

Management of the NI Direct Strategic Partner Project – helping to deliver Digital Transformation





Northern Ireland Audit Office

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K J Donnelly
Comptroller and Auditor General

Northern Ireland Audit Office
14 June 2019

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List of Abbreviations

CAMEO	Customer Access to Maps Electronic Online
CAP	Common Agricultural Policy
BT	British Telecommunications Group plc
DAERA	Department of Agriculture, Environment and Rural Affairs
DE	Department of Education
DCAL	Department of Culture, Arts and Leisure
DEL	Department for Employment and Learning
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DoE	Department of the Environment
DoF	Department of Finance
DoJ	Department of Justice
DRD	Department for Regional Development
DSS	Digital Shared Services
DTP	Digital Transformation Programme
DVLA	Driver and Vehicle Licensing Agency (UK)
DVA	Driver and Vehicle Agency
ESS	Enterprise Shared Services
GDS	Government Digital Service
GeNI	Genealogy Project for Northern Ireland
GP	General Practitioner
GRONI	General Register Office Northern Ireland
HSC	Health and Social Care
ICT	Information and Communications Technology
HMRC	Her Majesty's Revenue and Customs
IA	Internal Audit
LPS	Land and Property Services
NHS	National Health Service

NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NIDA	Northern Ireland Identity Assurance
NIROS	Northern Ireland Registration Office System
NAO	National Audit Office
NI	Northern Ireland
PAC	Public Accounts Committee
PACWAC	Planning Appeals Commission/Water Appeals Commission
PfG	Programme for Government
PPE	Post Project Evaluation
PSNI	Police Service of Northern Ireland
OSNI	Ordnance Survey Northern Ireland
SSA	Social Security Agency
TEO	The Executive Office
UK	United Kingdom

Key Facts

Timeline of Digital Transformation Strategic Partner Project

NI Direct (Phase 1)

£5.7 million contract with Steria Limited to demonstrate and quantify the benefits of a single contact centre

2008

NI Direct (Phase 2) Strategic Partner Project

£50 million contract with British Telecommunications (BT) plc to extend the use of the contact centre and procure expertise to develop online services

2012

NI Direct (Phase 1)

Final expenditure incurred – **£6.5 million**

Digital Transformation Programme commenced in April 2014

2014

NI Direct (Phase 2) Strategic Partner Project

Predicted expenditure to October 2019 – **£70 million**

2017

2018

NI Direct (Phase 2) Strategic Partner Project

Actual expenditure to 31 March 2018 – **£62 million**

2019

Predicted expenditure to October 2019 – **£77 million**

NI Direct (Phase 2) Strategic Partner Project

Extended to October 2022

2022

NI Direct (Phase 2) Strategic Partner Project

Predicted expenditure to October 2022 – **£110 million** – more than twice the original contract

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1. In 2008, the NI Direct Phase 1 contract (£6.5 million) transformed the Northern Ireland Customer Interaction Centre from an exclusively switchboard service into a modern customer contact centre providing information and simple transactional services on behalf of various public sector service providers.
 2. The NI Direct Phase 2 contract, a £50 million Strategic Partner Project with British Telecommunications plc (BT) let in 2012, facilitated extending use of the contact centre across the broader public sector, the consolidation of central government (and Arm's Length Bodies) websites through nidirect.gov.uk and provided a route to procurement for departments developing or refreshing programmes involving online or telephone interaction.
 3. In September 2012, all departments were notified that, when developing or refreshing programmes involving online or telephone interaction, there should be a presumption in favour of using the Strategic Partner Project unless the approved business case determined an alternative option.
 4. Responsibility for managing individual projects procured through the Strategic Partner Project contract fell to individual departments. The Department of Finance (DoF) was responsible for overall management of this contract – reviewing and challenging BT costs. Despite criticisms from internal audit and external consultants, DoF failed to put sufficiently strong financial controls in place to manage the Strategic Partner Project until 2018, six years after the start of the contract.
 5. It is unacceptable that spend was not more closely monitored, tracked and controlled and that, prior to September 2018, DoF was not in a position to supply details of total costs by individual project. As a result of the inclusion of additional projects and individual project cost overruns (due to project add ons and extensions), DoF now estimates that total spend through the Strategic Partner Project will be in the region of £110 million – more than twice the original contract value of £50 million.
 6. DoF, with overall responsibility for managing the Strategic Partner Project, should have had stronger controls in place to monitor and control spend through the Strategic Partner Project on individual projects. We welcome the “*deep-dive*” review undertaken by the Department’s Audit and Risk Assurance Committee in October 2018 which explored the financial and contractual position with the Strategic Partner Project. Following that review, the Accounting Officer approved a three-year contract extension (to October 2022) and approved the revised cost estimate of £110 million.
 7. Despite the contract value of £50 million on the Strategic Partner Project, projects identified for procurement through the Strategic Partner Project related primarily to central government services rather than those public services which are most valued by the public (for example,
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health services). The rationale was unclear for procuring several early projects through the Strategic Partner Project which involved replacing out-of-date legacy systems; were relevant to limited users; or offered little citizen interaction. The absence of collaborative working across government departments and public sector bodies has hindered the implementation of transformational, citizen centred projects.

8. Digital transformation has the potential to significantly reduce costs. It is disappointing that business cases supporting early projects procured through the Strategic Partner Project, made no mention of the expected level of savings while only four (of a total of 12) projects reported that savings had been made. DoF (as contract manager) should have been proactive in collating and validating savings information from departments.

Scope of this Report

9. This report examines the extent to which expenditure under the optional services element of the NI Direct Strategic Partner Project (originally estimated to cost £30 million) was well managed, achieved value for money and was successful in achieving channel shift and moving citizen services online:
- **Part 1** sets out the background to the area and outlines the costs incurred through the NI Direct Strategic Partner Project;
 - **Part 2** examines the adequacy of arrangements in place for managing the contract with BT;
 - **Part 3** considers the arrangements for selecting and prioritising projects for inclusion in the Strategic Partner Project; and
 - **Part 4** examines the benefits derived through use of the Strategic Partner Project.

Report Methodology

10. In order to complete this report we:
- Issued a questionnaire to each department asking for a range of information in relation to each digital transformation project;
 - Reviewed various documentation provided by departments and DoF;
 - Undertook interviews with relevant staff within departments;
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- Considered the work of DoF's Internal Audit and other relevant reports; and
- Took steps to confirm the total value of financial transactions under the contract with BT.

Value for Money Conclusion

11. In our opinion, it is not possible to conclude that digital transformation to date through the Strategic Partner Project has delivered value for money for citizens across Northern Ireland.
12. In more general terms, we acknowledge that progress has been made on Northern Ireland's journey to the digital transformation of public services. DoF accepts that there is a long way to go before Northern Ireland public services are fully citizen-centred and transformed. Its current digital strategies focus on leveraging innovative technologies to improve public service provision. DoF explains that its initial approach was to concentrate on central government services to demonstrate the benefits of transformation and then develop the journey into wider public service areas. By starting small and building on success to deliver the best outcomes, its ambition has been to embed culture change across public service providers. DoF recognises the importance of developing public sector staff to build capacity and capability and address the existing reliance on the private sector.

Summary of Key Points

13. In 2012, DoF appointed British Telecommunication Group plc (BT) as its Strategic Partner to deliver Phase 2 of NI Direct (the Strategic Partner Project) which involved extending use of the contact centre across the broader public sector and procuring expertise (Information Technology solutions, skills and capabilities) to support Northern Ireland public bodies develop online services.
 14. The Strategic Partner Project commenced on October 2012 for a period of 84 months (to October 2019) with an option to extend for three years (to October 2022). Funding was to be maintained within £50 million. Departments and agencies developing or redesigning services, were to ensure that digital online services became the primary means of interacting with citizens, to provide access to online services through the NI Direct portal and were mandated to favour procurement through the Strategic Partner Project (except where an approved business case determined an alternative).
 15. By 2017, predicted expenditure (to September 2019) totalled £70 million (40 per cent in excess of the original contract value (£50 million)). Following legal advice, the contract value was increased to £70 million; no further projects were approved for funding under the contract.
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By October 2018, it transpired that actual expenditure through the Strategic Partner Project over the period to October 2019 was likely to be in region of £77 million (as opposed to the predicted £70 million). In addition, DoF needed to extend the contract for the additional three year period (to October 2022) since alternative mechanisms for service provision had not been put in place. DoF estimates that expenditure to October 2022 will reach £110 million – more than twice the original contract value.

16. DoF's failure to put effective financial controls in place to manage the contract was identified in several reviews of the Strategic Partner Project:
 - In 2016, DoF's Internal Audit (IA) provided a limited audit opinion on control management arrangements surrounding the Strategic Partner Project. IA was critical that DoF had overcommitted expenditure, could not provide details of actual spend against the contract and was not actively managing the contract, and had not received (or reviewed) BT annual audited project accounts.
 - In 2017, external consultants concluded that, since costs through the Strategic Partner Project across each component were within the market range and below the market average, value for money had been achieved. However, the consultants were critical of the lack of project prioritisation, issues which impacted on the realisation of anticipated benefits and of the limited contract management arrangements within DoF.
 - In our audit of the 2016-17 DoF Financial Statements, we highlighted that the capital costs associated with the Strategic Partner Project exceeded the amount in the original business case by almost £2 million. We also noted that the latest estimates of total costs under the £50 million contract were likely to be in the region of £80 million. We recommended that DoF develop more robust mechanisms to monitor the expenditure on contracts. In our 2017-18 audit, we noted that despite the significant time already spent developing an improved monitoring system, DoF was unable to fully attribute all costs under the Strategic Partner Project to individual projects.
 17. Despite these criticisms, DoF was not in a position to provide us with a breakdown of costs by project until September 2018.
 18. By 31 March 2018, actual expenditure of £62 million had been incurred against the £50 million in the Strategic Partner Project. Most of the expenditure related to 13 major development and application solutions (including one project which is not yet completed), two major consultancy projects and a suite of cross-cutting, reusable applications available across the public sector. Costs relating to three of the 12 completed digital development projects and two major consultancy projects exceeded estimates contained in the original business cases while five digital development projects experienced delivery delays. This is indicative of poor project
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specification and monitoring by individual departments (associated with the traditional (rather than agile) delivery model). In addition, in our view, as contract owners, DoF should have been much more involved in ensuring costs were controlled.

19. A Gateway review produced in January 2016 identified that *“there [were] causes to question whether the contract as written continues to fit with the business being conducted”* and concluded that *“... there [was] growing evidence that the contract, as let, may have outlived its usefulness and the [Northern Ireland Civil Service] ... might be better served by a more agile approach”*. The review team was also critical of the lack of transparency by the Strategic Partner and of the extent to which DoF was aware of whether it was entitled to gain share settlements for any of the years since commencement of the contract. It identified that *“innovation received from the Strategic Partner was ‘patchy’ with the bulk of innovation coming either from the subcontractors or from within the Northern Ireland Civil Service”*.
 20. With an original contract value of £50 million (including £20 million relating to the costs of the contact centre), it was inevitable that all Northern Ireland public sector services could not be digitally transformed through the Strategic Partner Project. We were surprised that projects in the health, local government, welfare and policing sectors were not prioritised and moved forward through this or any other procurement route. Further, the rationale for procuring several projects through the Strategic Partner Project was unclear. For example, early procured projects included:
 - Upgrades and replacement of out-of-date (or contract) legacy systems rather than transformational projects;
 - A number of services which have limited users; and
 - Services providing little interaction with citizens.
 21. To be effective in developing citizen-centred service solutions, public bodies need to break down organisational barriers, share information and work together to provide a seamless, ‘joined-up’ service. In terms of projects procured through the Strategic Partner Project, there was little evidence of public bodies working together, or with their counterparts in Great Britain, to identify innovative, transformational citizen-centred projects. DoF acknowledges this but highlighted that it has engaged with the Government Digital Service in Whitehall and various other Great Britain government departments.
 22. While business cases were produced for each of the 12 completed major development and application solutions, a number of individual departmental business cases made no mention of the potential to generate financial savings. Only four of the 12 completed projects reported that savings had been generated. DoF (using an average cost per transaction) claims that savings of £99 million have been generated as a result of the move to online services. However, this
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is a notional figure. DoF does not undertake any work to collate (and verify) actual savings generated. DoF pointed out that offering online access has allowed public service providers to maintain services despite suffering staff losses through voluntary exit schemes.

23. Post project evaluations (PPEs) are useful in assessing the success of projects by comparing actual costs and benefits against estimates. While we note that the Construction and Procurement Delivery unit within DoF routinely collates all PPEs and circulates information on key learning points, we would have expected that the contract owners (NI Direct/ Digital Transformation Programme team) would also have reviewed PPEs specific to the Strategic Partner Project to ensure lessons were learned not just in DoF but across the wider public sector. Completed post project evaluations highlighted that projects progressed in the early stages of the Strategic Partner Project experienced some teething problems, mainly in relation to governance arrangements, confusion over the individual project requirements and a lack of cohesion between suppliers.

