customer' without, as far as I can, any effort to define what 'intelligence' the customer needed, or how they would acquire it. The average civil servant has not had any natural vehicle to learn about project and programme management, balancing costs & benefits in developing business requirements, judging progress and managing risks, and implementing major organisational change. This needs to become more central to civil servants' general education but more critically, any individual given a key role in a major change project needs to be carefully assessed beforehand - by people who understand the skills that are needed - and to the extent necessary given the training and mentoring support needed to enable them to learn and become effective. The current Gateway process is a good start, but doesn't go nearly far enough.

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