

Shared Services for Efficiency – A Progress Report





Northern Ireland Audit Office

Report by the Comptroller and Auditor General for Northern Ireland

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Shared Services for Efficiency – A Progress Report

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Comptroller and Auditor General

Northern Ireland Audit Office
24 July 2008

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Abbreviations

BAFO	Best and Final Offer
CAL	Centre for Applied Learning
CPD	Central Procurement Directorate
DARD	Department of Agriculture and Rural Development
DCAL	Department of Culture, Arts and Leisure
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DOE	Department of the Environment
DRD	Department for Regional Development
DSD	Department for Social Development
EDRM	Electronic Document & Record Management System
FBC	Full Business Case
HR	Human Resources
HRMS	Human Resources Management System
ICT	Information and Communications Technology
ISU	Information Support Unit
IT	Information Technology
ITN	Invitation to Negotiate
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NIO	Northern Ireland Office
OBC	Outline Business Case
OFMDFM	Office of the First Minister and Deputy First Minister
OGC	Office of Government Commerce
OJEU	Official Journal of the European Union
PFI	Private Finance Initiative
PMO	Programme Management Office
PPP	Public Private Partnership
PSG	Permanent Secretaries Group
SRO	Senior Responsible Officer
SSC	Shared Services Centre

Executive Summary

Executive Summary

1. The Northern Ireland Civil Service (NICS) departments are currently undertaking a major programme of reform. The NICS is seeking to improve its capacity and capability by improving its processes and infrastructure and developing its skills and people, so that they can better service the public. This reform programme was launched in October 2004 with the publication of *“Fit for Purpose: The reform agenda in the Northern Ireland Civil Service”*. Central to the current programme of reform are seven key projects (the projects) which have been taken forward and developed as part of the *Fit for Purpose* initiative (Figure 1). These projects provide for a service-wide consolidation and redesign of business processes into stand-alone centres or ‘shared services’ projects. The value of these projects is estimated to be in the region of £2.9 billion.
2. This study provides a progress report, to the end of December 2007, on the delivery of these projects. It includes an examination of how the Department of Finance and Personnel (DFP) has assessed and managed the main risks. Overall the projects are pivotal to the progress of the NI Civil Service reform agenda and are, in some cases, already beginning to change the way the NICS operates. Although it is still too early to reach a firm conclusion as to whether these new services are delivering

Figure 1: A major programme of reform across all NICS departments is currently in progress



Source: NIAO review of documentation supporting projects

the efficiencies and benefits envisaged, DFP has had successes in managing aspects of the procurement and implementation processes. It is also clear that, in some aspects, projects have encountered difficulties which have produced challenges for DFP. Since December 2007, significant progress has been made in a number of areas, particularly in the systematic identification of benefits that will be derived from the projects.

3. This review has not set out to make an assessment of the value for money for each project. But given their significance to the NICS programme of reforms, we will continue to monitor their implementation with a view to providing further assurance reports to the Northern Ireland Assembly.

Main Findings

4. The Workplace 2010 project is currently at procurement stage, therefore this study only examines the decision making process up to the development of the Outline Business Case (OBC). In the remaining six projects, new services are being implemented after a process of procurement and/or appraisal. These vary in complexity, scope, contract period and value and have different delivery solutions.
5. The establishment of the Civil Service Reform Oversight Board (as a sub-committee of the DFP Departmental Board) and a subsequent clarification of its role, has led to the development of more effective programme management arrangements that align with good practice. In addition to regular oversight, DFP has developed business principles for the provision of shared services in the NICS.
6. Outline Business Cases were prepared for the key projects setting out the strategic/policy context and defined the operational need for the services being procured. We found clear reasons for defining each of the Shared Services projects as priority projects.
7. The developing nature of these projects has led to significant changes in the overall cash costs. In two of the projects (HR Connect and Account NI), following negotiation with the preferred bidders, contract periods were extended. DFP informed us that these changes were within the relevant procurement rules and regulations. The scope of Account NI was also enlarged which led to additional costs. In contrast, on the Network NI project, there was a significant reduction in cost, resulting mainly from a change in the scope and the successful bid being significantly lower than expected.
8. A number of suppliers indicated their willingness to provide accounting services on an outsourced basis, including a private finance route. However, this option was not investigated further by DFP as departments considered that outsourced provision of accounting services would not be “a scalable and flexible solution”.
9. In preparing the OBC in 2003, the HR Connect Programme Board concluded that full outsourcing was not a viable option at that point. However, it supported the

Executive Summary

exploration of two options, including partial PPP. Indeed in considering operational need, the outline business case recorded that an independent improvement of specific HR functions could not guarantee common standards with consistent and accurate information. Initially a full Public Private Partnership (PPP), delivering all the required services, was viewed by the Project Board as representing too much change (business and cultural) to ensure successful delivery. There was concern that it would make the competition for the procurement more difficult and lead to potential delay in the negotiation of a contract. However, in early 2004, different levels of outsourcing were explored with the short-listed bidders in an extensive and extremely detailed consultation phase. Discussions with bidders and the results of site visits indicated a 'mixed economy' solution (i.e. part outsourcing and part in-house) might not deliver the required efficiency savings. In light of these findings, in April 2004 the Project Board agreed to invite a full PPP bid from the three short-listed bidders.

10. Five of the seven projects went to an external procurement process. We found that all of the projects had attempted to interest prospective contractors. All of the five projects subjected to external procurement have attracted at least three developed bids.
11. With the exception of the Centre for Applied Learning (CAL), which was delivered on time (but is significantly smaller than the other initiatives), all other projects have taken longer to procure and/or implement their business solution compared with what was

originally estimated. Contract signature has been reached 9 to 18 months later than initially planned, with Workplace 2010 experiencing a longer delay. The reasons for delay include initial timetables based on optimistic assumptions, changes at preferred bidder stage and unforeseen complexity. These types of delay are not unusual in projects of this nature.

12. In the IT Assist project, the provision of data centre accommodation is central to the project: it was initially assumed that the responsibility for accommodating this service would then be handed over to the successful Workplace 2010 bidder as part of that contract. However subsequently during the more detailed planning, it became clear that this option was not feasible so, following detailed evaluation of the options, the Project Team prepared a separate business case for its provision. The preferred option was procurement from a private sector supplier at a cost of £10 million. DFP told us that it considered that there would have been significant up front costs no matter which option had been chosen.
 13. Projects which, during the planning or procurement phases, have gaps in baseline information on the current provision are likely as a consequence to encounter difficulty in developing benefits realisation strategies. We noted several projects that had reached contract signature where the benefits realisation strategy was either under development, required more work in relation to their management, monitoring and reporting, or were not yet approved. We do, however, acknowledge the additional work on baselines for benefits realisation
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completed during the later part of 2007 and presented to the DFP Departmental Board in February 2008.

14. Project teams have involved stakeholders, to secure their support. We have identified examples of where this process has worked effectively on a number of the projects. However, on several of the projects there was resistance from departments to fund projects and in Network NI, changes in funding commitments from departments that developed after approval of the OBC created uncertainty as to whether there would be sufficient funding for the project during the initial implementation period.
 15. Managing the delivery of these projects has been a major challenge for DFP and in some cases gaps in capacity and capability have been filled with assistance from the private sector. This has contributed to increased procurement and implementation costs.
 16. There are examples of good approaches to some of the main challenges in delivering projects. For example, the structure of the Records NI contract reflects good practice: its terms and conditions include open book accounting and 'gain sharing' arrangements and benchmarking during the lifetime of the contract. A further example is HR Connect, where the contract allows for departments in Great Britain to reuse, in certain circumstances, the process and software solution developed. Furthermore, DFP believes that the contract also reflects good practice in areas such as Intellectual Property Rights, Data Protection and Confidentiality, Warranties and Disclaimers, Indemnities and Limit of Liability.
 17. All projects (with the exception of the Centre for Applied Learning) have undertaken Gateway reviews and some have gone through a post procurement evaluation. Formal post procurement 'lessons learned' reports have been completed for HR Connect, Records NI and Account NI. This is useful both to inform future projects and, because there can be a significant turnover of key personnel on such projects (particularly at significant break points such as contract signature), as a response to a need for continuity and knowledge sharing.
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Part One:

The Northern Ireland Civil Service is seeking to make a step change in its quality, efficiency and effectiveness



Part One:

The Northern Ireland Civil Service is seeking to make a step change in its quality, efficiency and effectiveness

1.1 The NICS is currently undertaking a major programme of reform as it seeks to improve its capacity and capability by improving its processes and infrastructure and develop its skills and people, so that they can better service the public. This reform programme was launched in October 2004 with the publication of *“Fit for Purpose”*¹. This study provides a progress report to the end of December 2007 on key projects (summarised in Figure 1) and examines how the main risks have been assessed and managed.

Increasing public expectations have been a major driver of the reform agenda

1.2 Research commissioned as part of the Review of Public Administration,² and published in 2004, noted that *“the public are demanding, and expecting, higher quality service delivery from the public sector in line with changes that have taken place in recent years in the private sector”*. This is endorsed in the *‘Fit for Purpose’* document which recognises that services are being routinely delivered in shorter timeframes and in more accessible ways which people, as consumers, are increasingly expecting as a matter of course. In this context, the public sector recognises that it needs to be aware of and able to meet people’s rising expectations from public services.

The reform agenda is also about improving the efficiency and effectiveness of public services

1.3 The previous Northern Ireland Executive in its last Programme for Government³ made a clear commitment to improving the efficiency and effectiveness of the administration and delivery of public services in Northern Ireland. In Great Britain, an efficiency review⁴ of the Home Civil Service (led by Sir Peter Gershon) highlighted the scope for efficiencies through greater sharing of support functions such as finance and human resources. *‘Fit for Purpose’* summarised the challenge to the NICS as delivering reforms through practical measures. These measures aimed to maintain the traditional values of the public service; support the more modern values of customer focus, professionalism, flexibility, and diversity; and in doing so, enable the NICS to perform more capably and efficiently.

1.4 The practical measures proposed and envisaged in *‘Fit for Purpose’* comprised three fundamental themes that were overlapping and complementary (the generic measures within each of the themes are noted at Appendix 1):

- **Putting the front line first** - maximising the potential to get energy and resources focused on providing the public functions that define the NICS, whether it be the direct delivery of public services, supporting those who do so or supporting Ministers in developing public policy and legislation;

1 *“Fit for Purpose” – The reform agenda for the Northern Ireland Civil Service*, October 2004

2 The Review of Public Administration was commissioned in June 2002 with the objective of reviewing the arrangements for the accountability, development, administration and delivery of public services in Northern Ireland

3 Northern Ireland Executive: *‘Programme for Government: making a difference’*, December 2001

4 *‘Releasing Resources to the Front Line – Independent Review of Public Sector Efficiency’* (The Gershon Review), July 2004

- **Building capability** - enhancing the leadership, expertise, professionalism and general capabilities of the NICS to meet the current and future challenges in delivering public services; and
- **Embracing diversity** - better realising the full potential of society here, both through improving services and increasing public confidence. This includes being open to working in new ways and in new structures including partnership with the private and voluntary sectors.

By 2004 work on ambitious projects aimed at rationalising NICS frontline services had already been initiated

1.5 The Gershon Review identified 'back office' support functions as one of the main areas for potential savings and efficiencies through sharing arrangements. In *'Fit for Purpose'*, as part of the *'putting the front line first'* theme, four projects (HR Connect; Account NI; Workplace 2010; and Records NI) were individually and collectively viewed as helping to ensure that, through the resulting

Figure 2: Seven key projects are driving the NICS Reform Agenda

HR Connect (Appendix 2)	Aims to modernise and transform NICS and Northern Ireland Office (NIO) personnel function, replacing out-of-date systems with modern payroll and personnel processes. Centralised administrative personnel services will be provided from a shared service centre in Belfast. This is viewed as a pathfinder project for HR services provided by government departments in the UK.
Account NI (Appendix 3)	Modernising NICS accounting processes. A shared services centre based in Belfast aims to deliver centralised transaction processing services, such as payments processing, to all departments.
Workplace 2010 (Appendix 4)	Aims to introduce a modern, flexible working environment that is predominantly open plan, that will support a modern civil service and new ways of working, and enable the civil service to transform the way it delivers public services; providing accommodation that is fit for purpose.
Records NI (Appendix 5)	Aims to provide a common storage facility for all of the NICS known as an Electronic Document & Record Management System (EDRMS).
Centre for Applied Learning (CAL) (Appendix 6)	Is aiming, through a reorganisation of existing provision, to provide quality generic training services mainly to NICS departments and agencies, including members of the Senior Civil Service.
IT Assist (Appendix 7)	A new information and communications technology shared service centre. Its aim is to ensure value for money and a more flexible and reliable service.
Network NI (Appendix 8)	Providing a single, dedicated, high-speed, network service connecting all NICS locations, to deliver voice, video and data communication in support of a modern public sector.