Summary of Recommendations

1. Lessons must be learned for any future contracts. We recommend that all departments ensure that strong financial management controls are in place to ensure that appropriate monitoring of expenditure is embedded in management processes. To ensure this, departments managing contracts must ensure that sufficient expert resources (for example, financial management staff) are retained throughout the duration of the contract.
 2. Where individual contracts are used by several departments, we recommend that a central record of key financial data is maintained by the contract owner.
 3. DoF must consider how digital transformation can be advanced across the entire public sector. In order to maximise the benefits for citizens, services must work seamlessly across existing organisational barriers.
 4. We acknowledge the role of individual departments in completing PPEs to assess and learn from the success or otherwise of individual projects. We recommend that, for future contracts, the contract owners ensure that they are fully sighted on all PPEs so that they can ensure that key lessons are learned. We recommend that DoF creates a central register of lessons learned and makes this easily accessible to all public bodies embarking on transformation projects.
 5. While we acknowledge that much good practice guidance on contract and project management exists across the public sector, we recommend that DoF develops a short guide to assist those progressing digital transformation projects. In our view, this would help ensure adherence to best practice.
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6. We recommend that DoF undertakes a review of transformation activities across the Northern Ireland public sector and uses the results to ensure that future transformation is taken forward in a strategic and co-ordinated way.
 7. We recommend that DoF mandates that best possible re-use is made of code, components, tools, applications and data across central government to avoid duplication of effort. NI Direct should be the single portal for all digital government services. DoF should also explore opportunities for development across the local government sector.
 8. Given that citizens want a *"tell me once approach"* to services and verification, we recommend that DoF progresses work on the Mydirect portal at pace. This involves considering the concept of citizen identification and verification, exploring the option of a single identifier and exploiting use of inter-connected registers so that users do not have to re-submit data. In addition, DoF should continue to pursue opportunities for new technologies (such as Artificial Intelligence and Robotic Process Automation) for future digital transformation.
 9. DoF has benefited from working with the Government Digital Service in Whitehall and Estonia in relation to digital transformation. We therefore recommend that it considers creating a new partnership with a progressive government leading the way on digital transformation as an opportunity to learn and develop best practice and strategic analysis.
 10. We recommend that, in line with best practice, departments ensure that all business cases provide clear and robust baselines in terms of staff and resource costs along with realisation savings targets. This involves disclosing the unit cost of the existing provision so that actual savings realised can be calculated accurately.
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Part One:

Background and Introduction

Part One: Background and Introduction

The majority of Northern Ireland citizens frequently use the internet

- 1.1 The digital revolution is transforming the way we live. Recent research¹ indicates that internet use across the United Kingdom (UK) is high and is rising. The increase seems set to continue with the rise in popularity of smartphones and tablets and the wide availability of fast internet connectivity. Virtually all UK adults aged 16 to 34 years (99 per cent) regularly use the internet. Internet use in the 65 to 74 age group increased to 80 per cent in 2018 (compared to 52 per cent in 2011). By 2018, the number of recent internet users aged 75 years and over had increased to 44 per cent (compared to 20 per cent in 2011). In overall terms, internet use in Northern Ireland (86 per cent) is marginally lower than other UK regions (90 per cent) but the gap is reducing.
- 1.2 Digital technology is increasingly becoming the default method for viewing information, streaming entertainment, shopping and interacting socially. As people make increasing use of digital technology, they expect public services to be available online so that they can access information and do business with government 24 hours a day. Individuals expect the same good quality, safe online experience from government as they do from online retailers and private sector businesses.
- 1.3 Continuing to provide government services exclusively through traditional channels (i.e. face-to-face, by telephone and mail) is no longer acceptable. It incurs additional costs, often provides a poor citizen experience and can create inefficiencies and delays. By identifying more innovative, efficient and smarter service provision, public bodies can improve the customer experience and generate savings.
- 1.4 Citizens needs do not always align with the complex organisational structures and boundaries of government. As a result, transformed services will increasingly need to span departments and public bodies. By developing efficient shared services and increasing collaboration, the public sector has the opportunity to release significant financial savings. The cost of an online transaction is thought to be in the region of 5 per cent of the cost of a face-to-face transaction. The Northern Ireland Executive² is committed to ensuring that 70 per cent of all citizen transactions with government services are delivered using an online channel by 2019. The Department of Finance (DoF)³ confirmed that, at January 2019, 74 per cent of transactions were delivered online.

1 Office for National Statistics, Internet Users, UK: 2018 – statistics cover the period from 1 January 2018 to 31 March 2018.

2 The 2011-15 Programme for Government included a commitment “to transform and modernise citizen facing services to meet the demands of the public and increase digital transactions (by 20 per cent) by March 2016”. The current Draft PfG (2016-21) includes “increasing the number of public services available online” as an indicator under Outcome 11: We have high quality public services.

3 The Department of Finance and Personnel was renamed The Department of Finance on 1 April 2016 under the Departments Act (Northern Ireland) 2016.

In 2018, the European Commission reported that Denmark, Sweden, Finland and the Netherlands have the most advanced digital economies in the European Union followed by Luxembourg, Estonia, the United Kingdom and Ireland

- 1.5 The Digital Economy and Society Index (DESI) is a composite index produced by the European Commission (the Commission) which summarises relevant indicators on Europe's digital performance and tracks the progress of EU Member States in digital competitiveness.
 - 1.6 In its 2018 publication, the Commission identified that Denmark, Sweden, Finland and the Netherlands have the most advanced digital economies in the European Union followed by Luxembourg, Estonia, the United Kingdom and Ireland. Romania, Greece, Bulgaria and Italy had the lowest scores on the index.
 - 1.7 DESI reported that in Estonia, Finland, Sweden, Denmark, the Netherlands and Lithuania, more than 80 per cent of internet users who need to submit forms to the public administration choose to do so through governmental portals. In the United Kingdom the percentage was slightly less than 80 per cent. Percentages in Italy, the Czech Republic, Greece and Germany were below 40 per cent.
 - 1.8 Online service completion measures the extent to which administrative steps relating to major life events can be done online. Malta, Portugal, Estonia, Austria, Lithuania, Denmark, Spain and Finland were the best performing countries (scoring 90 points out of 100). The United Kingdom scored just under 80 points out 100. Romania had the lowest score with less than 60 points out of 100.
 - 1.9 Inter-connected registers ensure that users do not have to re-submit data. DESI identified that their use is not yet widespread. While pre-filled forms are available, in the majority of Member States, the amount of data available in public services' online forms was judged as "*not satisfactory*". DESI reported that Member States are working towards improving the provision of pre-filled forms, noting a small increase compared to 2016, with Malta, Estonia, Finland and Latvia leading.
 - 1.10 In the 12 months prior to the survey, only 18 per cent of EU citizens accessed health and care services online without having to go to a hospital or a doctor's surgery (for example, by getting a prescription or a consultation online). Finland and Estonia had the higher usage of eHealth services (at just under 40 per cent). The percentage in the UK was around 25 per cent.
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Part One: Background and Introduction

In 2015 DoF established a Concordat with Estonia given that it was considered to be among the most digitally advanced countries in the world

- 1.11 In 2015, the results of a global survey⁴ revealed that while there is a wide spectrum of digital maturity across public sector bodies worldwide, there are a common set of issues and barriers which hamper change – culture, procurement, workforce, leadership and strategy. The survey concluded that successful public bodies tend to be flexible and can adapt to the “*one constant of the new digital age – change itself*”.
- 1.12 Estonia is considered to be among the most digitally advanced countries in the world. Given that it has a small population of only 1.3 million (less than Northern Ireland at 1.8 million) spread over an area more than three times the size of Northern Ireland, the most cost-effective approach to reaching all citizens is to provide services online. Almost all (99.97 per cent) interactions between the Estonia government and citizens are now digital. A 2018 article⁵ explained how digital developments in Estonia have brought benefits for citizens and improved security across healthcare, education, voting, law enforcement and many other areas.
- 1.13 Estonia’s success is attributed to the introduction of a single citizen identity card and a strong trust between private sector companies, citizens and government which ensures transparency, allows dataset combination and enables systems to be connected. This approach allows the government, in real time, to monitor how industries are performing, to compare the success of specific regions and to explore expenditure trends. Citizens are asked only once for information – data exchange is pursued across Ministries. Given its success, DoF established a Concordat with Estonia in 2015.
- 1.14 Even UK systems considered to be digitally advanced fall short of arrangements in Estonia. In the UK, the Her Majesty’s Revenue and Customs (HMRC) tax portal for completing tax returns is considered to be successful. Estonia has taken arrangements a step further so that the citizen can authorise the bank to share financial data with the government which then completes the return on behalf of the citizen. Estonian schools must use a platform which connects students, teachers and parents. Parents (using an app) can monitor their child’s performance in real time becoming more engaged with their child’s development. Other successes within Estonia include the e-Residency scheme and the electronic voting system.

4 *The journey to government’s digital transformation*, Deloitte University Press, 2015 – a global survey involving 1,205 respondents across over 70 countries and more than 130 interviews with public sector leaders and outside experts around the world.

5 *Lessons for the most digitally advanced country in the world*, 15 January 2018, Forbes Contributor based on an interview with Taavi Kotka, a former Estonian CEO of one of the largest software companies in the Baltic States, Nortal.

Digital transformation has the potential to join up government agencies and provide citizen access to services through a single portal

- 1.15 Across the UK public sector, the journey to digital transformation has begun. Digital self-services introduced by HMRC and the Driver and Vehicle Licence Agency (DVLA) are probably the best known examples. At the end of the journey, the public expects a joined-up digital experience across all government agencies, accessed through a single portal, which encompasses all aspects of the citizen's life, from tax to healthcare to local government services. Over time, the number of website interactions should be reducing (rather than increasing) as unnecessary contact with government is reduced. A consolidation of Northern Ireland Government websites was completed in 2016. All Northern Ireland central government services (including ALBs) can now be accessed through nidirect.gov.uk. This substantially reduced the number of websites and simplified the citizen experience.

While UK citizens recognise that the public sector is increasing the number of digital services available and simplifying digital tools, many worry about the security of information provided

- 1.16 A report published in 2017⁶ highlighted the results of a survey of 4,000 citizens across four countries (UK, France, Germany and Norway). Over half (58 per cent) believed that providing digital access has had a positive impact on the quality of public services. Over three-quarters (80 per cent) recognised that the public sector has increased the number of digital services available and two-thirds (66 per cent) considered that digital tools and services are increasingly easy to use. Taxation was judged the most advanced online public service.
- 1.17 Three quarters of UK citizens interviewed said it was a priority for government to provide more digital public services in the future. Health was judged as the most important UK public service to digitise.
- 1.18 UK citizen frustrations with existing government systems include the need to provide the same information several times (40 per cent), the complication of systems (35 per cent) and problems identifying the correct website to commence queries (24 per cent). Almost half of UK citizens (48 per cent) were worried that others may be able to access their online information and only 4 per cent of citizens considered that government has both the will and capacity to digitally transform services.
- 1.19 DoF told us that it's *Cyber Security: A Strategic Framework for Action* addresses the issue of information trust and security with a Cyber Leadership Board taking the lead on three themes, Defend, Deter and Develop for the wider public sector.

⁶ *The Citizen View of Digital Transformation, 2017 Findings*, Sopra Steria. This document reported the findings of a review into citizens' opinions on the development of digital public services, their expectations for the future and their confidence in government's ability to deliver on their promises. The assessment was based on the results of interviews with a total of 4,000 citizens across four countries, the United Kingdom, France, Germany and Norway.

Part One: Background and Introduction

An independent report published in 2016 identified the need for more innovation to enhance the “citizen-centeredness” of service design and delivery in Northern Ireland

- 1.20 A report published in 2016⁷ highlighted that Northern Ireland was “well positioned to take advantage of the opportunities created by digital and innovative service delivery”. While recognising the work going on across the public sector, the report highlighted the need to “ensure that online services are developed with a ‘digital by design’ mind-set, not merely adding a layer of ‘digital paint’ on top of existing processes”.
- 1.21 The report identified that, in the absence of clear central guidance, co-ordination and standards, individual departments remain responsible for determining many of the implementation details for online services. It was suggested that this may lead to “siloeed implementation”, with departments failing to fully capitalise on the potential to rethink and redesign service delivery. DoF told us that it challenges the silo behaviour which exists as a result of political, local and central government structures, but has no authority to force change.

The Digital Transformation Programme is led by the Department of Finance and aims to improve access to government services

- 1.22 The NI Direct Programme was established in 2008 as part of the response to a government target⁸ to improve the quality and cost-effectiveness of public services. The target aimed to deliver wider public sector reform and generate efficiency savings while bringing government closer to people, revitalising public services and responding to the increasingly diverse nature of society. Public services were to be more accessible, accountable and responsive to individual needs and lifestyles. The target acknowledged that improving the public services experience and outcomes for everyone benefits society by removing administrative boundaries and promote working together.
- 1.23 The NI Direct Programme sought to improve access to government services by developing a multi-channel approach utilising the web, telephone and Short Message Service (SMS) text channels. It represented the response to a series of key strategic reform initiatives and transformation proposals across the United Kingdom which aimed to modernise government and improve the commonality and accessibility of information for the customer while delivering a more efficient service for the customer and taxpayer. Responsibility for delivering the NI Direct Programme fell to the Delivery and Innovation Division within DoF.

7 Northern Ireland (United Kingdom): *Implementing joined-up governance for a common purpose*, The Organisation for Economic Co-operation and Development (OECD), 2016.

8 Public Service Agreement (PSA) Target 20. Since 1998, Northern Ireland departments were required to publish and measure performance against key departmental objectives over each three-year government spending cycle using PSAs. In the Programme for Government 2011-15, PSAs were replaced by Priorities. Priority 5 related to Delivering High Quality and Efficient Public Services and included a commitment to improving online access to government services.

