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Dear Mr Stott,

Transformational Government Command Paper (Cm 6683)

Thank you for giving the Institute of Directors (IoD) the opportunity to respond to the 'Transformational Government' Command Paper published by the Cabinet Office in November 2005. This paper presents our response. It has been developed in close co-operation with the Institution of Electrical Engineers, who are responding on a number of similar issues. Developments surrounding improving the quality, efficiency and effectiveness of central government services are of considerable interest to the United Kingdom business community in general and to the IoD in particular. We are therefore pleased to participate in the consultation and present our response below.

About the IoD

The IoD was founded in 1903 and obtained a Royal Charter in 1906. It is an independent, non-party political organisation of approximately 53,000 individual members.¹ Its aim is to serve, support, represent and set standards for directors to enable them to fulfil their leadership responsibilities in creating wealth for the benefit of business and society as a whole. The membership is drawn from right across the business spectrum. 84% of FTSE 100 companies and 71% of FTSE 350 companies have IoD members on their boards, but the majority of members, some 70%, comprise directors of small and medium-sized enterprises, ranging from long-established businesses to start-up companies.

IoD response overview

The IoD welcomes the principal elements of the 'Transformational Government' strategy namely:

- designing around the citizen or business;

¹ As at 22 December 2005, the IoD had 52,535 members.

- moving to a shared service culture; and
- improving professionalism in terms of planning, delivery, management, skills and governance of IT enabled change.

The main theme of the Command Paper is organisational change, and so it is appropriate that this document is at strategic change management level to indicate clearly to IT staff, front-line staff and customers what the high level goals are, why they are worth achieving, and that key lessons have been learnt from past failures and inefficiencies. Both the 'Vision' and 'Current Position' sections of the Command Paper will be widely supported in terms of what needs to be achieved and the challenges of the position from which change has to start. However, the IoD is concerned that the admirable goals expressed in the strategy lack detailed plans, with clear and measurable milestones for their achievement. They also cast the nature of change too narrowly, focusing primarily on technology rather the challenges of 'people and process' change. The intention described at paragraph 52 to publish a detailed action plan before 5th April 2006 will be crucial to the credibility of the strategy. The outline given in paragraph 53 for achievements expected during 2006 on systems supporting both Criminal Justice and Healthcare Reform seem insupportably optimistic, based on past performance.

Key IoD recommendations

The following are the aspects which the IoD believes are most important to the success of the strategy, together with our observations on the extent to which each has been addressed and recommendations for implementation where applicable.

Transparent 'system thinking' is essential

1. Transformation is not just about Information Technology...

The IoD is concerned that, once again, Government strategy is focusing more on investment in technology than in the complementary, larger, investment in the people and business processes required to deliver effective service improvements (both internally and externally). The IoD's professional opinion is that to deliver effective and sustainable change, the IT element is likely to represent the minority of the programme investment, with spending on people and process likely to be between one and three times greater than IT, dependent on the nature of the service to be delivered. In practice, the organisation and people change elements include: determination of end-user requirements, satisfaction surveys, business process re-engineering; operating costs, personnel selection and security, job and team redesign; organisation restructuring; interoperability; overcoming cultural resistance; locums; training; rebuilding performance measurement and pay structures; challenging disincentives in old business models, creating champions, etc, etc...

The IoD commends the role that the Office of Government Commerce (OGC) has delivered in improving professionalism in IT delivery through the process of 'Gateway Reviews'. The IoD strongly recommends that Government should reinforce the recognition that "*there is no such thing as an IT project, merely business*

change projects mediated by people and IT²” by broadening the scope of OGC Gateway Reviews to include all of these people and business change elements, and in particular realistic budgeting, (as is already starting to happen less formally for some projects).

2. IT ‘Requirements Analysis’ is critical

The IoD strongly recommends that Government adopt the recommendation of the Royal Academy of Engineering's report on Complex Systems regarding the appointment of "systems architects" who would ensure that the requirements for any system are thoroughly established, analysed and freed from omissions and contradictions before inviting bids for an implementation contract. The Home Office could lead with the ID card project, which the strategy places right at the heart of Government IT systems.

3. Developing an “intelligent customer” role is vital

Spending more than £14B annually on IT, Government is far and away the biggest market and customer. So it must be a good and knowledgeable customer.

The value of OGC Gateway Reviews is clear. The IoD recommends that:

- Departments should not be able to by-pass early Gateway Reviews;
- Gateway Reviews should play a key process role in mandating consideration of shared services; and
- Gateway Reviews should be used to assist in striking the balance between economy, efficiency and effectiveness. In particular they should support longer-term benefits flowing from best practice against short-term efficiency savings.