Source: NIAO

Part One:

The Northern Ireland Civil Service is seeking to make a step change in its quality, efficiency and effectiveness

efficiencies, increases in public spending was focused on frontline services for citizens. Harnessing technology was also part of putting the front line first, through developing initiatives based on Information and Communications Technology (ICT). These initiatives included the planning of a single shared ICT service (IT Assist) for a range of generic functions and a new project (Network NI) to co-ordinate the requirement for new broadband technology across the NICS and the wider public sector.

- 1.6 Developing talent and professionalism was an initiative within the *building capability* theme. Overhauling training was one of the specific measures within that initiative. For example, there was a commitment to a comprehensive review of the delivery of generic training across the NICS with the aim of devising a new model. This review took place and ultimately resulted in the creation of the Centre for Applied Learning. A summary of these key reform programmes is outlined in Figure 2. Further analysis of the current status of each of these projects is provided in Appendices 2 to 8, examining the history and progress of the projects to date.

Many of the projects are now implementing new service provision and ways of working

- 1.7 The Workplace 2010 project is currently at procurement stage, therefore this study can only examine the decision making process up to the development of the Outline Business Case. In the remaining six projects new services are being implemented after a process of procurement and/or appraisal.

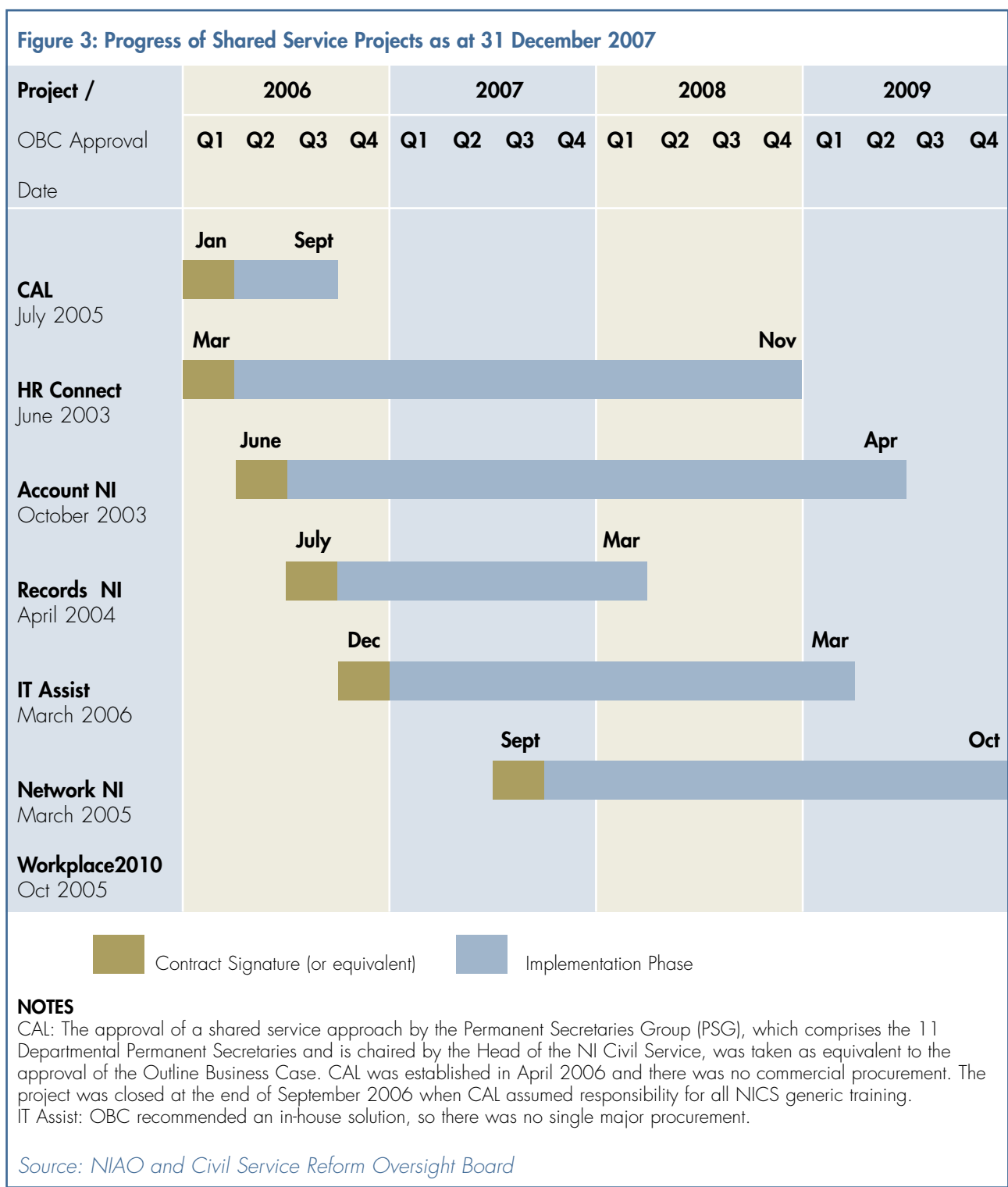
These projects vary in complexity, scope, contract period and value and delivery solutions. These factors have influenced planned and/or actual implementation⁵ periods for each of the projects, which have varied from the 6 months achieved for the CAL project to an estimated implementation of 32 months for the HR Connect project (Figure 3).

The NICS Reform projects now report on their progress to a Civil Service Reform Oversight Board

- 1.8 As outlined in Figure 3, five of the key contracts were signed during 2006. There have been improvements to the governance structures, starting with the establishment of an Oversight Board which met formally for the first time in September 2006. The Oversight Board is chaired by a non-Executive member of the DFP Board and includes members from other NICS Departments. In December 2006, the role of the Oversight Board was clarified, defining the programme as covering the whole of the civil service reform programme, including the supporting infrastructure. This led to the development of more effective programme management arrangements that align with good practice issued by the Office of Government Commerce (OGC)⁶. These included improved planning co-ordination of project delivery, risk management, communications and benefits assessment planning. These processes were subjected to an external review in July 2007, commissioned by the Department. The review endorsed the general approach adopted, but recommended a number of

5 Projects also differ in their definitions of implementation. For HR Connect, it consists of the design, test and build phase, continuing until the date of when the last service goes live. For Account NI, it is the design, test and build phase followed by a migration to departments in a series of five waves. For IT Assist, it is the building of a physical system followed by a staged migration of departments onto the new service.

6 Managing Successful Programmes – Office of Government Commerce



Part One:

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changes to its operation. The Oversight Board accepted all of the review's recommendations in principle and in response have developed an action plan for taking these forward in 2008 and beyond.

Scope of this Study

1.9 Given the importance of these shared services projects to the delivery of reform in Northern Ireland and the current cost and future expenditure commitments that will ensue, we felt it appropriate at this point to take stock of the main issues that have emerged during the procurement and implementation processes to date. This includes the governance arrangements put in place for this portfolio of projects. This review has not set out to make an assessment of value for money for each project. But given their significance to the NICS programme of reforms, we will continue to monitor their implementation with a view to providing further assurance reports to the Northern Ireland Assembly. The following chapters examine the projects considering;

- Were the projects developed on the basis of a clear business need and were appropriate procurement options explored? (Part Two)
 - Have risks to delivery been identified and well managed? (Part Three)
 - Are there lessons emerging for future procurements and projects? (Part Four)
-

Part Two:

Projects were developed on the basis of a clear business need and different procurement options were chosen



Part Two:

Projects were developed on the basis of a clear business need and different procurement options were chosen

All the projects met a high priority business need but their scope has changed

2.1 For any project, the public sector should first establish a clear need and priority for the services being procured. This should be followed by consideration of appropriate procurement options such as: the reorganisation or reconfiguration of existing services; the assessment of potential in-house solutions; outsourcing; or a long-term strategic partnership with the private sector.

Outline Business Cases were prepared for six of the projects, setting out the strategic/policy context and defining the operational need for the services being procured. We found clear reasons for each of the projects being defined as priority projects. Figures 4 and 5 provide an analysis of the strategic context and operational need identified for two of the major projects - HR Connect and Workplace 2010. The HR Connect project included the replacement of a payroll system, for which

Figure 4: The HR Connect Outline Business Case identified strategic and operational needs

Strategic/Policy Context	Operational Need
<p>NICS HR Strategy: This strategy, which sought to modernise HR in the NICS, had been endorsed by the previous Northern Ireland Executive.</p> <p>The government reform agenda: A key priority of the agenda is the modernisation of government to ensure the delivery to all customers of efficient, integrated services which maximise the potential of technology.</p> <p>Human Resource Management Information (HRMI) Strategy: The HRMI strategy underpins the NICS HR strategy. At its heart is the vision of a common information source and common practice. Streamlining of processes will release HR staff from low-level administrative tasks and overall the HR function will be more responsive to business needs.</p> <p>e-Government targets: The Modernising Government White Paper in GB (1999) emphasised the need to change and improve by exploiting ICT and setting targets for delivering Government services by electronic means. The transformation of HR services would be a key enabler in supporting departments to achieve targets in the e-Government strategy set by the previous NI Executive.</p>	<p>Customer Expectations: Departments, particularly their HR Divisions, were under increasing pressure to meet customer expectations of up to date information that could be accessed quickly.</p> <p>Quality of Existing Systems: The technology within the current systems was dated and costly to maintain.</p> <p>Skills Gap: There was a lack of skills in departments in the use of the Human Resource Management System (HRMS), one of the two main systems.</p> <p>Changing business environment: The two main systems, payroll and HRMS, were due to expire in 2006 and 2008 respectively. Both systems were performing poorly and would not support a changing business environment.</p> <p>The OBC noted that if these operational issues were not addressed in a cohesive and structured way, the improvement in HR could become fragmented with the potential for duplication, greatly increased costs and a reduction in the likely benefits.</p>
<p>Source: HR Connect Outline Business Case (approved June 2003)</p>	

an earlier procurement had been cancelled in 2001. This cancellation was the subject of an NIAO report, a summary of which is at Appendix 9. The Department told us that, as it was a reorganisation of existing provision, an OBC was not required for the

Centre for Applied Learning (CAL) project. The business need was, nevertheless demonstrated in a series of reviews, including one involving officials from the Cabinet Office. In addition, CAL prepared a document, after its establishment, setting

Figure 5: The Workplace 2010 Outline Business Case identified strategic and operational needs

Strategic/Policy Context	Operational Need
<p>Gershon: The Gershon review identified the releasing of resources out of back office activities into high priority frontline services as a major source of efficiencies. The project's outcome - a more streamlined and efficient estate able to realise monetary benefits - was seen as being consistent with Gershon.</p> <p>NICS Reform and Efficiency Programmes: The likely changes in the delivery of NICS Corporate Services through the adoption of large 'shared service' centres, and what was a pilot phase for Records NI, would reduce space requirements.</p> <p>DFP Public Service Agreement and Strategic Plan (2003-2005): Modernising the provision of government office accommodation was a key area of reform for DFP. Along with the Strategic Investment Board, DFP commissioned the Strategic Development Plan for the NICS office estate to reform, rationalise and modernise the way in which the NICS procures, manages and utilises its office estate.</p> <p>Fit for Purpose (October 2004): The specific targets⁷ included programmes to rationalise support services in human resources, financial and accounting services and office accommodation, and also to reduce the number of Civil Service buildings in the Greater Belfast area by 50 per cent by 2010.</p> <p>Revised NICS Government Office Specification Policy: The remit of the Strategic Development Plan included the development of a standard specification based on experience of best practice in UK government, with the purpose of defining the operational policies to be pursued in relation to the NICS estate.</p>	<p>Backlog maintenance: Condition assessment work confirmed a backlog covering both building fabric and services. It was concluded that it would be unreasonable to expect efficient and productive work to be performed in some offices.</p> <p>Modernise the working environment: The workspace available was not fully utilised because of cellular offices allocated by grade. In some instances, cellular offices led to others working in very cramped conditions. It means that the structure of the building dictates the culture of the business, rather than supports it.</p> <p>Meet operational requirements: Interviews with all of the departments indicated support for moving to as few buildings as possible, support for the principles of new ways of working and agreement of the need to use assets efficiently and effectively.</p>

Source: Workplace 2010 Outline Business Case (approved October 2005)

⁷ The achievement or otherwise of these targets is beyond the scope of this report

Part Two:

Projects were developed on the basis of a clear business need and different procurement options were chosen

out the rationale for its creation and to support its action plan to ensure that the benefits of the project are achieved (benefits realisation).