In 2008, DoF entered into a £5.7 million contract to deliver NI Direct Phase 1 of the programme. Four years later, it entered into a 7 year, £50 million Strategic Partner Project with British Telecommunications plc (BT) for delivery of Phase 2

- 1.24 The NI Direct Phase 1 contract was awarded in July 2008 as a two year contract with options to extend on a yearly basis up to four years. The original contract value was £5.7 million. The contract was formally extended twice, up to July 2011 and July 2012, and a further short-term extension was negotiated up to October 2012 to enable a new Strategic Partner Procurement contract to be put in place. Total cost under the NI Direct Phase 1 contract amounted to £6.5 million (14 per cent over estimate).
- 1.25 NI Direct Phase 1 allowed DoF to take a step forward in transforming the Northern Ireland Customer Interaction Centre (NICIC) from an exclusively switchboard service into a modern customer contact centre, providing information and simple transactional services on behalf of a number of anchor tenants.
- 1.26 Four years later, in October 2012, DoF agreed a £50 million contract (the Strategic Partner Project) with British Telecommunication Group plc (BT)⁹ to provide Information Technology (IT) solutions, skills and capabilities to support Northern Ireland departments and organisations move citizen services online. The contract period (or initial term) was specified as 84 months (7 years) from the commencement date (October 2012). The contract included an option to extend the initial term for one further period of 3 years (to October 2022) on the same terms. In order to extend the contract, DoF was required to notify BT no later than 12 months prior to the end of the initial term (that is, by October 2018).
- 1.27 The contract included £20 million to cover the cost of the NI Direct contact centre. The remaining £30 million was intended to cover:
- Service Management services;
 - Managed Information Communications Technology (ICT) Services;
 - Business Development Services; and
 - Optional Specialist Business and ICT services designed to supplement internal resources such as channel migration, business transformation, process design, business change, ICT development services etc.

⁹ BT works with various local and global partners include: Asidua, Civica, Deloitte, Kana, Kainos and Neueda. BT told us that more than 50 per cent of the revenue from the NI Direct Strategic Partner Project passes from BT to subcontractors (mostly local small to medium sized enterprises).

Part One: Background and Introduction

The 16 by 16 initiative sought to ensure that at least 16 digitally transformed services were delivered by March 2016

- 1.28 In May 2013, DoF produced the Citizen Contact Strategy¹⁰. It confirmed that all departmental public services with over 10,000 transactions each year should meet the new 'digital first' standards, with digital online as the primary means of interacting with citizens or businesses. The Citizen Contact Strategy recommended that every department/public sector organisation undertake a detailed landscape review of its citizen contact.
- 1.29 In December 2013, DoF produced a high level Landscape Review to highlight those areas where the Northern Ireland Civil Service and the wider public sector could significantly improve the public's experience of contacting government. Ultimately, the exercise was intended to prioritise projects and produce a roadmap for digital transformation. As part of its work to produce the Landscape Review, DoF reviewed over 120 citizen-facing services across 12 departments. That review identified 18 services with potential for improvement through digital delivery (**Appendix 1**).
- 1.30 DoF recognised that the focus of the NI Direct Programme needed to shift toward digital transformation. New governance structures were introduced and, in January 2014 a DoF Director of Digital Transformation was appointed. In April 2014, a strategic programme "Digital Transformation Programme" (DTP) was established with key targets (the delivery of the 16x16 initiative), whereby at least 16 digitally transformed services were to be delivered by March 2016 and the number of digital transactions was to be increased to 3.5 million (part of the Stormont House Agreement). Not all projects undertaken to achieve this target were procured through the Strategic Partner Project. **Figure 1.1** shows that, by March 2016, 4.5 million digital transactions were completed across 20 online services.

Figure 1.1 Number of online services available and digital transactions completed

DTP Targets:	Progress by March 2016:	Progress by March 2019:
<ul style="list-style-type: none"> 16 new services to be delivered by April 2016; 3.5 million digital transactions to be completed. 	<ul style="list-style-type: none"> 20 new services delivered; 4.5 million digital transactions completed. 	<ul style="list-style-type: none"> 35 new services delivered; 20 million digital transactions completed.

Source: DoF

Note: These performance figures include those services procured through the NI Direct Strategic Partner Project and those procured through various other procurement routes.

¹⁰ The requirement to produce a Citizen Contact Strategy by March 2013 was set out under Objective 5 in the NI Direct Strategic Partner Project Full Business Case.

- 1.31 The Digital Transformation Programme sought to transform citizen-facing service delivery across Northern Ireland public sector organisations and, as a result, provide a more efficient service for both customer and taxpayer. It involves:
- **Digital First:** where departments and agencies must ensure that digital online services are the primary means of interacting with citizens when developing new services or reviewing existing provision;
 - **NI Direct Preferred:** where departments and agencies, when they are developing or reviewing service provision involving online or telephone interaction with citizens, **will favour use of the ...[Strategic Partner Project]** unless the approved business case determines an alternative option; and
 - **NI Direct Portal:** where citizens must be able to use the NI Direct web portal to access all online services provided by departments and agencies even in exceptional cases where such services are hosted elsewhere. The *nidirect.gov.uk* website was launched in March 2009.

A Strategy for Digital Transformation of Public Services was published in 2017

- 1.32 On 30 November 2017, DoF published a digital transformation strategy. The Strategy was designed “to help deliver more modernised services to the public and businesses through the better use of technology, work processes and investment in people”, took account of the findings of external reviews of Northern Ireland public sector Digital Transformation Programmes¹¹ and was aligned with the eHealth and Care Strategy for Northern Ireland. The Strategy reported that the DTP was aligned to the PfG commitment to deliver 70 per cent of all citizen transactions with government online by 2019.
- 1.33 The Strategy is underpinned by a Digital Transformation Programme Strategic Delivery Plan for the period 2017–2021, Delivering Better Public Services through Technology (the Northern Ireland Civil Service ICT Strategy 2017-2021) and Cyber Security: A Strategic Framework for Action 2017-2021.

¹¹ Deloitte – *Making Lives Better – A Future Direction Digital Transformation of Public Service* (July 2016) and the OECD *Strategic Review of the public sector in Northern Ireland – Implementing Joined-up Governance for a Common Purpose* (2016).

Part One: Background and Introduction

In June 2017, it was recognised that expenditure through the Strategic Partner Project would exceed the estimated contract value. By 31 March 2018, actual expenditure under the Strategic Partner Project contract amounted to almost £62 million (against the original contract value of £50 million)

- 1.34 By 31 March 2018, actual expenditure under the Strategic Partner Project amounted to £62 million against the original contract value of £50 million. **Figure 1.2** shows that 45 per cent (almost £28 million) was spent developing applications and solutions (Digital Development), 24 per cent was incurred on Discovery Phase and Consultancy costs, 21 per cent related to the costs of managing the contact centre and the remaining 10 per cent related to the cost of managing applications hosted on the NI Direct platform.
- 1.35 **Figure 1.3** provides a breakdown of the major components of the Strategic Partner Project expenditure to 31 March 2018. These include the costs of the contact centre, developing 13 major applications and solutions, two major consultancy projects and developing a number of cross-cutting applications. **Appendix 2** provides background on the nature of the 13 major individual projects.
- 1.36 In our audit of DoF's 2016-17 financial statements, we had highlighted that the capital costs associated with the Strategic Partner Project exceeded the amount in the original business case by almost £2 million. We had also noted that the latest estimates of total expenditure through the £50 million contract were likely to be in the region of £80 million. We recommended that DoF develop more robust mechanisms to monitor the expenditure on contracts.
- 1.37 In our audit of DoF's 2017-18 financial statements, we noted that despite the significant time already spent developing an improved monitoring system, DoF was unable to fully attribute all expenditure under the Strategic Partner Project to individual projects.

Figure 1.2: Breakdown of Strategic Partner Project Expenditure to 31 March 2018

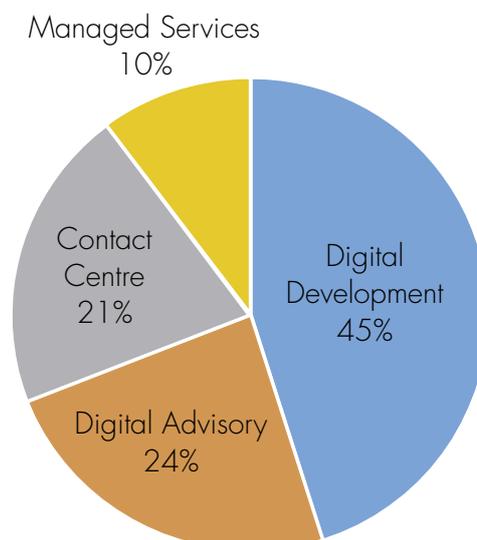


Figure 1.3: Breakdown of costs through the Strategic Partner Project (Figures provided from the DoF Tracking System)

Major Digital Development Projects Funded		Capital Costs to 31 March 2018 ¹²	Advisory Costs to 31 March 2018	Managed Service Costs to 31 March 2018	Total Expenditure to 31 March 2018 ¹³
		£s	£s	£s	£s
1.	Driving Vehicle Agency Transformation Project	5,980,100	1,177,700	816,300	7,974,100
2.	Apply for life event certificates – NIROS Project	3,170,900	–	742,800	3,913,700
3.	Rates Rebate Application	3,098,200	402,900	–	3,501,100
4.	Apply for Access NI checks	2,027,600	–	651,500	2,679,100
5.	Tourism NI Technology Platform	1,550,800	174,200	1,135,400	2,860,400
6.	Compensation for criminal injuries and criminal damage	1,663,700	91,600	312,100	2,067,400
7.	OSNI Map Shop– CAMEOII Project	973,000	–	441,400	1,414,400
8.	Research Family History – GeNI Project	1,008,100	117,000	509,200	1,634,300
9.	Landlord Registration	867,200	–	361,200	1,228,400
10.	Purchase a fishing licence/ permit	1,125,300	116,500	200,700	1,442,500
11.	Pay Rates	185,100	–	702,500	887,600
12.	Submit a Planning/Water Appeal (PACWAC)	652,000	–	92,500	744,500
13.	Digitisation of Legal Aid ¹⁴	4,504,500	367,300	–	4,871,800
	Total	26,806,500	2,447,200	5,965,600	35,219,300
	Other (covering various smaller payments across several projects)	1,149,900	12,401,900	377,800	13,929,600
	Contact Centre Costs				12,808,400
	Overall Total	27,956,400	14,849,100	6,343,400	61,957,300

12 DoF was not in a position to provide figures to 31 March 2019 prior to the printing of this report.

13 It is important to note that these figures relate **only** to those costs passed through the Strategic Partner Project contract. They do not represent the **total cost of individual projects** since they exclude additional in-house costs (for example, staff costs) borne by departments.

14 DoF's cost detail for the Digitisation of Legal Aid project does not match records held by the Department of Justice (DoJ). According to DoJ, by 31 March 2018, capital costs amounted to £4,753,300 and the overall total expenditure amounted to £5,120,600. This is a timing issue. The additional amount will be included in DoF's 2018-19 figures.

Part One: Background and Introduction

Major Digital Advisory Service Projects			
1.	Debt Transformation		1,541,400
2.	Common Agricultural Policy (CAP) Reform		5,013,000
3.	Cross-cutting Applications:	Digital Toolkit	1,378,400
		NI Civil Service Identity Assurance	812,900
		Mydirect Portal	644,400
		Social Web	242,200
	Other		2,769,600
	Total Other		12,401,900
	Advisory Costs relating to Major Projects (breakdown provided above)		2,447,200
	Total		14,849,100

Source: DoF

Our previous public reporting work has highlighted concerns similar to those identified in this report

Electronic Service Delivery within Northern Ireland Departments

- 1.38 In 2007, we published a report examining Electronic Service Delivery within Northern Ireland Government Departments¹⁵. That report considered progress in achieving a Northern Ireland Executive target to have 100 per cent of key services capable of being electronically delivered by the end of 2005.
- 1.39 In that report, we were critical of the limited extent to which departments had complied with the guidance issued by the Northern Ireland e-Government Unit - a Unit set up to promote, monitor and report on electronic service delivery. We found that departments had not initially carried out a baseline audit of all services provided, had not prioritised services by volume, frequency, cost and value of transaction and had not consulted with customers/service users before including services in the target.

Transforming Land Registers: The LandWeb Project

- 1.40 In 2008, we published a report on Transforming Land Registers: The LandWeb Project¹⁶. That report examined the arrangements surrounding a 1999 Land Registers Northern Ireland Agreement with British Telecom (acting as Strategic Private Finance Initiative, Information Computer Technology partner).
- 1.41 We concluded that the project had delivered significant improvements to the Land Registers' operations and had benefited customers. We were, however, critical of the fact that the

¹⁵ *Electronic Service Delivery within Northern Ireland Government Departments*, NIAO, 27 November 2007.

¹⁶ *Transforming Land Registers – The LandWeb Project*, NIAO, 18 June 2008.

Agreement precluded Land Registers from obtaining information on the make-up of BT charges, costs, overhead and profits. In addition, we were concerned that a full benefits realisation/ post-implementation review had not been completed at the time of our review. We noted that the scope of the initial project had been expanded, resulting in additional payments of £19.2 million to British Telecom, and found little evidence to support over £9 million in changes to the Agreement. In addition, one of the key drivers for the project, reducing fees to customers, had not been realised.

- 1.42 That report was considered by the Public Accounts Committee (PAC). Its report (dated 30 May 2010) raised concerns over DoF's justification for increasing the contract price with BT from £17.5 million (over ten years) to £46 million (over 17 years) in the space of eight months. The PAC concluded that the deal negotiated, with its incremental implementation approach, had been more lucrative to British Telecom than originally envisaged. DoF acknowledged that its negotiations could probably have been better. The PAC identified evidence of poor project management, short comings in risk management and a lack of necessary skills and experience in the Land Register's project team before, during and after the procurement and was not convinced that the market was tested properly.