This ‘Intelligent Customer’ function should also recognise the importance of supporting UK industry and innovation, in particular the involvement of smaller companies, through constructive use of the Government’s immense purchasing power.

4. Transparency would help to build trust...

The IoD recommends that Transformational Government Strategy should have at its heart openness and transparency. This must include:

- a commitment to openness in the specification, design and implementation of public-sector business-change projects, including the prompt publication of all Gateway Review reports. Willingness to participate fully and positively in the publication of Gateway Reviews, should be made a contractual requirement for any company bidding for public sector projects; and
- development of “Business Change Risk Assessments” to be made available to Parliamentarians when new primary legislation (such as the current Identity Cards Bill) is being debated. The existing practice of regulatory impact assessment could provide a suitable model.

² CSSA/Intellect report “Getting IT right for Government” published in June 2000.

5. Joining up sources of information will reveal just how poor the average data quality is...

The IoD welcomes the commitment at paragraph 39 (4) for Ministers to engage on determining and communicating the necessary checks and balances required to maintain privacy and public trust in data sharing. However it believes that much parallel work is also required to assess data quality and determine means for cleansing and reconciling personal data held in disparate databases. The commitment at paragraph 33 (7) to give citizens online access to their own records may well be key to a successful outcome. This could be best achieved by Central Government pre-loading key forms with the existing data held on citizens, (for them to amend and correct), rather than delivering blank forms for citizens to complete (see recommendation eight). However the IoD believes that the magnitude of the data cleansing task and the time required may well have been under estimated.

Substantial internal reform and cultural change is necessary

6. Buy-in to, and accountability for, the strategy

Earlier Central Government initiatives, most recently the role of the Office of the e-Envoy, have lacked the Whitehall ‘teeth’ to make their recommendations stick in the face of local Departmental priorities. It is understood that the ultimate owner of the strategy is the Cabinet Office Sub-Committee PSX(e) comprising Ministers of State from eight of the delivery Departments in Whitehall³. The IoD strongly recommends that the lines of Cabinet-level responsibility are made clear. Similarly, the escalation and dispute resolution processes between the owners and implementers of the strategy must be published.

7. The ‘Shared Services’ agenda will require substantial accountability changes

The IoD recommends clarification of the responsibilities at the Accounting Officer/Permanent Secretary level where functions are internally "contracted out" to Agencies or equivalent bodies that may be supporting several Departments. This is particularly important with respect to responsibilities to the National Audit Office (NAO) and the Public Accounts Committee (PAC). At present there are perverse incentives for Departments to operate in silos and to duplicate rather than co-operate. Similarly, robust mechanisms are required to facilitate benefits sharing where cost-incurring action by one Department is required to facilitate larger savings in another Department.

8. The ‘Culture’ of Government-Citizen interaction will need to be transformed

All too often, existing paper or interview-based contacts between citizens and Government seem to be based on a culture of distrust. Repeated requests for information that citizens know the relevant Government body already holds, leads to the suspicion that the main aim is to ‘catch the citizen out’ in some inconsistency.

³ Statement by e-Government Minister Jim Murphy to PITCOM Meeting 13th December 2005.

The IoD recommends that a move to populating electronic forms in advance with the information already held, and seeking merely verification and additions from the citizen, would bring major benefits to both parties. The necessary checks against fraud will be better maintained through special checks and audits.

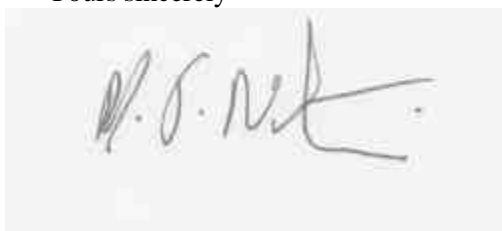
9. IT Professionalism requires understanding the full diversity of that profession

Paragraph 46 of the Strategy document takes a rather simplistic view of the 'IT Profession'. The IoD recommends the use of the enhanced 'Skills for the Information Age' (SFIA) framework (see: <http://www.sfia.org.uk>) in order to segment the various classes and types of skill required to be developed to deliver IT enabled business change. Many of the skills required will lie beyond simply IT, for example people and process skills or other areas of engineering and science such as biometrics.

Conclusion

The IoD welcomes the opportunity to provide comments on the 'Transformational Government' strategy. The IoD believes that the 'Vision', 'Current Position' and 'Strategy' detailed are broadly correct. However the IoD re-iterates the need to plan in terms of holistic business change rather than focusing simply on the technology elements. This response provides a series of specific recommendations for action by the Cabinet Office. The IoD would be delighted to engage with and support the Cabinet Office on the implementation issues detailed in this response.

Yours sincerely



Prof. Jim Norton

Senior Policy Adviser e-Business & e-Government