There were changes in the overall costs between Outline Business Case and Full Business Case

2.2 Our examination of documentation supporting the seven projects noted that, to date, a Full Business Case (FBC) has been produced for four projects (Figure 6). The developing nature of these projects has led to significant changes in the overall cost

Figure 6: There were increases and decreases in estimated costs from Outline Business Case to Full Business Case in a number of the Projects

Project	OBC £m	FBC £m	Reasons for Changes
Workplace 2010	1,968.1	N/A	Project still at Outline Business Case stage at 31 December 2007.
HR Connect	328.5	465.1	<ol style="list-style-type: none"> 1. Change in contract term from 10 to 15 years. 2. Capital cost increased from £5.5m to £37.8m.
Account NI	113.6	169.4	<ol style="list-style-type: none"> 1. Change in contract term from 10 to 12 years. 2. Scope changes and costs for services not in OBC, but in a separate OBC. 3. Costs for procurement and implementation greater than planned for at OBC. 4. Increased IT cost after benchmarking exercise. <p>Note: The preferred bid was £105.9m.</p>
Records NI	21.2	17.5	The successful bidder will manage the service at an annual cost of over 50 per cent less than in the OBC, with a £2 million refresh after 5 years.
Network NI	48.7	29.3	<ol style="list-style-type: none"> 1. The non-NICS bodies, including the Health Service, were withdrawn from the project in September 2006 to ensure competition in the network services market through separate procurement exercises for other major segments of the Northern Ireland public sector. 2. The OBC included £1.4m for capital and £5.7m for changes in the contract period. 3. The successful bid was significantly less (in cash terms) than DFP had estimated in the OBC.

Source: NIAO review of documentation supporting projects

estimates included in their respective OBCs and FBCs. In two of the projects (HR Connect and Account NI), the contract periods were extended, and the scope of the Account NI project was also expanded (Figure 6). In both projects, the Outline Business Case was based on a 10 year period. In HR Connect, the period was extended to 15 years when DFP issued the Invitation to Negotiate to the short-listed bidders. In Account NI, the period was extended to 12 years following negotiation with the preferred bidder. In Records NI, the reduction in the overall cost was due to the successful bidder pricing the annual running costs at significantly less than the estimate in the OBC. The original project proposal for Network NI was the aggregation of the Northern Ireland public sector demand so that the best possible commercial deal could be agreed with providers. But the number of bodies participating was reduced due to concerns about the impact of aggregation on the competitive environment in Northern Ireland.

There were differences in the appraisal processes for the projects and the procurement routes selected

2.3 A long-standing requirement of economic appraisal guidance is to identify and describe the procurement options. Current DFP guidance emphasises that it is only by comparing alternative courses of action that the real merits of any particular course of action is exposed⁸. The options that are most frequently considered in appraisals are:

- do nothing/do minimum⁹;
- 'in-house' public sector provision;

- a hybrid option of in-house and private sector provision;
- private sector competitive tendering for services using existing assets; and
- private sector provision and operation of new assets (Public Private Partnership (PPP) or Private Finance Initiative (PFI) solutions).

2.4 Appendix 10 provides an overview of the procurement options considered for each of the Shared Services projects and the preferred option chosen. Workplace 2010, currently in procurement, is being taken forward on the basis of a 'total property' PFI route for most of the NICS office estate. The procurement options selected at OBC for the other projects (excluding CAL) were:

Project	Option Selected
HR Connect	In-house provision of HR services (such as recruitment and absence management) with the payroll and support services outsourced to external provider
Account NI	An in-house NICS shared service centre developed by an external provider
Records NI	Partnership with single external provider
IT Assist	A single in-house Shared Services Centre with the contracts rationalised into a small number of strategic contracts
Network NI	Fully outsourced to an external provider.

⁸ "Economic Appraisal guidance: Step by Step Appraisal Guidance", DFP 2003

⁹ These are usually considered as baseline type options. The do nothing option (also known as the status quo option) is the genuine minimum input necessary to maintain services at, or as close as possible to, their current level. The do minimum can be regarded as the status quo option in certain circumstances, but is a separate option where there is a new legal imperative or a policy commitment to develop services.

Part Two:

Projects were developed on the basis of a clear business need and different procurement options were chosen

2.5 The IT enabled projects (IT Assist, Records NI and Network NI) did not adopt a PFI/PPP approach. A key reason behind this decision was the revised guidance¹⁰ issued by Treasury in July 2003, which advised that there should be a presumption against the use of PFI for delivering IT enabled projects. This was based on experience of significant problems with PFI contracts in the IT sector.

2.6 Advisors were appointed in 2005 by the IT Assist Project Board to examine the potential for outsourcing options. Based on the information they had gathered, they concluded that the NICS “was not yet ready to consider the outsourcing option seriously”. They recommended that outsourcing should be one of the options to be appraised in the OBC. An outsourcing option was considered in the OBC. However, the appraisal of benefits did not contain a detailed analysis of the potential cost savings or redeployment of resources that may have resulted from that option.

The outsourcing of accounting services for NICS Departments was not fully explored

2.7 The previous Northern Ireland Executive agreed the policy of providing accounting services across Departments on a common basis in November 2001. Although it was a move to a central database system, the nature of the procurement was NICS-wide, with the approach being to design and specify the requirements in consultation with departments. In formally registering their interest in the Account NI project in the early months of 2003, a number of suppliers

indicated their willingness to provide the transaction processing service on an outsourced basis, including a private finance route. These options were included in the initial ‘long’ list of options. The Account NI Project Team asked departments for their views on all the options on the basis of pre-set criteria determined by DFP. Overall, the information received from departments indicated that their view was that there would be a lack of flexibility with all forms of outsourced provision. They also considered that outsourced provision of accounting services would not be “a scalable and flexible solution”.

The procurement solution on the HR Connect project evolved, after the Outline Business Case, to a PPP strategic partnership agreement

2.8 The OBC approved in June 2003 concluded that, although a full PPP was not considered a viable option, two options were proposed for further investigation through the procurement stage. This included provision for partial PPP. A full PPP delivering all the required services was viewed in the OBC as representing too much change (business and cultural) to ensure successful delivery. The Project Board felt that the risk associated with this could not be transferred to the contractor. It also concluded that it would make the competition for the procurement more difficult and lead to potential delay in the negotiation of a contract.

2.9 At a workshop in October 2003, Departmental Human Resource Directors (the

¹⁰ PFI: Meeting the Investment Challenge, HM Treasury, July 2003

project board members) discussed proposals for a future service delivery model. They agreed that the option to contract for a wholly managed payroll service was emerging as a preference. From January to March 2004, different levels of outsourcing were explored with the three short-listed bidders in an extensive and extremely detailed consultation phase. Each bidder submitted blueprints and outline costs detailing their views and approach to providing HR services. This information was used to further refine the service delivery model. Discussions with bidders and the results of site visits indicated that a 'mixed economy' solution (i.e. part outsourcing and part in-house) might not deliver the required efficiency savings. In light of these findings, in April 2004 the Project Board agreed to invite a full PPP bid from the three short-listed bidders. We noted that DFP approval was not sought for this change in procurement approach. The Department told us that, as a change in procurement approach was provided for in the OBC, DFP Supply approval was not required. The procurement resulted in a PPP, the contract for which was signed in March 2006.

DFP made efforts to involve and interest prospective contractors and this has had beneficial effects

2.10 OGC procurement evaluation guidance¹¹ recommends that the preparatory work on any project should establish potential market interest in a project. This can include examining recent similar procurements, evidence of competitive interest and market capability in that sector, and sounding out

the market to have some evidence as to whether the private sector is capable of delivering the particular project.

- 2.11 Five of the seven projects went through an external procurement process. We found that the five projects made an effort to generate interest from prospective contractors. This was done through the use of methods such as Prior Indicative Notices (HR Connect and Account NI), which are published in the Official Journal of the European Union (OJEU) and enable public sector Authorities to provide advance notice of potential procurement activity. We also found evidence of similar efforts in Records NI and Network NI, where some of the cost information used in the Business Cases for the projects was based on information derived from prospective suppliers.
- 2.12 A National Audit Office census of PFI projects signed between 2004 and 2006¹² found that only 67 per cent of those projects received three or more developed bids. There were also regional variations - outside of London, the North West and North East of England, it was more difficult to interest the market because regional sub-contractors were either not acceptable to bidders/capable of taking on the work or there were no existing links with major contractors. In a project with only two bids there is a risk of no competition if one bidder is weak or withdraws from the competition¹³.
- 2.13 All the five projects subjected to external procurement in Northern Ireland have attracted at least three developed bids, and the process has had wider benefits for the

¹¹ OGC Gateway Process Review 1: Business Justification

¹² "Improving the PFI tendering process", National Audit Office, March 2007 (HC149, Session 2006-07)

¹³ "HM Treasury: Tendering and benchmarking in PFI", Committee of Public Accounts, November 2007 (HC 754, 63rd Report of Session 2006-07)

Part Two:

Projects were developed on the basis of a clear business need and different procurement options were chosen

Figure 7: Shared Service Projects – planned and actual milestone dates (OJEU Notice and Contract Signature)

Project (Note 1)	OJEU Notice		Contract Signature		Implementation Period	
	Planned	Actual	Planned	Actual	Planned	Actual
HR Connect (Appendix 2)	September 2003	September 2003	September 2004	March 2006	September 2004 to September 2008	April 2006 to November 2008
Account NI (Appendix 3)	October 2003	January 2004	March 2005	June 2006	April 2005 to March 2008	July 2006 to April 2009
Workplace 2010 (Note 2) (Appendix 4)	November 2005	November 2005	December 2006	Not Known	Not Known	Not Known
Records NI (Appendix 5)	September 2004	June 2005	September 2005	July 2006	March 2006 to June 2007	July 2006 to March 2008
CAL (Note 3) (Appendix 6)	N/A	N/A	April 2006	April 2006	April 2006 to October 2006	April 2006 to October 2006
IT Assist (Note 4) (Appendix 7)	N/A	N/A	March 2006	December 2006	September 2006 to December 2008	April 2007 to March 2009
Network NI (Appendix 8)	June 2005	January 2006	September 2006	September 2007	September 2006 to December 2006	September 2007 to October 2009

NOTES

- Planned dates are the milestones included in the Outline Business Case, except for Workplace 2010 which is OJEU and CAL which is based on the Permanent Secretaries Group.
- Workplace 2010**: The OBC did not specify a timetable.
- CAL**: The Department told us an OBC was not required. However, a review by the Cabinet Office recommended the creation of a shared service centre for generic training. Subsequently, the Permanent Secretaries Group within the NICS commissioned a two stage review to bring forward proposals for the establishment and operational phasing in of CAL.
- IT Assist**: The OBC recommended an in-house solution and there was no major procurement.

Source: NIAO review of documentation supporting project

local market with the entry of a new provider.

The procurement and implementation phases have lasted longer than estimated in the Outline Business Cases

2.14 The estimated and actual timescales for procuring and delivering the projects are set out at Figure 7. Delays are not unusual in projects of this nature. With the exception of CAL, which was delivered on time but is significantly smaller than the other initiatives, all other projects have taken longer to procure and/or implement their business solution compared with what was originally estimated. To date on the other projects, contract signature has been reached 9 to 18 months later than initially planned. Workplace 2010 will take longer to reach contract signature.

2.15 From our review of documentation and discussions with officials, the reasons for time delays varied from project to project and could be for multiple reasons. An example of those reasons (for HR Connect) is set out in Figure 8. Other reasons for time delays included:

- **Plans based on optimistic timescales:** In the OJEU notice for Workplace 2010, the Department set an indicative procurement timescale of 13 months. This was an optimistic commitment given the existing experience of time taken on smaller scale PFI procurements in Northern Ireland and the larger estate-based PFI procurements in Great Britain¹⁴; and

- **Changes at preferred bidder stage:** In the Account NI project, 18 months elapsed between the appointment of a single preferred bidder and contract signature. A Gateway¹⁵ review by OGC personnel in March 2006 concluded that the length of the procurement may have been due to either the NICS having too few skilled resources available at critical times or delays in receiving financial models from the bidder, alongside the extension in the contract term. Also, the service requirement was amended on 14 occasions and the preferred bidder submitted revised prices twice.

2.16 The Department told us that the Account NI project board agreed to move quickly to awarding preferred bidder status because of the financial gap, £57 million in cash terms, between the first and second bidders. However the board recognised that, by doing so, it removed the competitive tension and therefore it was very important that the negotiations with the preferred bidder were robust around timetable and scope. The long time from appointment of the preferred bidder to contract award reflected this. As part of the clarification process through the bidding phase, there were amendments and clarifications provided to meet the project requirements. The Department advised that this is a normal part of major complex negotiations.