The National Audit Office has issued a number of reports on digital developments in England

- 1.43 In 2011, the National Audit Office (NAO) issued a report¹⁷ on the cost and performance of Gateway (which enables users of public bodies' online services to connect, exchange personal information securely and undertake financial transactions integral to the services) and two government services (Directgov and Business.gov). The report concluded that progress had been made in making it easier for people to access government information and services online but highlighted that, in the absence of robust data on the costs and benefits of spending, no conclusion could be made on the extent to which value for money had been achieved.
- 1.44 Less than two years later, the NAO issued a second report in this area¹⁸ which tested the assumptions made about users in the government digital strategy. The NAO noted that, since it had last reported, government plans had moved from the consolidation of websites to the "*more fundamental need to redesign public services with users at the heart*". The NAO concluded that there was scope for using online public services more and that the government's desire to make public services "*digital by design*" was broadly acceptable to people and small and medium-sized businesses. The report identified that the government needs to put plans into action to help those people who did not identify online as their preferred access channel.
- 1.45 In 2017, the NAO¹⁹ issued its latest report in this area, highlighting that some improvements had been made but cautioning that digital transformation had had a mixed track record across

17 *Digital Britain 1: Shared infrastructure and services for government online*, NAO, 9 December 2011, HC 1589.

18 *Digital Britain 2: Putting users at the heart of government's digital services*, NAO, 28 March 2013, HC 1048.

19 *Digital Transformation in Government*, 30 March 2017, NAO, HC 1059.

Part One: Background and Introduction

government and had not yet provided a level of change that will allow government to further reduce costs while still meeting people's needs. The report concluded that there is still a long way to go.

- 1.46 The 2017 report reviewed the role of the Government Digital Service (GDS) in supporting transformation and the use of technology across government. It identified that the GDS has successfully reshaped government's approach to technology and transformation but had found it difficult to redefine its role as it has grown and transformation has progressed. The NAO noted that the GDS has now adopted a more collaborative and flexible approach with departments and has established strong controls over spending. The NAO considered that the combination of strict controls and uncertainty about guidance made it difficult for departments to understand assurance requirements.
-

Part Two:

Contract Management of the Strategic Partner Project by the Department of Finance

Phase 1 of the NI Direct Programme demonstrated and quantified the benefits of a single NI Direct contact centre

- 2.1 The purpose of the Phase 1 contract²⁰ was to demonstrate and quantify the benefits of a single contact centre (to replace the old switchboard service (the Northern Ireland Customer Interaction Centre)). The total value of the contract was £5.7 million and the contract was awarded for an initial two years (with two annual options to extend). The contract was extended for the specified two additional years (up to July 2012) and subsequently for a further short period until the new Strategic Partner Project Contract was in place.
- 2.2 Phase 1 was completed by October 2012 at a cost of £6.5 million (14 per cent over estimate). As a result of Phase 1, several public sector service provider telephone numbers were consolidated, the number of first call resolutions was improved, and an intelligent directory service was created which directs more difficult queries to the most appropriate person.
- 2.3 A DoF Post Project evaluation of Phase 1 was completed in April 2011 and concluded that the project had been managed well and was within time and budget requirements. The project had virtually met all of its objectives and made significant progress in the realisation of benefits.

Phase 2 extended use of the NI Direct contact centre across the broader Northern Ireland public sector and its use was mandated across departments to improve telephone and online access to government services

- 2.4 Phase 2 of the NI Direct Programme, enabled through the Strategic Partner Project, involved extending use of the contact centre across the broader Northern Ireland public sector and procuring expertise to develop online services. In September 2012, all departments were notified that the Permanent Secretaries' Group had agreed that, when developing or refreshing programmes involving online or telephone interaction, there should be a presumption in favour of using the Strategic Partner Project unless the approved business case determined an alternative option. In October 2012, DoF appointed BT as its Strategic Partner.
- 2.5 The Strategic Partner Project had a contract value of £50 million; £20 million was to cover the cost of the NI Direct contact centre which handles around two million public sector calls each year - services include the Flooding Incident Line, provision of child maintenance support, advice and guidance and assisted digital services to support Landlord Registration. Following the 2012 direction, the contact centre customer base increased substantially. Despite this, call traffic has remained constant showing a slight decreasing trend in 2018.
- 2.6 The remaining £30 million was allocated for 'optional services' which include Digital Development, Digital Advisory and Managed Services. In effect, in line with a direction from the Permanent Secretaries' Group, expenditure under the optional services element of the contract was to be considered the preferred procurement option for developing or refreshing programmes

²⁰ The Phase I contract was let to Steria Limited (with consortium partners Echo and Accenture).

involving online or telephone interaction with the public, unless the business case determined an alternative option.

2.7 All payments to BT under the Strategic Partner Project are made by DoF. In cases where the costs relate to services received by departments and/or agencies other than DoF, amounts due are recouped from the relevant body. Responsibility for monitoring the overall costs incurred under the contract falls to DoF while responsibility for managing individual projects falls to the relevant body. DoF had specific responsibility for:

- Managing the BT contract;
- Managing the relationship with BT and relevant customers;
- Reviewing and challenging BT costs; and
- Assessing the value for money of proposals provided by BT, arranging independent assessment and benchmarking of costs where necessary.

Expenditure through the Strategic Partner Project has significantly exceeded estimates and the contract value

2.8 By June 2017, expenditure predicted to October 2019 was estimated to be in the region of £70 million; £20 million (40 per cent) in excess of the total contract value. We note that DoF sought legal advice which recommended that *“given that the situation is not clear cut, it would be sensible for the Department to seek to keep the overall contractual value at the lower end of the current range of forecast spend [£66 million]”*. Having received advice, the DoF Accounting Officer approved an increase in the overall contract value to the predicted £70 million. At that stage, DoF intended to terminate the contract at the end of the 84 month period specified in the contract (that is, October 2019). The increase allowed DoF to ensure continued use of the contact centre and managed services but, given the expenditure through the Strategic Partner Project, no further new transformational projects were procured through the Strategic Partner Project.

2.9 By October 2018, it transpired that expenditure up to the end of the contract (October 2019) was likely to be in the region of £77 million, rather than the previous estimate of £70 million. At this stage, DoF stated that the contract duration was for a period of 10 years (to October 2022) with an optional break point in October 2019. However, we identified that the original contract terms clearly state that the contract was for an initial period of 84 months (to October 2019) with an option to extend for three years (to October 2022).

Part Two:

Contract Management of the Strategic Partner Project by the Department of Finance

- 2.10 In October 2018, DoF stated that it would not be possible to terminate the Strategic Partner Project in October 2019, because alternative arrangements have not been put in place to ensure continuity of services. We welcome the “deep-dive” review undertaken by the Department’s Audit and Risk Assurance Committee at that time which explored the financial and contractual position with the Strategic Partner Project. Following that review, the Accounting Officer approved the three year contract extension (to October 2022). By October 2022, Departmental officials expect that total expenditure incurred will amount to £110 million – over twice the original contract value.
- 2.11 **Figure 2.1** provides a breakdown of the actual costs to 31 March 2018, anticipated costs to 31 October 2019 and anticipated costs to the end of the agreed extension period (31 October 2022).

Figure 2.1: Strategic Partner Project Costs

Cost Category	Description of Costs	Actual Costs to 31 March 2018 £ million	Original Estimated Costs (to 31 October 2019) £ million	Predicted Costs to 31 October 2019 £ million	Predicted Costs to 31 October 2022 £ million
Contact Centre	Charges relating to the operation of the contact centre	12.81	20.00	16.60	
Managed Services	Running costs for applications hosted on the BT platform	6.34		10.90	
Optional Services: Digital Development	Capital costs for developing applications and solutions	27.96	Total Costs across these categories were estimated at £30 million.	33.30	
Optional Services: Digital Advisory	Resource costs for solution development – relating mainly to Discovery and Consultancy costs	14.85		16.70	
Other Costs (including Exit Costs)					
Total		61.96	50.00	77.50	110.00

Source: DoF

In January 2016, a Gateway review questioned whether the contract had outlived its usefulness and welcomed the move to a more agile approach

- 2.12 In January 2016, a Gateway review²¹ of the Strategic Partner Project identified that “*there are causes to question whether the contract as written continues to fit with the business being conducted*” and concluded that “*... there is growing evidence that the contract, as let, may have outlived its usefulness and the [Northern Ireland Civil Service] ... might be better served by a more agile²² approach*”. DoF told us that, at the time, the Gateway Review team was aware that it was working with BT and had changed to a more agile approach to meet customer needs.
- 2.13 The Gateway review team was critical that the Strategic Partner (BT) was failing to provide transparency of their annual accounts despite a contractual undertaking to provide the information and for “*open book accountancy*”. As a consequence, the review team concluded that DoF was uninformed as to whether it was entitled to gain share settlements for any of the years since commencement of the contract. BT commented that, whilst the failure to comply with this contractual obligation in the past is highly regrettable, reviews indicate that no gain share will be invoked. In 2008, we raised similar concerns in relation to the LandWeb project²³.
- 2.14 The review team acknowledged that the move from waterfall²⁴ to agile development was welcome but questioned whether the additional cost of layering BT above subcontractors added any project value. Further, it identified that “*innovation received from the Strategic Partner was ‘patchy’ with the bulk of innovation coming either from the subcontractors or from within the Northern Ireland Civil Service*”.

In 2016, DoF’s Internal Audit Service was critical of DoF’s management of the Strategic Partner Project Contract

- 2.15 In 2016, DoF Internal Audit (IA) reported the results of its review of the project management of the Strategic Partner Project. IA identified a number of areas where controls were not effective and provided a ‘*limited*’²⁵ audit opinion making a total of 27 recommendations. In broad terms, Internal Audit was critical that:

21 The Gateway review process is an assurance mechanism designed to provide an objective view of the ability of a programme or project to deliver on time and to budget. It is not part of the programme or project management process. Gateway reviews are managed in NI by the Centre of Expertise for Programme and Project Management within the Construction and Procurement Delivery unit.

22 Agile is a method of project management, used especially for software development, characterised by the division of tasks into short phases of work, with frequent reassessment and adaptation of plans.

23 NIAO Report, Transforming Land Registers – The LandWeb Project, 18 June 2008

24 Waterfall is a method of project management characterised by sequential stages and a fixed plan of work. Each phase of a waterfall project must be completed prior to moving to the next phase (in contrast to the agile method).

25 A ‘*limited*’ Internal Audit opinion (at the time the report was issued) indicated that “*an inadequate and/or ineffective system of governance, risk management and control [are] in place. Therefore there is significant risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control*”.

Part Two:

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- DoF had overcommitted expenditure against the contract by £17.2 million (34 per cent over the original budget) by August 2016 and prior approval for this had not been obtained.
- DoF was not in a position to provide details of actual spend against the contract and was not actively managing the contract with BT.
- DoF had not received (or reviewed) BT annual audited project accounts, gain share calculations and Certificate of Costs and Benefits (in accordance with the Agreement).
- The scalability of the financial modelling and resource compliment had not been considered during the *discovery* and *statement of requirement* phases of the contract.

2.16 IA published the results of a follow-up review in September 2017 and confirmed that 12 (of the 27) recommendations had been fully implemented, 14 recommendations had been partially implemented and one recommendation had not been implemented. On the basis of the follow-up review, IA collated its previous work and made a further 15 recommendations. By March 2018, DoF advised that all but one of the remaining recommendations had been implemented²⁶.

2.17 In relation to the receipt and review of audited BT project accounts, IA noted that accounts had been received for the periods to 31 March 2013 and 2014 but had not been reviewed by DoF. Accounts for the periods to 31 March 2015 and 2016 remained outstanding. BT told us that it is working on providing accounts for 2016 and 2017 as soon as possible and confirmed that, going forward, all accounts will be provided within the timeframe stipulated in the contract. In a report we issued in 2008 (Transforming Land Registers: The LandWeb Project) we raised similar concerns in relation to obtaining information from BT.

In 2017, external consultants reported that the Strategic Partner Project had delivered value for money but highlighted a number of concerns

2.18 DoF commissioned Gartner Consulting to undertake an Independent Post Project Evaluation on the success of the Strategic Partner Project with BT. Gartner produced a report in November 2017 which concluded that, since costs across each component were within the market range and below the market average, value for money had been achieved. The review identified that DoF had provided value-adding services to the projects and that use of the agile development methodology had a positive impact on projects and ensured greater user involvement during the development process. A summary of the findings and recommendations is provided at **Appendix 3**.

²⁶ The remaining recommendation relates to the need to approve the Terms of Reference for the Information Assurance Technical Sub-Group as soon as possible. DoF informed us that this cannot be completed until the output from the Internal Audit Governance structure review is completed.

- 2.19 For each of the three projects Gartner examined, it confirmed that, where a project had been completed, project objectives had been met. Some issues with external ID verification functionality and the contractual spend limit had *“seriously impacted on a couple of projects, requiring additional procurements and delays to realising functionality and, therefore, the realisation of benefits”*. Given this, the consultants recommended that *“[DoF] establish a portfolio view of quantified benefits to justify its on-going value”*. The consultants were also critical that there did not appear to be any project prioritisation process to ensure that the initiatives of greatest benefit were progressed.
- 2.20 The consultants confirmed that DoF had a strong relationship with BT. While this was seen as a strength, the consultants highlighted that, because of this, regular cross-checking to contract document had been less of a focus. They commented that, given the length of the contract (at over 1,000 pages) and its failure to fully apportion roles and responsibilities, additional effort was required to manage and ensure compliance. They considered that the absence of a dedicated and skilled contract management resource was a deficiency in DoF’s approach.
- 2.21 As a result of the review, the consultants highlighted the following:
- Ensure future contracts set out the roles, responsibilities (particularly between DoF and departments), metrics and outcomes;
 - Define a regular, formalised management process to understand the strategic needs of departments and other stakeholders;
 - Implement formalised contract management processes;
 - Through communication and training, ensure that departments and other stakeholders are aware of the contract usage and mechanisms;
 - Ensure sharing of lessons; and
 - Consider inclusion of project break points.
- 2.22 DoF told us that it has taken on board all of the consultants’ recommendations and other lessons to inform the new Strategic Partner Project (due for implementation in 2022). DoF has put new mechanisms in place within the Digital NI Enabling Programme²⁷ to ensure new contractual arrangements are clear and concise with Service Level Agreements which drive effective contractor behaviour.

27 The Digital NI Enabling Programme will put in place new contracts to replace the current NI Direct Strategic Partner Project Contract.

Part Two:

Contract Management of the Strategic Partner Project by the Department of Finance

DoF struggled to provide us with a breakdown of costs by individual project

- 2.23 In 2016 (four years after Phase 2 was awarded to BT) (see paragraph 2.15), Internal Audit noted, at the outset of its audit, that despite DoF's tracking system (introduced in 2014), it was not able to provide details of actual spend against the contract and was not actively managing the contract with BT. One year later, the external consultants were critical of the absence of a dedicated and skilled contract management resource within DoF.
- 2.24 In response to the criticisms, DoF obtained a dedicated resource to track payments, however, when we asked for a breakdown of total costs paid to BT, DoF was still not in a position to provide complete cost records. The breakdown (by category and project) was prepared retrospectively and was finally available by September 2018.
- 2.25 DoF accepts that its existing system (the Tracker) is not a viable long term solution for financial monitoring of expenditure.

Capital expenditure on a number of projects procured through the Strategic Partner Project exceeded original estimates

Digital Development projects

- 2.26 **Figure 1.3** shows that almost £28 million was incurred on the digital development of solutions and applications. This included 13 major digital development projects procured through the Strategic Partner Project at a cost of almost £27 million. The DoF Tracker provides additional information on the estimated and actual costs incurred on individual projects. This relates only to capital costs passed through the Strategic Partner Project. It does not include advisory or managed service costs through the Strategic Partner Project or additional project costs incurred by departments.
- 2.27 We reviewed the Tracker information and noted that the capital costs on three (of the 12 completed) major digital development projects exceeded original estimates by 10 per cent or more (see **Figure 2.2**). DoF explained that project expenditure increases occurred for a number of reasons including, for example, scope change identified during the discovery phase and pointed out that additional spend is subject to revised business case approvals. DoF told us that the change from waterfall to agile has ensured visibility of potential overspend allowing impact to be assessed and decisions to be made. BT told us that delivery delays and cost overruns were, in most cases, caused by changes in scope and additional functionality requirements from the client which resulted in incremental time to delivery.
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Figure 2.2 Capital overspends on major Digital Development Projects funded through the Strategic Partner Project

Digital Development Project	Total Strategic Partner Project Costs £s	Estimated Capital Cost (Note 1) £s	Actual Capital Costs £s	Capital Overspend £s	Percentage Overspend
Fishing Licence	1,442,500	945,000	1,125,300	180,300	19%
Research Family History – GeNI Project	1,634,300	889,000	1,008,100	119,100	14%
Compensation for criminal injuries and criminal damage	2,067,400	1,490,900	1,663,700	172,800	12%

Source: DoF

Note 1: Estimated Capital Costs were obtained from individual departmental business cases.

Digital Advisory projects

2.28 **Figure 1.3** shows that total expenditure on Digital Advisory costs to 31 March 2018 amounted to £14.85 million. This includes just over £5 million relating to the Department of Agriculture, Environment and Rural Affairs' (DAERA) Common Agricultural Programme (CAP) Reform work and just over £1.54 million relating to the Debt Transformation Programme within the Social Security Agency. Actual costs (to date) for both these projects have considerably exceeded original estimates.

- **DAERA CAP Reform: £5,013,000**

DAERA used the Strategic Partner Project to procure assistance with aspects of its CAP Reform Programme (introduced in 2015). This allowed DAERA to embed ICT specialists into its agile software development teams. The reform project integrated components from the NI Digital Toolkit rather than duplicating code or functionality. We analysed payments made through the Strategic Partner Project to 31 March 2018 and noted that CAP Reform payments of £2,791,852 were made under the original agreement with a further £2,221,212 paid in relation to contract extension since December 2015. Total funding paid therefore amounted to £5,013,000 (under Discovery and Consultancy Costs) – that is almost twice the amount originally estimated for procurement through the Strategic Partner Project.

- **Social Security Agency Debt Transformation Project: £1,541,400**

The Social Security Agency (SSA) (now part of the Department for Communities) used the Strategic Partner Project to procure assistance with the development and implementation of a new Debt Strategy. The project was intended to build capacity and modernise systems,

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processes and structures in order to maximise the recovery of Government Debt whilst providing support to citizens in need. As a result of the UK Welfare Reform programme, the value of DfC's debt book was predicted to increase from around £146 million in 2016 to around £413 million in 2020-21. The debt transformation programme (of which this consultancy work was a small part) enabled DfC to absorb these policy changes, manage greater levels of debt recoveries and deal with the resultant increase in customer contact without needing to significantly increase numbers of staff.

At the initial development stage, the SSA identified the need to secure additional resources, estimated to be in the region of £726,000. In 2013, the SSA engaged a team of external contractors through the Strategic Partner Project on both a consultancy and staff substitution basis. Following a series of extensions to the project, actual costs (at £1,541,400) were more than twice the amount originally estimated for procurement through the Strategic Partner Project. While DfC acknowledges the overspend, it considers that the project delivered a positive outcome when set against the scale of the organisational challenge and change programme.

As a result of overspends, funding for elements of one programme was terminated

- 2.29 The Driver and Vehicle Agency (DVA) had identified an urgent need to replace the 30 year old legacy application for providing driving licences and applied to use the Strategic Partner Project as a procurement vehicle. In August 2013, DoF advised the DVA that it *"would not be in a position to provide the total solution [DVA] require[s] through the [Strategic Partner Project] contract due to the estimated total value of £7.9 million setup with £850,000 per annum revenue"*.
- 2.30 In the Department's Landscape Review, Driver Licensing was identified as a service with potential for inclusion in the 16 by 16 initiative. In April 2014, DoF wrote to DVA to advise that the NICS Assessment Panel had reviewed the Driver Licensing Statement of Requirements and concluded that a *"different approach needs to be taken"*. DoF offered to invest support, including the use of the NI Direct Strategic Partner contract, *"into a new approach which should ensure a digitally transformed service for the citizen"*. This offer was accepted by DVA and work commenced. The Driver and Vehicle Agency initiated a major transformation programme across all its services. The transformation programme involved the following projects:
- Driver licensing system;
 - Compliance and enforcement system;
-

- Commercial licensing;
- Driver and vehicle testing; and
- Booking and rostering.

- 2.31 During the preliminary phases of these projects, the DVA had an understanding that all DVA planned work could be delivered through the Strategic Partner Project. However, in May 2017, DoF informed DVA that it could make no further use of the contract because the financial ceiling had been reached. We noted that despite the 2013 DoF decision not to progress this project through the Strategic Partner Project on the basis of the high cost, a total of £7,974,100 has been spent on DVA transformation.
- 2.32 The DVA assessed the position and concluded that the outstanding work (relating to Enforcement and Compliance, Operator Licensing and Testing and designing the Corporate Data model) was so far advanced that it was not possible for the work to pass to a different supplier. As a result, the DVA entered into a two year, £7.2 million direct award contract with the original contractor (BT). The Booking and Rostering project had not progressed to the same extent and the contract was awarded through open procurement.
- 2.33 The decision by DVA to enter into a direct award contract with BT (for elements which were well progressed) is understandable, however the use of such contracts is not encouraged because it is difficult to demonstrate the extent to which they offer value for money.

We noted that time delays were experienced with five projects

- 2.34 Effective project management involves planning and controlling resources to ensure delivery of the required product within agreed time and cost parameters. We compared delivery for each project (in terms of time and cost) against the original plans outlined in the project business cases. Eight of the digital development projects procured through the Strategic Partner Project were delivered within the agreed timescales. The remaining five (including three projects which pre-dated the introduction of the Digital Transformation Programme) experienced delivery delays as follows:

- **Tourism NI**

The website development phase was delayed by almost two years as a result of scoping, technology, internal resourcing, supply chain and content issues. DfE also informed us that, external consultants who reviewed the project identified that while there were issues with the technical capability and availability of staff in Tourism NI, BT had failed to proactively engage and manage project delivery (specifically managing third party suppliers).

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- **Compensation Services**

Go-live for the project was delayed by 18 months due to issues which included securing verification centres.

- **Planning Appeals Commission and Water Appeals Commission (PACWAC)**

Slippage of 8 months was experienced with this project due to disagreements around functional specifications. Search portal availability, reporting modules and letter modules were not working as anticipated.

- **Online mapping products (CAMEO II)**

Project was slightly delayed (by 7 weeks) because of an under estimation of development time required by the contractors/sub contractors.

- **Digitisation of Legal Aid²⁸**

Digital Account Creation went live in January 2019 and the Case Management system, is expected to go-live in July 2019 (that is, 22 months later than originally anticipated). Initial delays arose because of limited resources within the Department of Justice. Further delays arose due to client concerns over the quotes for the work, the identification of key concerns following an internal peer review of the project and concern about stakeholder readiness. In addition, the original business case was reworked to ensure the project was fully transformational and that staff savings were maximised.

We identified from various departmental reports that some teething problems arose with early projects procured through the Strategic Partner Project

- 2.35 Completion of post project evaluations (PPEs) ensures that lessons (positive and negative) are learned from individual projects. In relation to the 12 major, completed, digital development projects we examined, seven had a completed PPE. In two cases (Compensation Services and Driver Licence Replacement) it was too early to expect a PPE. In two cases (Pay Rates and Landlord Registration) no PPE had been prepared²⁹.
- 2.36 The first project progressed was the Genealogy Project for Northern Ireland (GeNI). This was a DoF project designed to upgrade online and public search room access to a selection of historical records and images, and provide a more sophisticated and secure online certificate ordering system. The PPE report highlighted several issues which impacted on delivery of the proposed end to end solution. In particular, it noted that:

28 In a 2011 Report on Managing Legal Aid, the Public Accounts Committee (PAC) concluded that the Legal Service's Agency's management information systems were "archaic and not fit for purpose". PAC was critical that there is an inability to prepare robust provisions for future legal aid costs.

29 The Department for Communities told us that a PPE relating to Landlord Registration will be completed in 2021 following the expiry of the seven year business case period.

- At the outset BT did not provide a detailed, technical build that constituted a full end-to-end solution;
- Governance arrangements and roles were not sufficiently robust;
- Engagement with all key players happened too late in the process; and
- The project was brought on board while the NI Direct infrastructure was still being developed.

2.37 The next major project to be commissioned was online mapping system (CAMEO I). This project involved replacing and enhancing the existing CAMEO I (also known as Ordnance Survey Northern Ireland (OSNI) online map shop) which provided online purchase or licence of Ordnance Survey mapping products and was at the end of its contract life. The PPE confirmed that in general, the arrangements with BT worked well but it highlighted that:

- BT underestimated the development requirements of such a major project;
- The contractor, on occasion, was inflexible (and charged) to make changes; and
- Tension arose over BT's interpretation of the agile method – this led to confusion over agreed changes.

2.38 While there was evidence that governance arrangements, testing and security arrangements had been improved following the GeNI experience, the PPE for the Northern Ireland Registration Office System (NIROS) project (completed some time later) mentioned that:

- The project owners felt unable to challenge BT (since DoF rather than the General Register Office were, in fact, the contract owners);
 - The complexity of some aspects of the project was not appreciated by the supplier;
 - The project was delivered using existing platforms which had the effect of diluting the requirements to make it fit;
 - There was a lack of co-ordination between BT and sub-contractors; and
 - Confusion still existed over BT's interpretation of the agile method.
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- 2.39 Several additional recurring themes were raised in PPEs. These included:
- Changes to key contractor personnel throughout the process, had a negative impact and caused delays;
 - Lack of understanding of the business prior to commencing projects; and
 - Slowness to resolve identified issues.
- 2.40 The Inland Fisheries project was the latest completed project with a PPE and reported a much more positive experience. It involved design and build of a new online angling licence and permit application. This removed the need for paper licences and allows enforcement officers to verify licences more quickly.
- 2.41 We acknowledge that lessons were learned from the problems encountered with early projects. The move from a waterfall to an agile delivery approach addressed many of the issues faced in the initial projects procured.
- 2.42 We understand that individual departments and public bodies retained accountability for projects they commissioned under the Strategic Partner Project, however we were surprised that copies of all PPEs were not collated and held centrally by the Enterprise Shared Services team within DoF³⁰. As contract owners, we expected DoF to have a much more proactive role in monitoring the success of contracts and ensuring that lessons were learned.