¹⁴ PRIME (DWP), Newcastle Estate Development, STEPS (Inland Revenue), MoDEL (Defence)

¹⁵ Details of the Gateway process and its development are at paragraphs 4.6 and 4.7

Part Two:

Projects were developed on the basis of a clear business need and different procurement options were chosen

Figure 8: Case Study (HR Connect)

Factors in time delays in procurement

The procurement period for the project was 30 months compared with the original assumption of 12 in the business case. Apart from the change in the procurement approach to a full PPP (paragraphs 2.8 and 2.9), the procurement was extended because of:

- 1) proceeding with three shortlisted bidders instead of two as planned. This did have the effect of increasing competition between the bidders, mitigating the impact of bidder withdrawal on the procurement process;
- 2) the bidders had to support their proposals with 'reference' sites where they were providing services. In some cases, the sites were not able to meet DFP's procurement timetable, with the result that the visits took place later and over a longer timescale;
- 3) the time taken to develop the detailed service levels and key performance indicators;
- 4) unexpected additional due diligence requests by the bidders. (Due diligence is the work carried out by the parties (including funders) in a procurement to clarify the nature and extent of risks in a project and then price accordingly); and
- 5) the complexity of contract negotiations.

During the procurement, there was the possibility of a judicial review. DFP told us that the impact of this was managed in such a way that it ran in parallel with the procurement process and did not impact on the timescales. There was an impact, noted in the Lessons Learned Report (June 2006), of a diversion of resources and core negotiating management team time from critical procurement tasks.

Source: NIAO review of documentation supporting project

Part Three:

Risks to delivery have been identified and are being managed



Part Three: Risks to delivery have been identified and are being managed

Managing the risks is integral to the delivery of projects

3.1 There will be risks (both potential and actual) in proceeding with any project. The identification of risks should commence at the start of a project and be addressed by putting in place realistic procedures for mitigating them if they occur. Risk management is one of the main activities in managing projects. There needs to be active risk management during a project, because new risks will emerge and the significance of some of the existing risks may change. This section indicates how the shared services initiatives have managed some of the major risks.

Early assumptions that accommodation for a data centre for the IT Assist project would be provided by Workplace 2010 proved to be incorrect

3.2 The business case for the IT Assist project was developed on the basis that the data centre could be accommodated in the Stormont Estate “for the foreseeable future” (defined by the project Steering Group in January 2006 as two to five years). The OBC (March 2006) for the IT Assist project assumed that the responsibility for accommodating this service would then be handed over to the successful Workplace 2010 bidder as part of that contract. Our review of IT Assist papers noted that, following an intervention by the Workplace 2010 Senior Responsible Officer¹⁶ (SRO) during the summer of 2006, an accommodation options exercise for IT Assist was commissioned. The outcome of this

review was a recommendation, in July 2006, for a short-term data centre solution operating outside the Workplace 2010 deal. However as the OBC for IT Assist considered accommodation to be cost neutral, it was agreed to continue to treat data centre accommodation in the same way within the OBC, but to commission a separate business case to deal with the issue. This separate business case recommended a seven year commitment with procurement from a private sector supplier. The business case showed a saving of £1.1m over that period by moving the NICS servers from their current locations in several places to a single fit for purpose computer room. The accommodation project for the data centre was publicly advertised in November 2006 and a preferred bidder identified in April 2007. However, DFP Supply approval of the business case was not obtained until May 2007. A seven year contract, valued at £10 million, was signed in July 2007.

3.3 The IT Assist OBC option appraisal details a planned cost saving, from selecting the single in-house Shared Service Centre option (paragraph 2.4), of £3.6 million on existing contracts costing £27.4 million, over a 10 year period. The data centre contract now represents an additional commitment of £10 million over a seven year period. DFP told us that it considered that there would have been significant up front costs no matter which option had been chosen.

¹⁶ The Senior Responsible Officer (SRO) is personally responsible and accountable for the success of a project or programme. The OGC advises that this includes ensuring that the project meets its objectives and delivers the projected benefits. The SRO must be senior and recognized as the owner of the project/programme throughout the organisation. The SRO responsibility for the seven projects being reported on was covered by four officials, with one official having responsibility for four of the projects (Workplace 2010, Records NI, IT Assist and Network NI).

The collection of baseline data and work on benefits realisation was hindered by the absence of measurable data

- 3.4 At the OBC stage, the basis for proceeding with a project (by whatever procurement route) should include a description of the benefits that will accrue as a result of the investment. Current OGC guidance¹⁷ on reviewing the business justification for a project expects reviewers to probe if the critical success factors can be quantified or measured. The evidence expected includes explanation of how the factors will be measured, with identification of baseline measures where appropriate.
- 3.5 A recurrent theme from our review of documentation and discussions with staff was that the development of these projects was complicated and prolonged, due to the absence of data, available in a uniform basis, on the historic cost and the performance of the services being provided. An example is Workplace 2010 (Figure 9). On CAL, the reviews of service provision that led to its creation (see paragraph 2.1) also cited problems with baseline measures, as historic data was incomplete or created on a basis which was not comparable. The

Department informed us that its approach, in the absence of a precise baseline measurement, is to use a ‘best estimate’ figure agreed with the relevant stakeholders. DFP also advised that the IT Assist project board commissioned consultants to review the options using (their own collated) baseline data and this facilitated the development of the OBC, using ‘reasonably robust’ figure work drawn from organisations worldwide providing services to similar numbers of users.

- 3.6 Projects which during the planning or procurement phases have gaps in baseline information on the current provision are likely, as a consequence, to encounter difficulty in developing benefits realisation strategies. We noted several projects that had reached contract signature where the benefits realisation strategy was either under development (Network NI); required more work in relation to their management, measurement, monitoring and reporting (Account NI); or were not yet approved (Records NI).
- 3.7 Anticipated benefits identified should be linked to specific key performance indicators. For example, on Records NI, the

Figure 9: Case Study (Workplace 2010)

Availability of Baseline Data - Running Costs

“The direct running costs of the estate are around £88 million a year.....To put together a cost base-line for the in-scope estate took the study team over three months. This is because the costs are managed by a variety of different organisations within NICS in a variety of different ways. This in itself is a fundamental issue for NICS in that it cannot currently measure the performance of the estate on a cost basis, and therefore cannot satisfy itself that it is managing these costs effectively.”

Source: Workplace 2010 Outline Business Case September 2005 (extract)

Part Three: Risks to delivery have been identified and are being managed

benefits from the creation of electronic access to documents from multiple locations across the NICS will lead to improved access and a reduced volume of registry storage for documents. Whilst HR Connect and Account NI are significant projects, the early benefits models that were developed (with input from external consultancy advice) were very elaborate. For example, HR Connect approached this on the basis of key performance indicators linked to the contract. Through a process of refinement there are now 45 top level benefit outcomes expected from Departmental HR and Corporate HR. While it is important to identify benefits that are likely to be delivered, identifying such a large number of key indicators may result in a dilution of the significance of what is being measured. Work begun by DFP across Reform projects in 2007 proceeded on the basis that the number of operational benefits on a project should be kept to 25 as an absolute maximum.

Project Teams engaged stakeholders to get their support

3.8 It is a vital part of the management of a project that stakeholders are identified and engaged at all stages of a project's development. The stakeholder community is a diverse body with different interests and roles in relation to a project, e.g. potential stakeholder groups can include the relevant Minister, the Department procuring the project, DFP supply, other public bodies expected to fund or use the services, senior and middle managers, staff, non-staff users of the service and potential contractors. The

likely internal and external stakeholders and their roles and responsibilities, including their potential influence on the project, should be identified and agreed at an early stage of the project. Where the strategy or process identifies major stakeholder related issues for the procurement process or the eventual contract, these need to be addressed as soon as possible. We have identified examples of where this process appears to have worked effectively:

- On the **Network NI** project, a stakeholder analysis was completed identifying all potential stakeholders at the start of the project. This included their stake in the project, potential impact, their expected contribution and attitude to the project, perceived risks and a stakeholder management strategy.
- On **Workplace 2010**, over 500 posts were identified as likely to be surplus to requirements as a result of implementing the preferred solution. The Project Team has sought to minimise the impact on individual staff likely to be affected by the change. Trade Union representatives were involved through the long standing arrangements in NICS used for negotiation and consultation. This was complemented by work with the largest group of staff - support grades - affected by the likely changes. This included one-to-one dialogue with all staff affected, to discuss development opportunities and the introduction of a new lateral transfer process to allow application for transfer to the NICS administrative grade. Over three quarters of the support grade staff affected have successfully applied and a

comprehensive training programme has been developed specifically for this group, which includes interview and administrative skills.

- On **HR Connect**, an external 'healthcheck' at Gate 3¹⁸, completed

towards the end of the procurement, noted that there had been extensive consultation with positive impacts and there is evidence that this has continued into the implementation phase. Further analysis is set out in the Case Study at Figure 10.

Figure 10: Case Study (HR Connect) – Stakeholder Relationships

Engagement

A 'healthcheck' completed in February 2006, a month before contract signature, found that stakeholders had been fully engaged throughout, and individual stakeholders displayed a high level of support, not just in ensuring that the new services would fully meet their business need but also in confirming their commitment to releasing good quality staff. Post contract signature, the departments have released significant numbers of good quality staff to work on the project, in their own Department, as well as centrally in DFP. Prior to contract signature, communications had generally been seen as good though there had been a limitation on communications with staff in the NICS as a whole. There were also communications plans and work in progress on the creation of a website to go live after contract signature.

Funding of retained services

The numbers and budget for retained HR staff were agreed in August 2007, 17 months after the contract was signed and over three years after the initial estimates, during which time those estimates changed significantly:

Date	Retained staff	Annual Cost (£m)
April 2004	230	11.4
September 2004	326	7.5
March 2005	380	10.5
May 2005	430	14.4
July 2007	413	14.3
August 2007	416	14.3

The overall annual budget for HR Connect (including retained services) was fixed and agreed at £26.5 million at 2005/06 prices, at Best and Final Offer (BAFO) stage in July 2005. This was reaffirmed in March 2006 prior to contract signature. DFP informed us that departments had agreed to the concept of living within the overall range of what was affordable. The subsequent refinement of exact staffing figures and grade mix took account of early contractual activity around business process design and final definition of the retained organisational structure. This in effect was the development of the new, radically different HR service model.

Source: NIAO review of documentation supporting project

18 A 'healthcheck' is not a formal Gateway review as prescribed by the Office of Government Commerce. The scope of the healthcheck for the HR Connect project was the same as that for a Gate 3 Review.

Part Three: Risks to delivery have been identified and are being managed

- On **IT Assist**, the development of the OBC was led by an E-Government Board sub-group comprising the departments most affected by the proposed intervention. Moreover, the SRO and Programme Director met with Trade Union representatives on several occasions.

Affordability and certainty over funding are key to the progress of projects

3.9 While the business case for a project has to demonstrate that a preferred solution is affordable as well as value for money, stakeholder engagement is particularly crucial where specific stakeholders will be funding the project from their own budgets. On several of the Shared Services projects, outstanding funding issues remained despite the approval of business cases and projects being implemented. These included resistance from departments to fund projects. In addition, in Network NI, changes in funding commitments from departments that developed after approval of the OBC created uncertainty as to whether there would be sufficient funding for the project during the initial implementation period.

Managing the delivery of these projects has been a major challenge for DFP with gaps in capacity and capability being filled with the assistance of the private sector

3.10 The effective delivery of projects is important for the achievement of wider government objectives (see paragraph 1.3). Therefore, it is essential that project teams have the

necessary resources and skills. Our 2006 position report on the Reinvestment and Reform Initiative¹⁹ noted that a Strategic Investment Board and DFP review of staff resources and skills was in the process of quantifying and specifying all existing delivery resources (staff by type) across the public sector, including the mix of the skills available. The aim was to formulate options to address the identified skills and resource gaps in delivering the Investment Strategy and other key projects/programmes. The particular skills include Senior Responsible Officer (SRO), investment decision making, programme management, project management, contract management, procurement, commercial, legal, technical, advisory, communication and relationship management.