30 Departmental PPE's are collated by the Construction, Procurement and Delivery unit within DoF.

Summary of Main Points Arising

- 2.43 It is unacceptable that DoF did not put robust financial management procedures in place to control the expenditure through the Strategic Partner Project. Detailed cost records are essential if the value for money of individual projects and the overall contract is to be assessed. We agree with the external consultants that the allocation of roles and responsibilities should have been more explicit in the Strategic Partner Project contract. In our view, the absence of a dedicated, skilled contract management resource was a serious control weakness and led to a situation where contract costs were not actively monitored, tracked and controlled and where key aspects of the contract were not fulfilled. DoF assured us that this is no longer the case.
- 2.44 Further, it is unacceptable that, two years after the original criticism by Internal Audit and six years after the contract commencement date, DoF did not take prompt action to ensure it was in a position to provide accurate cost information about individual projects funded through the contract.
- 2.45 The Strategic Partner Project was due to terminate in October 2019. The 2017 DoF request to increase the financial ceiling to £70 million records that, at that stage, DoF was aware of the termination date. However, in the latest submissions to request a further increase in spend (to £110 million), DoF refers to the Strategic Partner Project as a 10 year contract with an optional break point in October 2019. We identified this was incorrect.
- 2.46 Further, DoF stated in October 2018 that it would not be possible to break the contract in October 2019, because it did not have alternative arrangements in place. In our view, DoF should have allowed sufficient time to explore, negotiate and put in place alternative arrangements to ensure it could terminate the Strategic Partner Project in line with the agreed provisions, that is, by October 2019.
- 2.47 A number of individual projects procured through the Strategic Partner Project experienced significant cost overruns (compared to original business case estimates) and time delays as a result of various project add-ons and extensions. In our view, this is indicative of poor project management and requirements' specification by individual departments. DoF, with overall responsibility for managing the Strategic Partner Project, should have had stronger controls in place to monitor and manage expenditure.
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Recommendations

- 2.48 Lessons must be learned for any future contracts. We recommend that all departments ensure that strong financial management controls are in place to ensure that appropriate monitoring of expenditure is embedded in management processes. To ensure this, departments managing contracts must ensure that sufficient expert resources (for example, financial management staff) are retained throughout the duration of the contract.
- 2.49 Where individual contracts are used by several departments, we recommend that a central record of key financial data is maintained by the contract owner.
- 2.50 DoF must consider how digital transformation can be advanced across the entire public sector. In order to maximise the benefits for citizens, services must work seamlessly across existing organisational barriers.
- 2.51 We acknowledge the role of individual departments in completing PPEs to assess and learn from the success or otherwise of individual projects. We recommend that, for future contracts, the contract owners ensure that they are fully sighted on all PPEs so that they can ensure that key lessons are learned. We recommend that DoF creates a central register of lessons learned and makes this easily accessible to all public bodies embarking on transformation projects.
- 2.52 While we acknowledge that much good practice guidance on contract and project management exists across the public sector, we recommend that DoF develops a short guide to assist those progressing digital transformation projects. In our view, this would help ensure adherence to best practice.
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Part Three: Prioritisation and Selection of Projects

The rationale for prioritising projects through the Strategic Partner Project was not always clear

- 3.1 DoF informed departments that the Strategic Partner Project could be used as a procurement vehicle for taking forward opportunities within NICS which met one or more of the following broad criteria:
- Programme for Government criteria;
 - Citizen facing service with transactions > 10,000 or more per year;
 - The opportunity to channel shift an existing citizen or business facing service to online (subject to availability of resources);
 - Opportunities arising from the current NI Direct Business Development Strategy and/or NI Direct Citizen Contact Strategy; and
 - Specialist business and ICT consultancy to assist business areas investigate potential citizen or business related online services and channel migration opportunities.
- 3.2 Given the financial ceiling (£50 million with £20 million allocated to the contact centre), it would have been prudent for DoF to prioritise projects (across central government and the wider public sector) which met the criteria above for procurement through the Strategic Partner Project³¹ and which were valued most by citizens. This resonates with the findings of a recent report³² which highlighted that Northern Ireland is at a “*digital tipping point*” and emphasised the need to embrace the next stage in transformation, using “*technology-driven transformation programmes to unlock further efficiencies through automation and self-service at a time when traditional savings approaches are becoming exhausted*”. Recognising current constraints on public spending, the report highlighted that “*it’s not about lack of budget, rather the key is to prioritise projects and focus on those most meaningful for citizens*”.
- 3.3 In our view, the use of a prioritisation process would have ensured that projects procured through the Strategic Partner Project were those most likely to improve access to government services and deliver a more efficient service for the customer and taxpayer. In the absence of wider public sector prioritisation, early projects procured through the Strategic Partner Project included providing consultancy advice and replacing out of date systems:
- **The Northern Ireland Registration Office System (NIROS): £3,913,700**
NIROS was intended to be a direct replacement for the Registration and Certificate Modernisation (RCM) system which was due to reach ‘end of life’ in February 2016. The RCM had become outdated and a new system was required to ensure that hardware and

31 The Northern Ireland Assembly’s Public Accounts Committee raised similar concerns over the Invest to Save Initiative. In its 2016 report, PAC commented that the “.. *funding stream needed to have clear objectives and selection criteria; and should have been thoroughly appraised, monitored and evaluated.*” Report on Invest to Save Funding in Northern Ireland (NIA 325/11-16).

32 The Changing Landscape of Northern Ireland, Civica, 2019.

software platforms were secure and current. During initial discussions, the NI Direct contract team (in December 2012), concluded that procurement through the NI Direct contract would not be an option for the NIROS project since it did not satisfy the selection criteria. This was reviewed and, in February 2013, the NI Direct contract team stated that the Strategic Partner Project could be used to deliver the NIROS project, either solely by BT or using a hybrid of sourcing options. Total expenditure on the NIROS project amounted to almost £4 million. DoF told us that NIROS has delivered easy public access to a wide range of information held by the Northern Ireland government. This has resulted in substantial income generation.

- ***Inland Fisheries (Apply for a Fishing Licence): £1,442,500; Planning/Water Appeals (PACWAC): £744,500***

We were surprised that these services, with relevance to a limited audience, were approved for procurement through the Strategic Partner Project. DoF advised that “apply for a fishing licence” emerged from the Landscape Review as one of the top 18 transactional services impacting on around 50,000 anglers annually.

- ***Paying a Rates Bill: £887,600; Online Mapping (CAMEO II): £1,414,400***

The primary driver for these projects was the need to upgrade existing online systems. Although we noted that the projects involved providing additional functionality, the presence of existing online services should have precluded prioritising procurement of these projects through the Strategic Partner Project.

- ***Landlord Registration: £1,228,400***

Use of the Strategic Partner Project was approved for this project, despite the fact that it offers little interaction with users. The Department for Communities told us that it achieved over a 90 per cent online uptake rate across around 125,000 individual landlord/property registrations.

- ***Compensation Services: £2,067,400; Planning/Water Appeals (PACWAC): £744,500 and AccessNI: £2,679,100***

The primary driver for these projects was the need to replace end of life in house management information systems. We accept that the Compensation Services and AccessNI projects took the opportunity to transform the existing systems in place.

Despite its importance to citizens, developments within the health and social care sector have been limited

3.4 Most people interact with health and social care (HSC) services at some stage in their lives. It is therefore no surprise that, in 2017, for the second year, health was identified by citizens as the

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most important service to digitise (paragraph 1.17). Given the importance of health and social care services, we expected that some health digitisation projects would have been prioritised through the Strategic Partner Project.

3.5 We note that the Northern Ireland health and social care sector has made some progress towards digitisation through projects procured other than through the Strategic Partner Project. For example:

- The introduction of an electronic care record in 2013;
- Use of the Northern Ireland Picture Archiving and Communications System (NIPACs) – a regional x-ray system which allows electronic viewing and reporting of results;
- Computerisation, networking and the introduction of two-way electronic communication for all GP practices;
- Providing technology to enable electronic booking of GP appointments and repeat prescriptions (although this has not been fully utilised by all GP practices³³);
- Health Symptom Checker providing an A-Z list of ailments and diseases; and
- Improvements to networks, data centres and infrastructure.

3.6 However, progress within this priority sector has been slow. The eHealth and Care Strategy for Northern Ireland (published 2 March 2016) acknowledged that eHealth services in Northern Ireland were limited and that HSC providers did not make it easy for people to find information or make decisions about their own health and wellbeing. The Strategy recognises that if the use of limited resources is to be justified then eHealth systems must be capable of maintaining patient/client confidentiality and offer real benefits to the public, patients, clients, their carers and HSC staff.

3.7 The expected outcomes from eHealth include:

- Helping people to self care by developing a web portal (on NI Direct) which provides trusted advice, self-care information and details of HSC services;
- Providing secure access to the individual's personal health records (through the health portal);
- Providing a fully integrated electronic health and care record system across the HSC; and

33 eHealth Strategy Implementation Plan – 2018-19: SPA 2 Progress at March 2018: “63 per cent of GP practices now offer at least one of Repeat Prescriptions or Booking an Appointment online”.

- Using innovative products and systems, supporting the local economy and establishing a HSC eHealth and Care Innovations network.

3.8 The initiative to drive transformation across the Northern Ireland health and social care sector is being taken forward by the Department of Health together with the Health and Social Care Trusts. The cross-cutting and reusable components of the Digital Transformation Programme (see **Figure 3.2**) are available for use by health bodies.

We found little evidence that public sector organisations were working together to develop innovative cross-cutting solutions

- 3.9 If the public sector is to improve the efficiency and effectiveness of service delivery without significantly increasing service delivery costs, it must move away from traditional siloed delivery models in favour of more citizen centred service delivery models. Adopting citizen centred models (for example through a One Stop Shop (suggested as early as 2012)) not only has the potential to reduce costs but can also significantly enhance customer experience by delivering outcomes based on citizens' needs, expectations and preferences³⁴. The consolidation of Northern Ireland public sector websites (started through NI Direct Phase 1) improved the citizen experience by providing consistent, up to date information through the nidirect portal.
- 3.10 To be effective in developing citizen centred service solutions, departments and agencies need to break down organisational barriers, share information and work together to provide a seamless, 'joined up' service. This will be a radical step for Northern Ireland public sector bodies and will require strong leadership and possibly new regulatory and legal frameworks.
- 3.11 We saw little evidence of departments and other public bodies working together to develop proposals for innovative projects aimed at improving the customer experience³⁵. DoF told us that its approach was to concentrate on central government services to demonstrate the benefits of transformation and then develop the journey into wider public service areas. Each of the projects procured through the Strategic Partner Project related to a proposal put forward by a single department or body. In our view, the failure to work together to create digital solutions has precluded the identification of truly transformational projects.
- 3.12 Most services available to Northern Ireland citizens have (similar, if not the same) equivalents across the United Kingdom. Integrating into the existing national systems which deliver these services, offers economies of scale and in our view presents a viable option for service transformation in Northern Ireland. Two of the most widely known Northern Ireland projects

34 *Transforming the citizen experience: One Stop Shop for public services*, PWC, February 2012

35 DfI told us that as part of the DVA Digital Transformation Programme, DVA's applications currently (including those under development) link with various other public sector organisations, sharing information to improve accuracy, currency and security of information and to improve the customer digital journey. In addition, DfI told us that DVA has adapted application software developed from other public service bodies, for example the medical wizard developed by DVA (Swansea) will be integrated within the DVA Driver Licensing solution to streamline the NI medical assessment process.

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taken forward using existing UK national systems were car taxation and registering to vote³⁶. Northern Ireland public sector service providers also use the gov.uk/Notify SMS text channel. Work is also underway to facilitate Northern Ireland use of the gov.uk/Verify identity platform.

3.13 However, we noted that, for a number of projects procured through the Strategic Partner Project, Northern Ireland service providers developed bespoke systems, tailored specifically to Northern Ireland, rather than integrating into national systems. We noted three cases where collaboration with counterparts in England was identified as an option but ruled out:

- **Northern Ireland General Registration Office System (NIROS)**

The business case for the NIROS project records that the General Registers Office Northern Ireland (GRONI) was contacted by the GRO England Wales and asked to either undertake a joint project to replace systems or to develop closer joint working relationships to share lessons, experience and knowledge but undertake projects independently. The business case ruled this out on the basis of legislative, operational, and planned policy differences and on the basis of previous experience of joint working during which the decision making process was “complex and unwieldy”.

- **Driver and Vehicle Agency Licensing**

The business case for this project included an option to integrate the Driver and Vehicle Licensing Agency’s (DVLA’s) Drivers Re-engineering Project (DRP) across Great Britain. The option was ruled out because:

- Migration of NI data would necessitate amendments to the DRP system to take account of legislative and processing differences;
- The DRP provides additional online delivery of certain driving licence transactions and includes electronic links to other agencies which are not relevant to NI;
- The go live date for NI data would also have to fit in with DVLA’s system development programme; and
- Previous attempts to carry out integration with the DVLA driver licensing system were unsuccessful because of DVLA’s reluctance to accept responsibility for the required development, given the differing legislative and operational requirements. Therefore due to pressure to replace the existing NI driver licensing system, DVA proceeded with investigating the alternative options.

- **AccessNI**

The relevant business case considered the option of terminating the AccessNI disclosure service and establishing arrangements for Northern Ireland bodies to avail of disclosure services for existing UK bodies. However, following consideration of all options, the

36 Online voting registration in Northern Ireland has been available since June 2018. Online registration had been available in all other UK regions since 2014.

business case favoured the enhancement of existing Northern Ireland public sector provision. Subsequently, DoF told us that the AccessNI project has been a great success and has been offered to Scotland and Wales who have independently gone out to procure new services.

The development of several cross-cutting, reusable applications available for use by departments and public sector bodies is welcomed

- 3.14 DoF has introduced various cross-cutting enabling services for use by the wider public sector, such as IT infrastructure; data centres; networks and cross-public sector framework contracts. In addition, by 31 March 2019, DoF had introduced a suite of cross-cutting applications, available for repeated use by departments and public sector bodies, at a low cost. The total cost of developing and introducing these applications amounted to just under £4.3 million by 31 March 2019 (**Figure 3.1**).

Figure 3.1: Cost of cross-cutting applications

Application	Procurement through the Strategic Partner Project		Procurement outside the Strategic Partner Project ¹
	Anticipated Business Case costs £	Cost to 31 March 2019 £	Total Costs to 31 January 2019 £
Digital Toolkit	13,800,000	2,721,284	60,000
NICS Identity Assurance	402,670	857,476	57,827
Social Web	900,784	63,234	517,329
My Portal	Capital 982,140+ Resource 1,379,131	644,400	–
Total		4,286,394	

1. The costs procured through the Strategic Partner Project do not represent the full cost of developing/supporting these applications. Several additional contracts were let through open procurement.

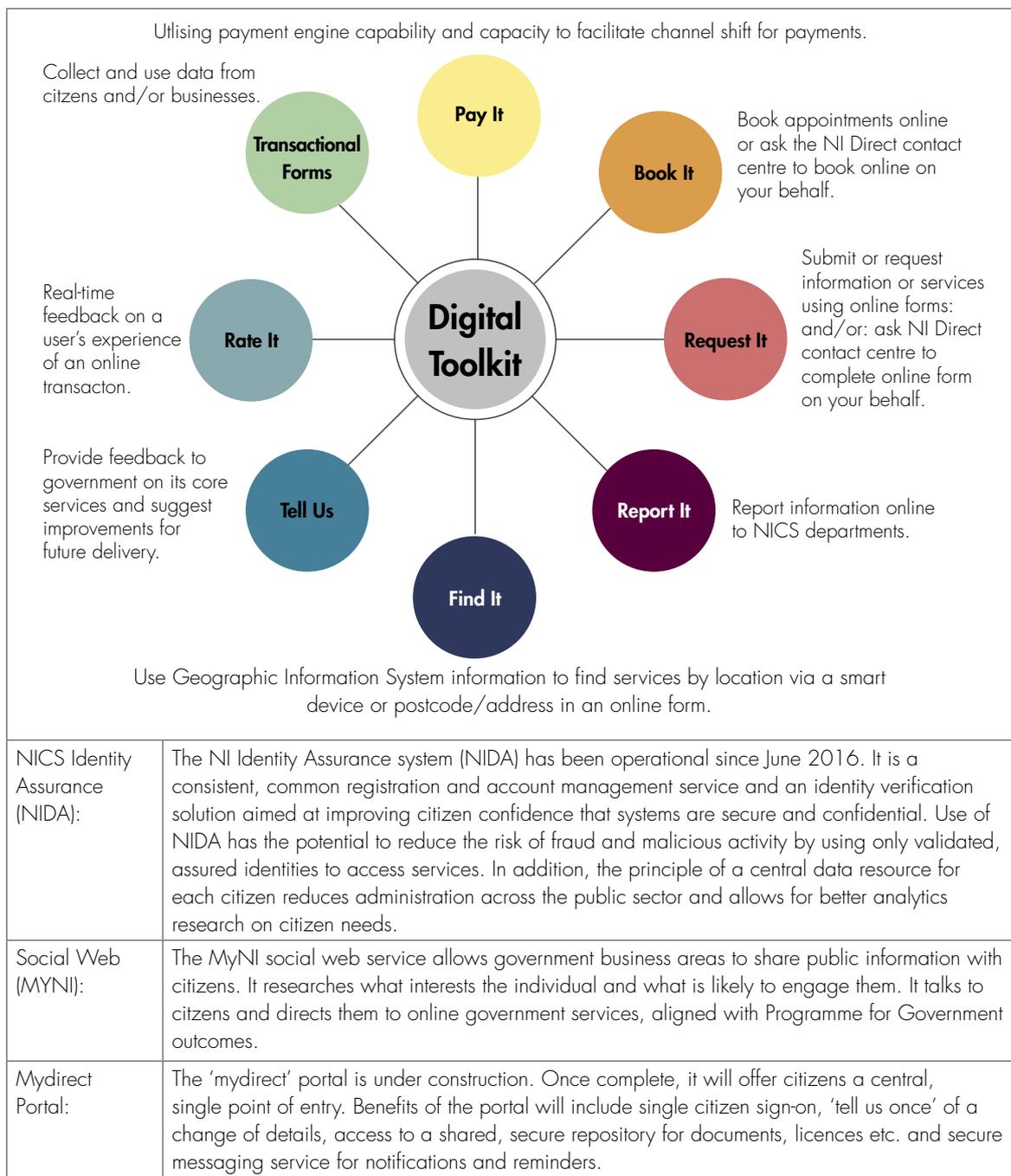
Source: DoF

- 3.15 These applications are designed to offer a consistent user experience across public services, reduce citizen fears about data safety, reduce the administrative burden on (and cost to) the

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public sector and simplify procurement processes. Details of each of the reusable applications procured through the Strategic Partner Project are provided at **Figure 3.2**.

Figure 3.2: Details of cross-cutting applications



Source: DoF

Summary of Main Points Arising

- 3.16 We note that each of the services prioritised during the due diligence phase involved a minimum of 10,000 transactions each year, however we were surprised that the original list did not include health, local government, welfare or policing services. In our view, given the financial ceiling on the Strategic Partner Project, it would have been prudent to prioritise those public services by the extent to which they are valued by the public.
- 3.17 We appreciate that progress has been made on Northern Ireland's journey to the digital transformation of public services, however the pace of change has been slow. We agree with the findings of a recent report³⁷ which highlighted that Northern Ireland is at a "*digital tipping point*" and emphasised the need to embrace the next stage in transformation, prioritising those projects most meaningful for citizens.
- 3.18 We are concerned that, without the ranking of projects, the Strategic Partner Project was used to procure replacement systems and provide consultancy advice rather than transform those services most valued by customers. In our view, the lack of collaboration across departments and public sector bodies (with Northern Ireland and UK bodies) has hindered the implementation of transformational, citizen centred projects. We acknowledge that there has been a positive impact in initiating culture change across central government, evidenced by the move to more agile approaches.
- 3.19 Our 2007 report on Electronic Service Delivery (see paragraph 1.38 and 1.39 above) highlighted similar issues. It is disappointing that lessons were not learnt from that previous report. In this, our latest review, we have again found little evidence of a robust, independent challenge and prioritisation process prior to selecting services.
- 3.20 The health and social care sector acknowledges that eHealth services in Northern Ireland are limited and that HSC providers do not make it easy for people to find information or make decisions about their own health and wellbeing. Given this, and that health was identified as a priority area in the DoF landscape review, it is disappointing that very few health and social care projects were procured through the Strategic Partner Project. It is important that the Department of Health prioritises its eHealth strategy so that the benefits to the public can be realised.

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- 3.21 The development and introduction of cross cutting applications is welcomed. DoF acknowledges that these applications could have been developed earlier. Extending and increasing use of the individual applications across the public sector has the potential to enhance customer experience, improve security and reduce public sector expenditure.

Recommendations

- 3.22 We recommend that DoF undertakes a review of transformation activities across the Northern Ireland public sector and uses the results to ensure that future transformation is taken forward in a strategic and co-ordinated way.
- 3.23 We recommend that DoF mandates that best possible re-use is made of code, components, tools, applications and data across central government to avoid duplication of effort. NI Direct should be the single portal for all digital government services. DoF should also explore opportunities for development across the local government sector.
- 3.24 Given that citizens want a *“tell me once approach”* to services and verification, we recommend that DoF progresses work on the Mydirect portal at pace. This involves considering the concept of citizen identification and verification, exploring the option of a single identifier and exploiting use of inter-connected registers so that users do not have to re-submit data. In addition, DoF should continue to pursue opportunities for new technologies (such as Artificial Intelligence and Robotic Process Automation) for future digital transformation.
- 3.25 DoF has benefited from working with the Government Digital Service in Whitehall and Estonia in relation to digital transformation. We therefore recommend that it considers creating a new partnership with a progressive government leading the way on digital transformation as an opportunity to learn and develop best practice and strategic analysis.
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Part Four:

Measuring the Financial Benefits Derived from the
Strategic Partner Project

Part Four:

Measuring the Financial Benefits Derived from the Strategic Partner Project

Procuring services through the Strategic Partner Project offered potential benefits to departments and public bodies

- 4.1 In September 2012, all departments were notified that the Permanent Secretaries' Group had agreed that, when developing or refreshing programmes involving online or telephone interaction, there should be a presumption in favour of using the Strategic Partner Project, unless the approved business case determined an alternative option.
- 4.2 The benefits for departments and public bodies of securing procurement through the Strategic Partner Project included:
- Ensuring compliance with the mandate from the Head of the Civil Service;
 - Access to various shared infrastructure and reusable software components at little or no cost; and
 - Securing services without incurring the significant costs of an open market procurement exercise.

DoF has reported that financial savings of £99 million have been generated as a result of providing online services. However, this is based on estimates of the overall transaction cost rather than actual savings secured

- 4.3 The Government Digital Service (GDS) within the Cabinet Office has calculated that the cost of a non digital transaction with government is £5.15 while the cost of an online (or digital) transaction is £0.32. On the basis of these figures, GDS estimates that savings of £4.83 can be generated by moving a transaction online. DoF told us that, over the period from April 2013 to March 2019, 20 million digital transactions had been completed by citizens through the NI Direct platform. Using the GDS cost differential, it calculated that notional savings of £99 million could have been made.
- 4.4 This calculation is notional and does not reflect the extent to which actual savings have been generated. Measuring actual costs involves monitoring and validating reductions in, for example, staff costs. DoF does not routinely collate information on actual savings from individual projects and is therefore not in a position to report the actual cost savings generated through use of the Strategic Partner Project.
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We expected business cases and post project reviews to provide comprehensive information on the level of savings anticipated and achieved from individual projects

- 4.5 Prior to procurement, Northern Ireland public bodies are required to complete business cases to assess the strategic fit of the project, appraise options, consider achievability and assess value for money and affordability³⁸. Business cases should contain an economic appraisal (setting out anticipated costs and benefits) and outline the proposed arrangements for financing, management, marketing, procurement, monitoring and evaluation. The effort put into business cases should be proportionate to the scale and importance of the proposal. DoF highlighted that the current business cases process does not align well with the agile approach. HM Treasury has also recognised this and issued revised guidance³⁹ for projects adopting the agile approach.
- 4.6 DoF guidance requires all projects to be subject to proper monitoring and control measures. An essential part of that process is completion of post project evaluations (PPEs) to assess the success of individual projects by comparing cost and benefit outturn against estimates. PPEs should be completed 6-12 months after the end of the project by an individual independent of the Project Board and Team.
- 4.7 The detail contained in PPEs will vary according to the relative size and complexity of the individual project but, in very general terms, an evaluation should include an assessment of the extent to which objectives have been achieved, confirmation that assumptions have proved accurate (for example, by comparing outturns with target outturns) and identification of lessons. Identifying and learning lessons can help improve the value for money of future projects by preventing the repetition of mistakes.

A number of business cases and PPEs did not specify the level of savings expected or generated

- 4.8 We reviewed the business cases for each of the 12 completed major digital development projects procured through the Strategic Partner Project⁴⁰. From our review, we noted that three of the earlier business cases did not identify the potential for generating additional income or financial savings (CAMEO II; Rate Rebate; and the Landlords' Registration Scheme⁴¹). While DoF advised us that business cases prepared after the introduction of the DTP (in April 2014) did contain details of expected savings, it recognises that all business cases should provide clearer baselines and projected savings. DoF also advised us that the DTP was intended to deliver "better citizen services" rather than generating financial savings. While we accept that

38 *Northern Ireland Guide to Expenditure Appraisal and Evaluation*, DoF, 2009.

39 HM Treasury, *Agile digital and IT projects: clarification of business case guidance*, Updated 19 March 2019.

40 The remaining project, Digitisation of Legal Aid, was not completed at the time we were undertaking our fieldwork. As a result, the business case for this project was not examined.

41 The Department for Communities told us that it was able to use an element of the fee structure to clawback the initial capital investment and pay for the ongoing running costs of the service, as a result, no additional charges were incurred by the Department.

Part Four:

Measuring the Financial Benefits Derived from the Strategic Partner Project

the DTP was designed “to help deliver more modernised services to the public and businesses through the better use of technology, work processes and investment in people”, it is our view that all business cases for projects procured through the Strategic Partner Project should, in line with DoF guidance, have contained details on anticipated benefits.

- 4.9 In relation to reporting financial savings generated, in one case, the Driver Licence Replacement project, the Agency reported that since the wider transformation programme is still ongoing, a PPE has not been completed and savings have not yet been realised. In the Landlord Registration project, completion of the PPE has been postponed to the end of the Strategic Partner Project, rather than being completed after the end of the individual project.
- 4.10 In relation to the two consultancy projects procured through the Strategic Partner Project (SSA Debt Transformation and CAP Reform), the relevant departments reported that savings attributable to the Strategic Partner Project procurement could not be identified as the elements formed part of much larger projects. **Figure 4.1** shows the level of savings estimated and realised in four of the completed projects.

Figure 4.1: Four of the 12 projects examined have generated financial savings

Project	Estimated Financial Saving	Actual Financial Saving
NIROS	£102,000 per annum	£124,000 per annum
Pay Rates	£72,156 per annum	Year 1 (2015-16): £67,000; Year 2 (2016-17): £75,000; Year 3 (part 2017-18): £38,000 Total: £180,000
AccessNI	£755,000 per annum	£956,000 per annum; Total to Date: £1,408,000
Compensation Services	£839,000 per annum	Year 1 (2016-17): £336,000; Year 2 (2017-18): £726,000; Total: £1,062,000

Summary of Main Points Arising

- 4.11 It is important that, at the outset of projects when departments are bidding for funding, that the potential for generating savings is explored. Individual business cases should, among other things, clarify the level of anticipated benefits and set out the process for monitoring and evaluating any realised benefits.
- 4.12 Given the overall financial limit on the Strategic Partner Project contract, we consider that the net cost and benefits of individual projects should have formed the basis of selecting projects for procurement through the Strategic Partner Project. To ensure full compliance with existing best practice all public bodies must ensure that business cases include detail on the actual savings expected and set out how these will be monitored and evaluated.