3.11 The results of this review were not published but a summary of the findings was made available to the Construction Industry Forum and circulated to Achieving Excellence Champions, the Procurement Practitioners Group and the Advisory Council on Infrastructure Investment. The interests covered by these groups, in addition to the NICS, include the private sector, community and voluntary groups, the construction industry, procurement specialists in the public sector and trade unions. The review recognised the substantial skills and experience of the NICS in procurement and project management. However, it also identified additional pressures that the increased pace and scale of delivery would place on staff with these skills. DFP decided that capability and capacity demands would be addressed by requiring departments to provide delivery plans against the financial

¹⁹ "Reinvestment and Reform: Improving Northern Ireland's Public Infrastructure", HC79, Session 2006-07, December 2006

allocations under the current Investment Strategy for Northern Ireland (ISNI 2). OFMDFM, DFP and the Strategic Investment Board have also implemented a range of strategies including:

- CAL delivering additional training courses in programme and project management;
- the creation of Programme Delivery Support Units in the Department of Education and the Department of the Environment. These are staffed by civil servants, Strategic Investment Board staff and specialist staff on short term contracts;
- the establishment of a dedicated unit within the Central Procurement Directorate (CPD) in DFP. Its responsibility is to manage contracts let in support of the Investment Strategy for Northern Ireland;
- the development of Centres of Procurement Expertise; and
- the creation of a Centre for Excellence for Delivery within CPD. This unit has responsibility for improving departments' capacity and capabilities to successfully deliver and manage major programmes and projects.

3.12 The Shared Service projects were already in progress when this review was commissioned. We found that, with the exception of CAL, all projects involved external consultancy assistance. This was particularly the case with Account NI (Figure 11). Other circumstances and reasons that necessitated the use of consultants were:

- **Workplace 2010:** the Strategic Development Plan (2004) and the resultant OBC (2005) were prepared by consultants with extensive input from DFP officials. At that time there was no programme management office and the first full time project director was not appointed until February 2005;

Figure 11: Case Study (Account NI)

The need for private sector assistance to fill resource gaps

Up to contract signature in June 2006, consultants provided advisory support and also some programme management support to meet gaps in both resources and skills. The reasons advanced for the need for consultancy input included:

- 1) there was a strain on staff resources due to a number of projects being carried out during the same period, at a time when total NICS staff numbers were being reduced;
- 2) the NICS lacks the specialist skills that are required on this type of work, particularly commercial negotiations, as these are 'one off' projects and any skills developed are unlikely to be required subsequently;
- 3) career progression paths in the NICS tend to favour those who have experience in a number of areas rather than expertise in a particular area; and
- 4) departments having a different priority from DFP on the release of staff to work on the project.

Source: NIAO review of documentation supporting project

Part Three: Risks to delivery have been identified and are being managed

- **IT Assist:** the transition programme for a number of distinct project phases was revised in September 2006 into a series of projects using a framework to ensure that the individual parts interfaced with each other and with other reform projects;
- **HR Connect:** the Department considers that the legal consultants have delivered a high quality service on a complex procurement and they are being retained on a scaled down basis in the implementation phase; and
- **Records NI:** during implementation the contractor discovered that, contrary to assurances at contract award in July 2006, the preparatory work in some departments was incomplete. Stopping the rollout to complete this work was not considered a viable option, so additional development by the contractor was required at a cost of £0.4 million.

To the end of December 2007, procurement and implementation costs for the shared services projects total £44 million

3.13 Previous NIAO reports have identified the risks associated with engaging external assistance on major projects. For example in 2003 NIAO reported on the Education and Library Boards PFI contract for a new computerised accounting system introduced in 1999²⁰. The report noted that, three years after contract signature, the cost of consultancy support for that project stood at £2.2 million compared with an original forecast of £0.6 million. These costs

included the almost full time engagement of one senior consultant from January 1997 to October 2001.

3.14 The total cost of external assistance on shared services projects up to the end of December 2007 was £20.3 million (Figure 12). Three of the projects – HR Connect, Account NI, Workplace 2010 – accounted for 84 per cent of this expenditure. The total amount spent up to December 2007 on the procurement and implementation of each project, both in-house and consultancy costs, was £44 million and is outlined in Figure 12. A summary of the total costs of the new services is detailed further at Appendix 11.

A number of milestones were not achieved by the contractor resulting in changes to the HR Connect project agreement

3.15 On three of the projects there have been a series of milestone payments (i.e. staged payments made for tangible assets delivered by the contractor) during the implementation phase. For example, on HR Connect milestone payments through to 2009-10 will total £37.8 million, i.e. the capital cost of the project (see Figure 6). During 2007, there were extensive commercial negotiations with the Contractor (see Figure 13) after they were notified that they had missed a number of milestone events by the planned completion dates. This resulted in an amendment to the Strategic Partnering Agreement (the contract), following detailed analysis by the project's legal and financial advisers.

²⁰ 'The PFI Contract for the Education and Library Boards' New Computerised Accounting System', HC498, March 2003, NIA 99/02 and 'Departmental Responses to Recommendations in NIAO Reports', October 2004, NIA 124/03

Figure 12: Project Procurement and Implementation Costs

Project	Internal⁽¹⁾ £m	External⁽²⁾ £m	Total £m	Milestone and Capital⁽³⁾ £m
HR Connect	8.0	5.3	13.3	19.3
Account NI	9.4	6.0	15.4	16.5
Workplace 2010	4.3	5.7	10.0	8.2
Records NI	0.6	1.6	2.2	10.6
CAL	0.1	-	0.1	0.0
IT Assist	0.9	1.1	2.0	0.0
Network NI	0.5	0.6	1.1	0.0
Totals	23.8	20.3	44.1	54.6

Notes

1. Internal Costs are all other Administrative Resource costs falling to the projects.
2. External costs include costs of consultancy support and other externally sourced support, such as staff substitution and Strategic Investment Board support. Workplace 2010 external support costs relates to payments for services after August 2005 and do not include the development and submission of the Strategic Development Plan and the OBC (paragraph 3.12).
3. Milestone payments on HR Connect, Account NI and Records NI are staged payments made for tangible assets delivered by the contractor. The £8.2m on Workplace 2010 are capital payments for pilot projects (including Clare House). These costs are not regarded as directly associated with the delivery of the procurement, but as having been incurred by the NICS to test technical accommodation specifications.

Source: NIAO/DFP

Part Three: Risks to delivery have been identified and are being managed

Figure 13: Case Study (HR Connect)

Amendment to Strategic Partnering Agreement (November 2007)

In February/March 2007 the Department notified the Contractor that they had missed a number of milestone events by the planned completion dates. The Department revised the payments in respect of the missed milestones and withheld a proportion of the payments. The Contractor was requested to provide draft action plans detailing the arrangements for delivering the outstanding parts of the project.

The Department and the Contractor agreed to take forward two key issues in parallel:

- the Milestone payments due for the financial year ending 31 March 2007; and
- addressing the consequence of proposed changes to the implementation and transition plan, including the potential introduction of services on a “release” basis.

With the benefit of significant assistance from the Department’s project team, the Contractor submitted a refined deployment timetable in September 2007 (see Appendix 2).

In the commercial settlement, milestone payments were deferred and consequently were smaller in 2007-08. While the overall total of £37.8 million for milestone payments remains, these have been rescheduled. The Contractor received £3.4 million less in 2006-07 and £2.0 million less in 2007-08, with an additional £1.7 million in 2008-09 and £3.7 million set aside for 2009-10.

As a result of delay in implementation, the consequential need to retain existing HR staff for longer, as well as ongoing costs in the system to be phased out and contingency costs, there were additional staff costs and lost benefits of £5.7 million. The Department negotiated a final recovery settlement of £5.2 million made up of £4.0 million in reduced fees due to the contractor during 2007-08 and 2008-09 under the contract and a funding/“contingency” of £1.2 million representing the continuation of the previous HR and Payroll systems for an additional period. The Department viewed this deal as affordable, not requiring any bids for additional resources. There was, however, a funding gap of £452,000.

The Department also secured new warranties and protections in respect of the implementation period.

Source: NIAO review of documentation supporting project

Part Four:

Lessons are emerging for future procurements and projects



recNIrds



w²⁰¹⁰orkplace



Part Four: Lessons are emerging for future procurements and projects

4.1 This section examines how lessons emerging from the experience on the shared services projects to date are being learnt and outlines examples on how these are being addressed by the Department.

There are examples of a good approach to some of the main challenges to delivering projects

Contract and Negotiations

4.2 During the negotiation phase with the preferred bidder, the HR Connect and Records NI projects benefited from external assistance. The HR Connect contract was developed with advice from the Central Procurement Directorate in DFP, the Strategic Investment Board and legal advisors. HR Connect also received advice from the Cabinet Office on the structure of the retained HR organisation. This contract allows for departments in Great Britain to reuse, in certain circumstances, the process and software solution developed. DFP believes that the contract also reflects good practice in areas such as Intellectual Property Rights, Data Protection and Confidentiality, Warranties and Disclaimers, Indemnities and Limit of Liability. Records NI were assisted by OGC personnel with experience of negotiations. The structure of the contract reflects good practice, complying with the current OGC guidance on terms and conditions models for ICT projects. These include:

- the equal sharing of efficiency savings on an annual basis;

- the opportunity for 'gain sharing' at four points during the contract period, where any profits by the contractor above a threshold profit margin of 7.5 per cent is shared;
- the equal sharing of gains from any refinancing by the private sector;
- arrangements for a benchmarking exercise during the lifetime of the contract; and
- open book accounting arrangements, including requests for changes.

Governance and Partnerships

4.3 The main approach on projects where contracts have been signed, has been a commitment to partnership and working together, demonstrated in a variety of approaches:

- **Records NI:** The Executive Governance Board has a Non-Executive Chair and includes senior representatives from the private sector organisations involved in providing the service;
- **CAL:** While there is no private sector partner, the governance Board includes a Trade Union nominee, an external non-executive member and senior nominees from stakeholder departments including Heads of Profession and, currently, three Permanent Secretaries;
- **IT Assist:** The governance structure was developed with the E-Government Board and signed off by all departments, who

are also involved in the governance. The Governance Board is chaired by a representative from a user Department²¹; and

- **HR Connect:** The formal governance arrangements have been fully implemented in line with the contract. These arrangements include a Strategic Partnership Board, Business Management Board and Service Delivery Board, each of which are made up of Authority and Contractor representatives, with the Strategic Partnership Board having a role to ensure that the general aims and principles (those principles being set out in the HR Connect contract) of the partnership relationship are achieved.

Preparing for Operational Phase

4.4 On the Workplace 2010 Project, DFP appointed a senior manager (who is currently the project director) to head the contract management function after the deal is signed, with an interim role to prepare a public sector team ready to manage the contract. Workplace 2010 and Records NI piloted new working practices. Workplace 2010 introduced pathfinder projects through refurbishment work at Royston House, Belfast and a new building at Clare House, Hollywood, in December 2006. There was an independent healthcheck of the new premises at Clare House in February 2007 and a full post-occupancy evaluation undertaken by the Northern Ireland Statistics and Research Agency during October/November 2007. The later evaluation noted that most respondents were satisfied or very satisfied with aspects such

as improved teamworking and interaction, the contemporary working environment and the image that the building portrayed to visitors. The evaluation also noted areas of concern, with fewer than 50 per cent of respondents being satisfied or very satisfied with other aspects including noise, distraction, location, car parking, temperature, privacy, confidentiality and ICT provision, though the report acknowledged improvements in IT related issues since the initial healthcheck. DFP views the Northern Ireland Statistics and Research Agency (NISRA) report as providing valuable lessons which will contribute to shaping and informing the final Workplace 2010 contract, with those lessons being incorporated into an action plan. At a local level, the Clare House Board is developing a specific action plan to address local issues based on the recommendations within the report.

4.5 In Records NI, lead implementation projects were initiated in February 2005 within selected branches in three Departments (DETI, DCAL and OFMDFM). Two reports were produced. The first, in June 2005, focused mainly on the experiences of preparation and implementation, and helped to define the requirements of the main Records NI project. The key message was the need for extensive preparation in advance of implementation, including the need for staff to feel comfortable with the change in operating methods. A second report in November 2006 detailed the operational experiences. As a way of maximising the investment made in Records NI, the implementation project managers produced a summarised list of ten

21 The composition of the Board was expanded to include an independent external member in March 2008.

Part Four: Lessons are emerging for future procurements and projects

recommendations as a way of continually reinforcing good management and best practice (Appendix 12). These are relevant to any similar projects that are at development phase.

Projects have undertaken Gateway reviews and some have gone through a post procurement evaluation

4.6 In 2001, the government established OGC Gateway reviews to ensure all major central civil government projects and programmes are subject to rigorous tests and pass through a series of critical points in the project lifecycle. This guidance was extended to Northern Ireland in 2003 and 2004²². Projects are independently assessed on their readiness to move onto the next stage on the basis of a Red, Amber or Green (RAG) status rating (Figure 14). Results of the review are reported directly to the SRO of the project, who is also the owner of the report. The Gateway process encourages the promotion of openness and honesty about the state of a project between the project and review teams. In the UK, these arrangements have been refined to encourage procurement Centres of Excellence in departments to get access to Gateway reports as part of their monitoring of all departmental projects²³.