Recommendation

- 4.13 We recommend that, in line with best practice, departments ensure that all business cases provide clear and robust baselines in terms of staff and resource costs along with realisation savings targets. This involves disclosing the unit cost of the existing provision so that actual savings realised can be calculated accurately.
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Appendix 1: (paragraph 1.29)

Landscape review list of 18 services with potential for inclusion in the 16*16 initiative – Extract from the NICS Citizen Contact Landscape Review (December 2013)

	Department	Organisation/Service Name	Volume of Annual Transactions
1.	DfI (formerly DOE)	Driver and Vehicle Agency (DVA) – Apply for a Vehicle Licence (Motor Tax)	1,500,000
2.	DFI (formerly DOE)	Driver and Vehicle Agency (DVA) – Book a Vehicle Tax (MOT)	991,400
3.	DAERA	Animal Health and Welfare – (APHIS)	821,000
4.	DoF	Land and Property Services (LPS) – Pay a Rates Bill	548,754
5.	DfI (formerly DOE)	Driver and Vehicle Agency (DVA) – Apply for a Driving Licence	200,000
6.	DoJ	Legal Services Commission (LSC) – Apply for Legal Aid	97,000
7.	DoJ	Northern Ireland Prison Service (NIPS) – Book a Prison Visit	77,000
8.	DoF	Land and Property Services – Apply for Rates Relief	75,160
9.	DE ⁴²	Education and Skills Authority – Apply for free School Meals and Uniform Entitlement	67,000
10.	DE ⁴²	Education and Skills Authority – Apply for Transfer and Open Enrolment	50,000
11.	DfE (formerly DEL)	Careers Service⁴³ – Appointment Booking	49,516
12.	DoJ	Northern Ireland Courts Service (NICtS) – Paying a Fine	49,373
13.	DAERA (previously DCAL)	Inland Fisheries – Fishing Licence/Permit	43,840
14.	DE ⁴²	Education and Skills Authority – Apply for Free School Transport	40,000
15.	DAERA	Grants and Subsidies – Single Application Form (SAF)	37,706
16.	DoJ	Northern Ireland Courts Service (NICtS) – Paying a Fixed Penalty	37,351
17.	DfI (formerly DRD)	TransportNI – Apply for a Blue Badge	30,000
18.	DAERA	Forestry – Book a Caravan/Camping Site	10,000

42 The three DE projects listed are being delivered by the Education Authority (EA) which is one of DE's Non-Departmental Public Bodies. The EA is represented on DE's ICT Programme Board.

43 The Careers Service project was removed in June 2014 and replaced by the "Webchat" project.

Appendix 2: (paragraph 1.35)

Major Applications and Solutions funded through the Strategic Partner Project

Department	Service Area	Description of Service Requirement
Department of Agriculture, Environment and Rural Affairs (DAERA)	Inland Fisheries: Apply for Fishing Licence	To design and build a new online Angling Licensing and Permits application; create real time management information and facilitate mobile enforcement.
Department for Communities (DfC)	Landlord Registration	To facilitate introduction of mandatory landlord registration scheme and enhanced management information.
Department for the Economy (DfE)	Tourism NI	Two-fold project including the physical move (and supporting technical infrastructure) to new headquarters at Linum Chambers and the development of a New Technology Platform (NTP) primarily focused on the deployment of content management and social media platforms to support redevelopment of the www.discovernorthernireland.com and www.tourismni.com web channels.
Department of Finance (DoF)	General Records Office (GeNI) Project	To provide enhanced online service to allow genealogists and general public to search and retrieve images/indexes of historical civil registration records and order certified copy certificates upon payment of a fee. The existing payment engine support contract was due to expire.
	General Records Office (NIROS Project)	Direct replacement for the Registration and Certificate Modernisation (RCM) system which was due to reach end of life in February 2016.
	Land and Property Services: Online mapping products CAMEO II	To provide enhanced online service for public sales, and internal LPS access to, Ordnance Survey NI mapping products via online portal/map viewer and NI Direct payment solution. The existing contract (CAMEO1) was due to end.
	Land and Property Services: Pay Rates	To upgrade online payments and develop automated telephone payments following expiry of the contract.
	Land and Property Services: Apply for Rate Rebate	Delivery of digital system to enable administration of new DoF Rate Rebate Scheme resulting from introduction of Universal Credit in NI.
Department for Infrastructure (DfI)	DVA Apply for Replacement Driving Licence	To replace IT system for delivery of driving licensing (existing contract was due to end), introduce online services to public and industry and develop an integrated platform enabling more joined up working and service delivery.

Appendix 2: (continued) (paragraph 1.35)

Major Applications and Solutions funded through the Strategic Partner Project

Department	Service Area	Description of Service Requirement
Department of Justice (DoJ)	Access NI: Disclosure applications and payments	To replace back end infrastructure (at end of life) to facilitate online applications; provide additional integration with 3rd party organisations and increase functionality. Existing contract (support costs) was due to end in September 2014.
	Compensation for criminal injuries and criminal damage	Delivery of a new case management IT system for criminal damage and criminal injury claims, replacing two existing systems which were at end of life.
	Digitisation of Legal Aid (in progress)	To streamline and automate backend systems/processes used to manage publicly funded legal services, introduce a new case management system and online portal for submission of applications and claims for legal aid and online registration facility. Digital Account Creation went live in January 2019 and the Case Management system is expected to go-live in July 2019.
The Executive Office (TEO) – subsequently transferred to DoJ	Planning Appeals Commission and Water Appeals (PACWAC)	To provide new online application and payment services and streamline back office processes. Existing contract was due to end.

Major Discovery and Consultancy Projects Funded through the Strategic Partner Project

Department	Service Area	Description of Service Requirement
DfC	Social Security Agency: Debt Transformation	Use of NI Direct Strategic Partner expertise to assist in developing the operating model, in particular options for customer contact for the Debt Transformation Project established by SSA to increase organisational capacity and readiness for the introduction of Welfare Reform.
DAERA	Common Agricultural Policy (CAP Reform (primarily Single Application Form (SAF)))	Use of NI Direct Strategic Partner expertise to scope, procure, develop and test ICT Programme to manage reformed Common Agricultural Policy (CAP) area based schemes. The Single Application Form allows farmers to apply for EU area based schemes. DAERA told us that as a result of project, 100 per cent of CAP Single Application Forms, 100 per cent of entitlements traded and 97 per cent of mapping changes were carried out online. It told us that this paved the way for the Department to deliver faster payments to farmers and set it up as the highest performing paying agency in the United Kingdom.

Appendix 3: (paragraph 2.18)

Report for Northern Ireland Digital Shared Services

ESS Independent Post Project Evaluation (November 2017)

	Review Objectives	Achieved? Yes/No	Methodology	Findings		Conclusion
				Positives	Negatives	
1.	Have the projects delivered under the contract fully met the project objectives?	Yes	3 projects selected: <ul style="list-style-type: none"> - representatives interviewed; and - lessons learnt papers reviewed. 	<ul style="list-style-type: none"> - Use of agile development methodology was seen as positive; - DoF provides value adding services to the projects. 	<ul style="list-style-type: none"> - There does not appear to be any prioritisation process to ensure those initiatives of greatest benefit are given the focus; - Some issues with external identification verification functionality were noted; - The contractual spend limit had seriously impacted a couple of the projects. 	The three projects exhibited Value for Money in that the charges through the contract in each case were within the market range and below market average.
2.	Has the contract been used in the optimal way?	Yes	<ul style="list-style-type: none"> - Reviewed the BT contract; - Compared the contract against best practice; and - Considered input from DoF on how the contract is used and managed. 	<ul style="list-style-type: none"> - Relationship with BT is strong and considered a partnership; 	<ul style="list-style-type: none"> - Regular cross referencing and obligation checking has been less of a focus; - The approach to innovation in the contract is weak; - Contract is very long (at over 1,000 pages); - Lack of detailed roles and responsibilities leads to ambiguity. 	Usage of the contract appears to have been effective enough, in terms of delivering outcomes under the contract.

Appendix 3: (continued) (paragraph 2.18)

Report for Northern Ireland Digital Shared Services ESS Independent Post Project Evaluation (November 2017)

	Review Objectives	Achieved? Yes/No	Methodology	Findings		Conclusion
				Positives	Negatives	
3.	Has the contract been value for money, based on actuals to date and projections to 2019?	Yes	Reviewed 34 projects with a total spend of £33.1 million.	- Fishing Licensing and Permits projects was an exemplar of the good working relationship between DoF and BT.	-	An overall comparison across Project Services, Managed Services and Contact Centre Services confirmed that value for money was achieved.
4.	Have the internal contract management arrangements and the programme governance arrangements been effective?	Yes <i>(Assessed as Level 2 (Repeatable) on a 5 point scale (5 being the highest level of maturity).</i>	Review of arrangements and comparison with other organisations.	-	There are areas which are sub optimal and should be remedied in the new contract.	Contract management approach was effective enough, in terms of delivering benefits to the NICS through the digital services under the contract.

5.	What are the key lessons learnt to be taken forward into any contract post 2019?	<p>Five Lessons Learnt to be taken forward into any contract post 2019:</p> <ol style="list-style-type: none"> 1. Retain the strong focus on the relationship and partnership model, as this appears to have functioned well; 2. Ensure future agreement(s) set out the roles, responsibilities, metrics and outcomes. 3. Take forward key strengths of existing contract, e.g. the approach to Term and Termination, Use of Subcontractors, Dispute Resolution and Disentanglement; 4. Define a regular, formalised demand management process to understand the strategic needs of the departments and other stakeholders (e.g. next six month plans/annual plans) and the contractual implications of this; 5. Implement formalised contract management processes and regular auditing of obligations to ensure the obligations are being met. 				
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6.	What lessons have been learnt to inform future contracts for digital transformation?	<p>Five Lessons Learnt to inform future contracts for digital transformation</p> <ol style="list-style-type: none"> 1. Ensure there is a communication and training strategy/plan to ensure that departments and other key stakeholders are aware of the usage and key mechanisms of the contract and agile. 2. Define a mechanism for the sharing of lessons learnt across each of the contracts in the Shared Service and build this into the continuous improvement processes. 3. Define the 're-usable' service modules to ensure they are genuinely 're-usable' and deliver a benefit to departments and DoF; 4. Projects should aim to understand the external dependencies on the realisation of their full outcome in order to manage, track and act on any changes to the delays. 5. Based on feedback in the Lessons Learnt, and also remarks on resource burn-out, DoF should consider the inclusion of break points in the development of a project in order to allow the departments to pause, collect thoughts/ plans and for resources to 'recover' before proceeding further.
7.	Additional Question: What are the lessons to act on between now and any new contract in 2019?	<ol style="list-style-type: none"> 1. Consider adding to the current approvals process to include an additional resource to increase the bandwidth and also to de-risk the existing approach; 2. Define, communicate and execute on prioritisation criteria for the approval of changes and additions going through the contract. This will provide clear and fair guidance on the approach to allocating the remaining budget under the contract. 3. Adjust the current change management processes to ensure DoF, and specifically the contract management resources, are aware of and actively involved with new Change Authorisation Notes. 4. Establish clarity on the payment mechanisms for Exit Assistance/Termination Services.

Key Recommendations

1.	DoF must establish a portfolio view of quantified benefits to justify its ongoing value.
2.	The SLAs are well described in the contract and the structure could be used going forward, however the performance levels should be reviewed against business needs and aligned to current levels.
3.	Structure the services using a hierarchical approach to facilitate understanding of the overall services and how these deconstruct into discreet services.
4.	In future agreements, ensure benchmarking costs are shared equally by the parties.
5.	Apart from a number of logs and Trackers, there is no Contract Lifecycle Management approach in place to assist with tracking the status of changes to the contract over time. DoF should evaluate the implementation of the CLM approach and tools to help optimise contract management into the future.

NIAO Reports 2018 and 2019

Title	Date Published
2018	
Continuous improvement arrangements in policing	27 February 2018
Type 2 Diabetes Prevention and Care	06 March 2018
Financial Auditing and Reporting: General Report by the Comptroller and Auditor General for Northern Ireland – 2017	13 March 2018
Speeding up justice: avoidable delay in the criminal justice system	27 March 2018
Performance management for outcomes: A good practice guide for public bodies	15 June 2018
The National Fraud Initiative: Northern Ireland	19 June 2018
Local Government Auditor's Report – 2018	04 September 2018
The Financial Health of Schools	16 October 2018
Firearms Licensing in Northern Ireland (website only)	27 September 2018
The UK Border: How prepared is Northern Ireland for exiting the EU? (website only)	26 October 2018
The Social Investment Fund	08 November 2018
Eradicating Bovine TB in Northern Ireland	27 November 2018
General Report on the Health and Social Care Sector	18 December 2018
2019	
Welfare Reforms in Northern Ireland	17 January 2019
Structural Maintenance of the Road Network	26 March 2019
Follow-up reviews in the Health and Social Care Sector: Locum Doctors and Patient Safety	9th April 2019
Making partnerships work: A good practice guide for public bodies	30th April 2019
Mental Health in the criminal justice system	14 May 2019



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