4.7 Six of the projects have been subject to elements of the Gateway process (Figure 14). CAL did not conduct a Gateway Review nor a formal written risk potential assessment. Reasons cited by CAL for this decision are that the nature, duration, scale

and cost of the project (circa £0.1 million) meant that CAL was not a “major project” within the context of the OGC’s guidance and therefore a formal Gateway process was neither appropriate nor required. In the main, the reviews have been beneficial in that, where projects have had a Gateway red rating, they have actively responded to the issues raised by the review, with an improvement in subsequent reviews. A red status rating does not mean that projects should be stopped as a result, though two consecutive red reviews in the UK does result in a letter from the Chief Executive of the OGC to the Permanent Secretary of the department responsible. The Comptroller & Auditor General is also notified and may include the project in a report to the Public Accounts Committee.




4.8 In addition to the Gateway reviews, formal post procurement ‘lessons learned’ reports have been completed for HR Connect, Records NI and Account NI. This is useful in that in addition to informing future projects, there can be a significant turnover of key personnel on projects (particularly at significant break points such as contract signature) and there is a need for continuity and knowledge sharing. The review of the management processes for co-ordinating Reform programmes and projects noted that programme, project and gateway skills were still in short supply in Northern Ireland, particularly in the context of a growing demand for such skills. It recommended the continuing use of, and improving the implementation of, best practice for programmes/projects, and to continue to widen the Gateway disciplines.

22 This was introduced for IT-enabled projects in DAO(DFP) 33/03 and for all acquisition based programmes in DAO(DFP) 17/04.

23 HM Treasury: Minute on the Nineteenth and Twenty-Seventh Reports from the Committee of Public Accounts 2004-2005, Cm 6682, November 2005.

Figure 14: Status of Gateway reviews of Shared Services projects to 31 December 2007

Shared Services Project	Gate 0 Strategic Assessment	Gate 1 Business Justification	Gate 2 Procurement Strategy	Gate 3 Investment Decision	Gate 4 Readiness for Service	Gate 5 ⁴ Benefits Realisation
Workplace 2010		Amber	Amber			
HR Connect ¹	Amber	Amber	Amber		Amber	
Account NI ²			Red	Amber	Amber	
Records NI	Amber		Red	Amber	Amber	
IT Assist ³	a Amber, b Red					
CAL						
Network NI		Red	Amber	Green		

RED		To achieve success the project team should take action immediately.
AMBER		The project should go forward with actions on recommendations to be carried out before the next OGC Gateway Review of the project.
GREEN		The project is on target to succeed but may benefit from the uptake of recommendations.

Notes

1. On HR Connect, there were Gate 2, 2a and 2b reviews, all amber. At Gate 3, there was an OGC led 'healthcheck' but not a formal Gate 3 review prior to the signing of the HR Connect deal. The 'healthcheck' took account of Gateway guidance and was led by a consultant from the Strategic Assignment Consultants Service which acts in support of the OGC's consultancy service. The scope of the 'healthcheck' was the same as that for a Gate 3 review.
2. Account NI had a Gate 1 peer review, as the Gateway Review process had not at that stage been formally adopted in Northern Ireland, but this was not conducted by the OGC and there was no status rating. In the light of the findings of the Gate 2 review and the time being taken for the procurement, the SRO requested that an independent mid gate review be carried out by OGC between the formal Gate 2 and Gate 3 reviews.
3. There have been two Gate 0 reviews on IT Assist in June 2006 and June 2007.
4. To date no Gate 5 reviews have been conducted as projects are not sufficiently advanced.

Source: NIAO/DFP

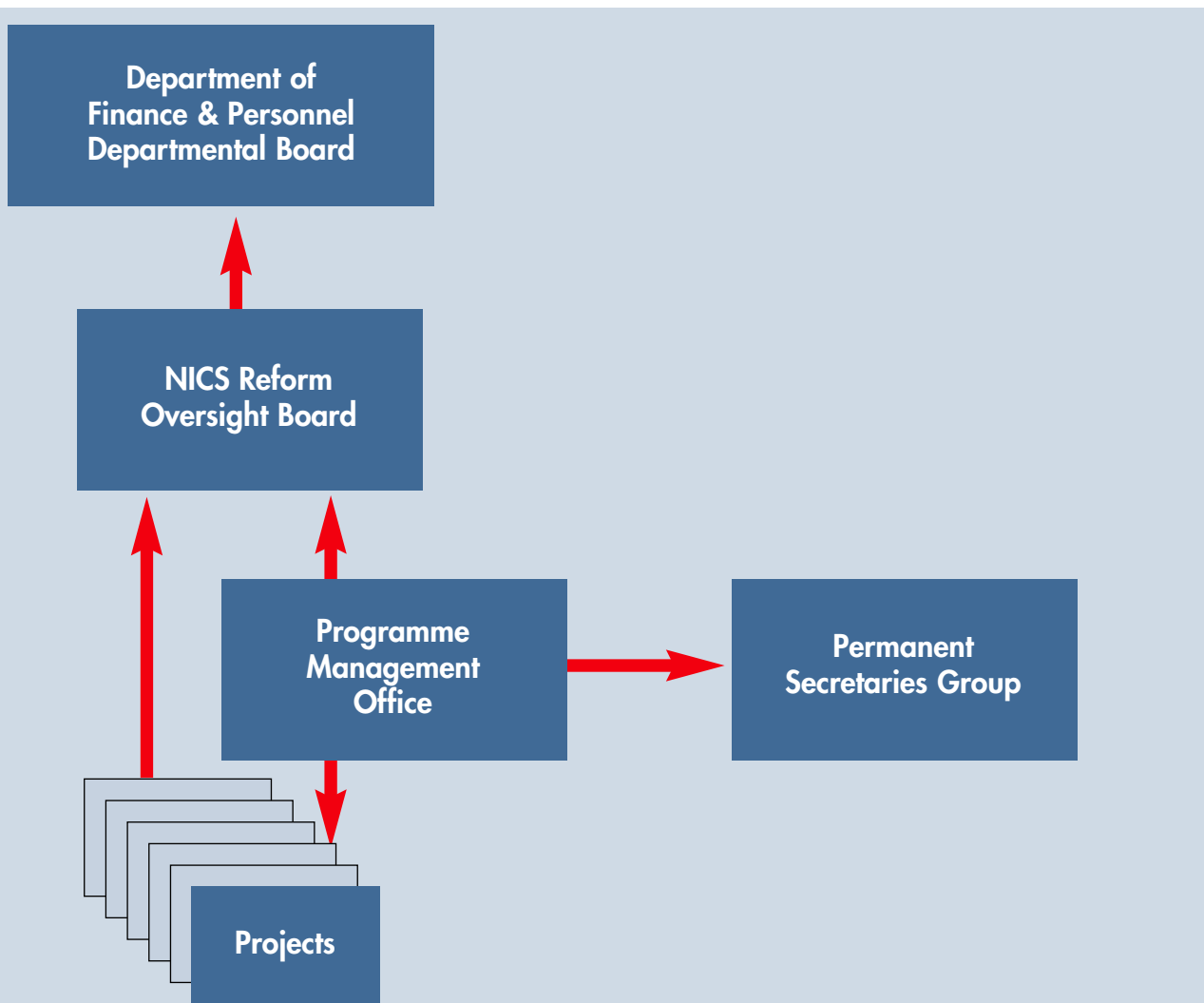
Part Four: Lessons are emerging for future procurements and projects

The projects are now subject to new oversight arrangements

4.9 The Programme Support Office was set up in May 2005 to monitor and coordinate Common Regional Infrastructure (which included shared services) and assist the Permanent Secretaries Group (PSG) to understand the collective risk and impact of

the projects/programmes involved. The Programme Support Office developed into the Programme Management Office (PMO) from April 2006. Its role was to monitor and co-ordinate the implementation of the Reform programme, reporting to the PSG. These arrangements evolved during 2006 and the PMO is now the operational arm of the Civil Service Reform Oversight Board, a sub

Figure 15 Shared Services Oversight Arrangements



Source: NIAO

group of the DFP Departmental Board (Figure 1.5). The Oversight Board is chaired by a non-Executive member of the DFP Board and includes members from other NICS departments. It does not have executive responsibility, but exists to give assurance to the DFP Board that oversight of the entire infrastructure programme is being addressed, along with obtaining appropriate input from stakeholders, customers and technical advisers.

4.10 The Oversight Board has met monthly and in addition to receiving the progress reports on individual projects, covered key issues for the programme as a whole. The Board considered a recommendation by the 2007 review that it should meet quarterly and agreed to change the frequency of meetings to every other month, but with individual projects continuing to report on a monthly basis. This was to allow a report on the portfolio of projects, thus providing monitoring information between meetings. The issues considered on a programme basis have included:

- risk management: particular attention is given to new risks reported and the more critical risks that are likely to crystallise;
- financial reporting;
- costs and benefits planning;
- the schedule for rolling out new services to departments;
- communications; and

- current status of projects: there is a brief note on the current issues in each of the projects, along with a 'traffic light' rating (similar to that used in the Gateway process). Projects that report either a 'red' or 'amber' rating or have changed their rating in the previous month are disclosed in the executive summary.

4.11 The risks and issues associated with each of the projects are reviewed on a monthly basis and therefore the ratings may often change. In the report for December 2007, the status of Network NI and Records NI was green, while Account NI, HR Connect, IT Assist and Workplace 2010 reported amber status. The reasons for amber status by project were:

- **Account NI:** there were some technical concerns which needed to be worked through before departments who had moved over to Account NI could fully use the Account NI system. The project team was also seeking clarity on system technical issues with DSD and DHSSPS (both due to move over to Account NI in 2008) who operate on a different IT system;
- **HR Connect:** complex design activity for payroll and resourcing led to some slippage in the timetable;
- **IT Assist:** the current concern related to Workplace 2010 decanting IT Assist from the Stormont Estate, and the risk to service levels and the remainder of the migration plan;

Part Four: Lessons are emerging for future procurements and projects

- **Workplace 2010:** the project moved from red to amber status after agreement was reached following legal challenge, which allowed the procurement to move to Best and Final Offers. Other significant risks remained, such as the moving of ICT equipment during decant/recant of NICS buildings, the impact of a new build on the Stormont Estate, the timing of pre-contract refurbishments and the loss of knowledge from the loss of a key member on the Programme team.

The work of the Project Management Office has included work to consolidate the approach to benefits realisation

4.12 Through the development of a benefits model and a benefits management lifecycle (Figure 16), the PMO has launched work to bring consistency to benefits realisation (paragraph 3.7). This was initially applied to Records NI and then rolled out to the other projects. The result of this work was presented to the DFP Departmental Board in February 2008, which agreed to develop a

register of civil service reform benefits across DFP. The three elements of the model developed within the PMO are:

- **Enablers:** these are new tangible capabilities directly attributable to the investment in the project or programme;
- **Intermediate Benefits:** these are the functional or operational benefits that are measured in the model. There should be at least one key performance indicator behind each benefit. The optimum number of benefits should be 15 to 20 with an absolute maximum of 25²⁴. This requires projects to identify and prioritise the key benefits. Sometimes projects have significant costs or disbenefits and these should be measured. In Records NI, the creation of a central electronic repository of documents and records leads to additional bandwidth across the NICS, for which the impact and cost needs to be managed and minimised; and
- **End Benefits:** the strategic end benefits to the NICS. DFP has identified the benefits

Figure 16: Benefits Management Lifecycle Stages

Lifecycle Stage	Activity
Identifying and Structuring	The modelling and profiling of benefits.
Planning the Realisation	The benefits management strategy and realisation plan, with baseline measurements, should be in place when the Full Business Case is approved.
Realising and Tracking	The target measurements should be in place by the start of implementing the project. When these measurements are ready, this is the optimum time to factor in any associated governance arrangements.
Review and Evaluation	Continuous management and measurement of benefits.

²⁴ The number of intermediate benefits on the individual shared services projects range from 8 to 25. For HR Connect there were 14 intermediate measurable benefits for Departmental accountability purposes, though HR Connect have 45 benefits for their own contract management functions (paragraph 3.7).

in Records NI as being greater risk assurance for records management, improved staff morale for administration staff and efficiency savings.

In addition to regular oversight, DFP has developed business principles for the provision of shared services in the NICS

4.13 In May 2007, DFP issued a paper²⁵ on the business principles (Appendix 13) to underpin shared services within the NICS. These were developed through discussions with key stakeholders across the reform projects and the NICS, drawing on good practice. Departments were requested to note these principles and communicate them to the relevant staff. SROs/Programme Directors on existing projects were asked to ensure that both their current and future plans for shared services were in line with the principles. The principles represent emergent thinking and will be reviewed during 2008-09 as the shared services mature.

²⁵ *Business Principles for Shared Services within the NICS*, DFP, May 2007

Appendices

Appendix 1 (Paragraph 1.4)

“Fit for Purpose” The reform agenda in the Northern Ireland Civil Service: Themes and Initiatives		
Putting the Front Line First	Building Capability	Embracing Diversity
1) Improving efficiency	1) Developing talent and professionalism	1) Recruiting across the board
2) Improvements in purchasing goods and services	2) Managing professionalism	2) Recruiting at senior levels
3) Rationalising support services	3) Planning for delivery	3) Exchanging experience
4) Tackling absenteeism	4) Modernising employee relations	4) Reaching out
5) Planning the workforce and the payroll		5) Tracking progress
6) Business-led grading		6) Building relationships
7) Harnessing technology		

Appendix 2 (Paragraph 1.6 and Figure 2)

HR Connect



Project Summary

1. HR Connect (the service resulting from the eHR Programme) aims to provide an electronic solution capable of modernising, harmonising and supporting business needs in the areas of industrial and non-industrial payroll, personnel and recruitment through changes to the systems and processes within and across Departmental boundaries. The overall business objectives as outlined in the FBC were:

- to ensure the continued delivery of current payroll services through the implementation of a replacement solution prior to the expiry of the existing contracts in 2008 – **Continuation of payroll services;**
- to ensure, as a minimum, the continued delivery of current HR services through the implementation of an eHR solution prior to the expiry of the existing HRMS contract in 2008 – **Continuation of HR services;**
- to increase, by the end of 2008/2009 the efficiency of HR service delivery by 5 per cent through implementation of modern HR support facilities, business process improvement and the phased introduction of employee and manager self-service supporting the NICS Reform agenda – **Increase efficiency of HR service delivery;**
- to meet business requirements to improve HR decision making through the provision of detailed, specific, timely, accurate and

accessible personnel information by 2008 – **Improve HR decision making;**

- to enable the delivery of consistent HR services through the implementation of common processes, systems, and standards where sensible and economically viable to do so, by 2008 – **Deliver consistent HR services;**
- to improve the delivery of HR services by ensuring that all transactions are capable of being provided electronically by 2008 – **Improve electronic HR capability;** and
- to exploit e-technology to reduce future reliance on HR paper files by 70 per cent by 2008 – **Reduce reliance on HR paper files.**

Project Progress

2. DFP signed a PPP Strategic Partnership Agreement in March 2006. The contract value is £37.8 million in capital fees and, after implementation, an annual cost of £26.5 million (£12.2 million Service Charge and £14.3 million Retained HR). The contract is for up to 15 years with an option for DFP to terminate at any time after the 10th year. The agreement includes a performance monitoring process for on-going service delivery and a benchmarking process to ensure the service continues to provide value for money and reflects best practice. The eHR programme moved into the testing and implementation phase with modules now planned to go live between October 2007 and November 2008, with the final integration milestone payment due in June 2009. This payment is regarded by DFP as an example of the contract being

Appendix 2 (Paragraph 1.6 and Figure 2)

structured to ensure satisfaction with the service.

3. The implementation programme has moved away from the stage/departmental cluster based approach for the deployment of services. The deployment of services, as documented in the Amendment Agreement signed in November 2007, will now be on a release basis as follows:

the arrangements for the delivery of the outstanding deliverables. DFP formally reserved its right to claim in respect of delays and breaches, a right which they exercised in June 2007 and September 2007. In March 2007, DFP revised the payments in respect of the missed milestones and withheld a proportion of the payments. The Contractor lodged a compensation claim in respect of the non-industrial payroll.

Release	Function	Go-live Date
1.0	External Recruitment	October 2007
1.1	Employee Relations, Exit and HR Data Management	December 2007
1.2	Internal Resourcing	April 2008
3.0	Non-Industrial Payroll and Absence Management	April 2008
4.0	Performance Management and Learning Development	April 2008
2.0	Industrial Payroll and Absence Management	June 2008

4. In the testing and implementation phase, there has been slippage and delays with the proposed go-live dates, for example the industrial payroll module (release 2.0) was originally scheduled for September 2007 and the non-industrial payroll (release 3.0) scheduled for December 2007, but the external recruitment module (release 1.0) was brought forward from April 2008 to October 2007. The project team is confident that full operation will be achieved during 2008.

5. During February and March 2007, DFP issued letters to the contractor informing them they had failed to meet some key milestone planned completion dates and requested them to provide draft action plans detailing

DFP continues to robustly refute the compensation claim.

6. There were extensive commercial negotiations which resulted in an amendment to the strategic partnering agreement. The amended agreement confirmed the action taken by DFP in withholding payments. The contractor still receives the same total amount of milestone payments, but these will be paid over four financial years (the final payment being in 2009-10) instead of three. DFP sought to recover costs relating to retained HR staff, additional provision of existing NICS industrial and non-industrial payroll and additional contingency (existing HRMS, UNIPAY industrial payroll and non-industrial

payroll costs) amounting to £5.7 million. The commercial negotiations were completed with DFP negotiating a final recovery settlement of £5.2 million and securing additional warranties and protections relating to the implementation period. The resulting funding gap of £452,000 equates to eight per cent of the total claim. This position was reached without the need to invoke the dispute resolution process which, in DFP's estimation would have been costly for both the Contractor and themselves. The deal reached does not compromise the affordability of the programme or require any bids for additional resources.

7. All data for release 1.0 (Recruitment) was migrated to the new system in early November 2007. The same month, HR data for DFP and OFMDFM was successfully migrated. By the end of 2007, HR data had been migrated for NIO, DARD, DRD, DOE, DCAL, DETI and DHSSPS. The remaining HR Connect participants (DSD and DEL) were migrated in January 2008, with all data migration from existing systems due to be completed by mid-August 2008.

Key Project Dates

8. The key dates for the project are summarised in the table overleaf
-

Appendix 2 (Paragraph 1.6 and Figure 2)

Date	Event
November 2002	Gateway Review 0 – the strategic assessment.
January 2003	Prior Information Notice in the Official Journal of the European Union (OJEU).
February 2003	Gateway Review 1 – the business justification.
May 2003	Gateway Review 2 – procurement strategy.
June 2003	Approval of OBC which recommended a partial PPP solution.
September 2003	OJEU notice seeking expressions of interest.
October 2003	Pre-qualification questionnaire responses.
December 2003	<ol style="list-style-type: none"> 1. 3 bidders selected to bid for contract. 2. Interim Gateway Review 2a.
April 2004	Change in project solution from partial PPP to full PPP after external and internal consultation.
May 2004	Invitation to Negotiate (ITN) issued to bidders.
June 2004	Interim Gateway Review 2b.
July 2004	ITN responses received.
September 2004	All three bidders selected to negotiate.
October 2004	Negotiations commence with bidders.
January 2005	One bidder withdraws.
July 2005	Invitation of Best and Final Offer (BAFO).
September 2005	BAFO responses received.
October 2005	One bidder selected for further discussions.
December 2005	Preferred Bidder appointed.
February 2006	Gate 3 Healthcheck.
March 2006	<ol style="list-style-type: none"> 1. DFP Supply grants conditional approval of the FBC. 2. Award of Contract. 3. DFP Supply grants formal approval of the FBC.
April 2006	Implementation work commences.
August 2007	Gateway Review 4 – readiness for service.
October 2007	External Recruitment service live.
November 2007	Exit Management and Employee Relations early release live.
December 2007	Exit Management and Employee Relations available to all NICS Departments (except DSD and DEL).

Source: NIAO based on departmental papers

Appendix 3 (Paragraph 1.6 and Figure 2)

Account NI



Project Summary

1. Account NI (formerly the Accounting Services Programme) will provide a new integrated Resource Accounting and Budgeting System for all NICS Departments. A new Financial Shared Services Centre (SSC) will be responsible for the transaction processing needs of NI departments and their agencies. In addition, the SSC will perform other value added services such as help desk facilities, systems administration, report development & support, end-user training, contract & performance management and development of service enhancements. These services will be provided on a customer – supplier basis.
2. Account NI is an in-house NICS Shared Service Centre, staffed by NI Civil Servants who will be part of DFP and located in Goodwood House, Belfast. It is anticipated that, by April 2009, the SSC will have 206 staff across the various NICS grades. The contract for the Accounting Services Programme was signed in June 2006 with the main contractor and their sub-contractors. The contract is for a period of 12 years and is worth approximately £48.5 million (real terms). The project will be funded as follows:
 - £10 million in milestone payments in the period between contract signature and service commencement date; and
 - £38.5 million payable by departments over the life of the contract.
3. Of the £48.5 million, the total capital element of the project represents £27 million. This will be funded through the £10 million of milestone payments, £13 million using a finance lease and £4 million of unitary charges. The finance lease amounts and the unitary charges are included within the £38.5 million of amounts payable by Departments noted above.

Progress to date

4. The procurement phase has been completed and the implementation phase has commenced. The Account NI Project implementation and roll-out schedule was originally set for June 2007 but due to delays this was revised to December 2007 for the first Departments concerned – DFP and OFMDFM. DFP have experienced problems in implementing Account NI which has contributed to delays in the planned delivery of outputs such as the submission of the main 2007-08 accounts of DFP and OFMDFM for audit. DFP's decision to delay submitting the Departmental resource account was also influenced by problems experienced in meeting the faster closing deadline in the previous year. The delays will prevent those accounts being certified by the Comptroller and Auditor General prior to the Assembly's summer recess. The current implementation and roll-out plan outlines the approach that is being taken to migrate the "waves" of departments and agencies against the proposed "Go-live" dates. A summary of the "waves" is as follows

Appendix 3 (Paragraph 1.6 and Figure 2)

Roll-out	Department	Go-live Dates at December 2007
Wave 1	DFP / OFMDFM	December 2007
Wave 2	DETI / DEL	April 2008
Wave 3	DSD / DHSSPS	July 2008
Wave 4	DARD / DOE / DCAL	November 2008
Wave 5	DRD / DE / Roads	April 2009

Key Project Dates

5. The key project dates are summarised in the table below.

Date	Event
November 2000	Accounting Services Review commissioned.
March 2001	Accounting Services Review Business Case finalised.
November 2001	Accounting Services Review findings approved by the Executive.
April 2002	Consultant advisers appointed.
September 2002	Gateway 1 (Peer Review).
October 2002	Prior Information Notice in OJEU issued.
November 2002	Gateway 2 – procurement strategy.
October 2003	Outline Business Case approved.
January 2004	Formal Programme Notice in OJEU issued.
March 2004	Invitation to Submit Outline Proposals Methodology approved.
April 2004	Four of the five bidders invited to submit outline proposals.
June 2004	Two OGC reviewers commence mid-Gate procurement progress review.
July 2004	<ol style="list-style-type: none"> 1. ITN methodology approved. 2. ITN issued to three companies.
October 2004	Companies submit formal proposals.
December 2004	Preferred Bidder selected.
March 2006	<ol style="list-style-type: none"> 1. Gateway 3 – investment decision. 2. Minister approves submission on potential affordability gap of £12 million over project life. 3. Final Business Case.
June 2006	12 year contract signed. Project to be rolled out June 2007 to October 2008.
October 2006	Permanent Secretaries Group to be informed that project is at risk.
December 2006	Contractor gives Notice that the June 2007 'go live' date is unachievable.
October 2007	Gateway 4 – readiness for service.

Source: NIAO based on departmental papers

Appendix 4 (Paragraph 1.6 and Figure 2)

Workplace 2010



Project Summary

1. Workplace 2010 aims to develop a strategic and affordable solution to the urgent accommodation problems facing the Northern Ireland Civil Service office estate. It is co-sponsored by the Department of Finance and Personnel and the Strategic Investment Board. The project's strategic objectives are:

- to enable the NICS to transform the way it delivers public services;
- to provide accommodation in which staff are proud to work; and
- to safeguard funding for priority frontline services.

2. It is currently being procured through a Private Finance Initiative route with a total estimated value of £1.5 billion over 20 years. The key feature of the procurement is the transfer of 65 buildings (previously 77, the number in the approved Outline Business Case) to a private sector partner. These buildings comprise approximately 70 per cent of the area of the NICS office estate and have a current occupancy of 16,700. Over half of the buildings in the planned procurement are in the Greater Belfast area.

3. The present intention of the sponsors is that the private sector partner will:

- make an upfront capital payment for the transferred assets (the amount to be

determined) which will be reinvested in priority frontline services;

- invest approximately £100 million in the estate across 20 key properties through a combination of new build and refurbishment;
- manage the transfer of approximately 13,000 staff into the newly refurbished accommodation; and
- maintain and service the whole of the NICS office estate throughout the life of the contract.

Progress to date

4. The project is in procurement. At the end of the Invitation to Negotiate (ITN) phase, two of the four participating bidders were short-listed with a view to being asked to submit best and final offers (BAFO) if required. One of the unsuccessful bidders challenged this decision through the Courts. This resulted in an injunction on the project until the case was heard by the Commercial Court. In January 2008, this challenge was settled out of court. Following the restoration of devolution, the Executive was presented with a paper in July 2007, seeking ministerial views on Workplace 2010, with a view to obtaining Ministerial approval to proceed to BAFO. The Executive's endorsement of the project was secured in September 2007.

Key Project Dates

5. The key dates for the project to date are summarised in the table opposite.

Date	Event
April 2004	DFP/Strategic Investment Board commission consultants to prepare a Strategic Development Plan for the NICS office estate.
September 2004	Strategic Development Plan completed. DFP/Strategic Investment Board commission consultants to prepare an Outline Business Case.
March 2005	Gateway Review 1 (the business justification) completed by OGC.
April 2005	OBC recommends a PFI solution.
October 2005	OBC approved by DFP supply.
November 2005	Gateway Review 2 (procurement strategy) completed by OGC.
November 2005	Notice in the Official Journal of the European Union seeking expressions of interest.
January 2006	Six consortia declare an interest in the project by submitting Pre Qualification Questionnaires.
June 2006	Four consortia invited to submit proposals on the ITN.
November 2006	Consortia submit bids.
May 2007	The two preferred bidders from ITN stage announced.
Assuming that the project proceeds as a PFI procurement, then the current expectation is that a contract will be signed in March 2009.	

Appendix 5 (Paragraph 1.6 and Figure 2)

Records NI



Project Summary

1. DFP awarded a seven year contract in July 2006 at a net present cost of £15.9 million. The primary objective is to improve information and records management in the Northern Ireland Civil Service by implementing a single corporate NICS Electronic Document Records Management (EDRM) service that complies with records management polices and procedures and is used by all 17,000 staff identified as within the scope of the project by the end of 2007. As set out in 'Fit for Purpose' (2004), the EDRM systems will facilitate working across traditional NICS boundaries, enabling teams to work effectively with shared documents, which represents a significant change in the NICS's management of information.
2. The OBC approved by DFP in 2005 represented a strategic shift in delivery by recommending a partnership with a single external provider to deliver a single managed service to the NICS. The procurement framework which had been developed separately also took account of the OBC recommendation, in that the lead implementers ran a joint secondary competition using the established framework contract and procured Tower Software's TRIM Context 5.2.2.
3. A series of milestone payments totalling £11.6 million are being paid during the implementation phase while payments in the operational phase reflect a service charge based on the number of full users. Service payments are directly related to availability and system performance and can be abated for poor performance. Some 12,000 users had been trained by December 2007. Revised governance structures and operational management arrangements are being progressed to cater for the migration from the implementation phase to the on-going operational phase of the Records NI service.

Project Progress

2. The short to medium term objective of the project in 2003 was to establish a framework and so permit NICS departments to approach EDRM in their own time and independently but within a defined scope where systems are able to communicate with each other. To further assist departments, there would be three lead implementations (in DETI, the Public Record Office of Northern Ireland (an agency within DCAL) and OFMDFM) which would enable the production of a lessons learned report. Under this approach, the OBC would then assess the feasibility of establishing a

Key Project Dates

5. The key dates for the project to date are summarised in the table opposite.

Date	Event
2001	The NICS Electronic Document and Records Management (EDRM) Working Party recommended a corporate EDRM systems project.
January 2003	<ol style="list-style-type: none"> 1. Electronic Document and Records Management Systems Infrastructure project established. 2. Gateway '0' review – strategic assessment.
April 2004	Outline Business Case produced by consultants and approved by Electronic Documents and Records Management Systems Infrastructure project board. Further work was undertaken to address potential issues of governance and funding around the preferred option of a cross departmental project.
October 2004	'Fit for Purpose' .
February 2005	<ol style="list-style-type: none"> 1. Electronic Documents and Records Management Implementation project initiated. 2. Prior Information Notice issued to OJEU (16 responses received). 3. Project Board approve OBC plus Update report.
March 2005	Gateway 2 review – procurement strategy.
April 2005	DFP approves Final OBC plus Update report.
June 2005	OJEU contract notice issued.
September 2005	Three responses to the Invitation to Submit an Outline Proposal.
December 2005	Three responses to the Invite to Propose against the final Statement of Operational Requirements.
February 2006	ITN letter sent to three bidders.
June 2006	<ol style="list-style-type: none"> 1. BAFO received from three bidders. 2. Gateway 3 review – investment decision. 3. Preferred Bidder appointed.
July 2006	<ol style="list-style-type: none"> 1. DFP Supply approves Full Business Case. 2. Contract signed.
October 2006	EDRM project re-branded as Records NI.
January 2007	Gateway 4 - Readiness for Service.

Appendix 6 (Paragraph 1.6 and Figure 2)

Centre for Applied Learning (CAL)



Project Summary

1. The Centre for Applied Learning (CAL) is a reorganisation of existing provision, and was established in April 2006. CAL is responsible for high quality generic training services mainly to NICS departments and agencies, including the Senior Civil Service. CAL also provides training to a range of non-departmental public bodies and to NIO business units operating in NI. This service is currently being delivered by 57 staff.
2. The NICS reform agenda 'Fit for Purpose' sought to build capability and develop talent and professionalism within the NICS through the provision of excellent training. CAL is directly linked to a Public Service Agreement (PSA) target, 'to develop and sustain the NICS as an organisation which serves both the institutions of government and the people of Northern Ireland through the provision of high quality, cost effective services'. CAL's current customer related strategic objectives are:
 - to deliver a range of high quality services strategically aligned to the business needs of its clients and public service reform;
 - to develop long term high level strategic partnerships to consistently offer valued high quality service delivery; and

- to establish a business case for an appropriate location and accommodation for CAL which will facilitate effective delivery of NICS generic training services.

Project Progress

3. CAL operates on a shared service basis as recommended in a series of internal reviews in 2005 and 2006. After its establishment, its operations were phased in until it assumed responsibility in October 2006 for all NICS generic training. The costs for staff working on the establishment of CAL were £0.1 million. There were no capital or procurement costs. CAL received funding from NICS departments in 2006-07 and 2007-08 of £3.7 million and £3.2 million respectively. CAL will be moving to hard charging from April 2008.

Key Project Dates

4. The key dates for the project to date are summarised in the table opposite.

Date	Event
2000	The 'Review of Training and Development in NICS' recommends a more strategic approach to delivering generic training.
July 2004	HM Treasury: 'Releasing Resources to the Front Line' (The Gershon Report).
October 2004	<ol style="list-style-type: none"> 1. DFP: 'Fit for Purpose'. 2. Cabinet Office: 'Professional Skills for Government'.
March 2005	<ol style="list-style-type: none"> 1. DFP: 'Review of BDS Products and Services'. 2. DFP/CMPS: 'Review of Training in the NICS' recommends a shared service centre.
July 2005	Permanent Secretaries Group endorses a shared service approach and commissions a two stage review to bring forward detailed proposals.
January 2006	<ol style="list-style-type: none"> 1. Based on the two stage review. PSG unanimously endorses the phased creation of a Shared Service Centre, subject to refinement of funding arrangements. 2. Chief Executive appointed by DFP Accounting Officer.
February 2006	PSG agrees funding transition arrangements.
March 2006	Project Initiation Document.
April 2006	<ol style="list-style-type: none"> 1. Centre for Applied Learning (CAL) established. 2. 63 staff transferred from NI Departments.
June 2006	CAL Governance arrangements agreed and Board Members formally appointed by DFP Accounting Officer. The Board Members include an independent external member and a Trade Union nominee.
October 2006	<ol style="list-style-type: none"> 1. CAL becomes responsible for all NICS generic training. 2. Project phase closed and operational delivery phase commenced.
December 2006	PSG endorses CAL's Business and Funding Model and directs CAL to move to hard charging.
December 2007	<ol style="list-style-type: none"> 1. PSG agrees CAL's movement to hard charging from April 2008. 2. Northern Ireland Office Board agrees strategy to adopt CAL for all generic training required for NIO Business Units that will transfer into the NICS as a result of devolution (detailed timing and arrangements to be agreed).

Appendix 7 (Paragraph 1.6 and Figure 2)

IT Assist



Project Summary

1. The Information and Communications Technology Shared Service Centre (ICT SSC) is an outworking of the Reform Agenda Programme as outlined in 'Fit for Purpose' (2004). It aims to improve efficiency, modernize existing IT systems and ensure improved business processes are enabled, utilizing standard IT infrastructure and operational systems across the NICS. The SSC is part of the Delivery and Innovation Division in DFP.
2. IT Assist was not subject to a procurement process as the Business Case recommended an in-house solution (with some services being delivered by partnership-style contracts with the private sector) at a cash cost of £218 million over 10 years. The SSC is currently in the process of taking ownership of IT assets and responsibility for their day to day support, maintenance and replacement. Line of Business software application services specific to individual departments will remain the responsibility of departmental Information Support Units (ISUs).
3. The SSC became operational in April 2007 with the first two departments transferring their ISU staff and resources used for IT Common Services where they were joined by the Delivery and Innovation Division's Telecommunications and IS Services teams from DFP in the new delivery unit. A common helpdesk went live during May 2007 servicing five departments (DFP, OFMDFM, DRD, DOE and DCAL). A sixth department (DETI) joined in October 2007 and the remaining departments will be brought on board on a phased basis through to the end of March 2009, when all existing contracts have expired. To date three new contracts have been signed for secure messaging and storage, data centre accommodation and service desk services.
4. The Transition Programme originally had a number of distinct phases leading to proposed full implementation by June 2008. This was revised in October 2006 into a series of candidate projects incorporating finance, personnel, accommodation and security issues, as well as technical tasks and a 'Reference Architecture' to ensure that projects interface together and with other reform programmes, with the final deliverable now planned for March 2009.

Key Project Dates

5. The key dates for the project to date are summarised in the table opposite.

Project Progress

3. The SSC became operational in April 2007 with the first two departments transferring their ISU staff and resources used for IT Common Services where they were joined by the Delivery and Innovation Division's Telecommunications and IS Services teams from DFP in the new delivery unit. A common helpdesk went live during May 2007 servicing five departments (DFP,

Appendix 8 (Paragraph 1.6 and Figure 2)

Network NI



Project Summary

1. Network NI (formerly known as the Broadband Aggregation Project) is an infrastructural project that covers the procurement of an enhanced wide-area network (WAN) service for the NICS, with an option to procure additional services including Internet Portal Telephony and Classroom 2000 (C2K) requirements. The project plans to procure demand in such a way that best delivers value for money for the public sector, increases the availability of broadband and supports the NI Telecommunications Policy. The project was progressed to contract signature around the objectives of:

- to provide bandwidth ranging from 0.5 Megabytes per second to 2.5 Gigabytes per second to meet current specific user requirements anywhere within the NICS portfolio of buildings, in a way that maximises value for money by 2008-09;
- to provide resilience and availability of network services giving a target 99.7 per cent availability per site across the entire network once roll out is complete, with 99.99 per cent availability for key locations e.g. data centres;
- to provide the potential for network bandwidth to be varied in line with individual organisational requirements. Specifically, the networks should provide the capacity to cater for peaks and troughs in the business cycle;

- to provide a network that is flexible and easily facilitates major changes to accommodation, structures and working practices within the NICS; and
- to provide opportunities for the NICS to enhance existing networks to facilitate the introduction of new business processes and IT systems undertaken as part of the Review of Public Administration.

Progress to date




2. The Department signed a six year contract in September 2007, with an option to extend up to a maximum of ten years based on an annual review. The project will be rolled out across 275 sites in eight phases with a steady state service expected from September 2009. The total cost is expected to be £29.3 million over ten years, comprising initial connection, WAN maintenance and rental circuit charges (£8.7 million); service availability payments (£17.9 million); and network management staff costs (£2.7 million). The Contractor is expected to absorb inflation for years one to six, but will be allowed to include a GDP deflator rate from year seven onwards. It is expected the charges from year six will reduce to reflect the continual progression towards faster and cheaper broadband provision in the private sector.
3. The project has been allocated a budget for the financial year ending March 2008, sourced from 'e-gov'²⁶ funding and a bid identified in the September monitoring round. From April 2008 it is expected that the service charges for the contract will be funded from the current departmental

²⁶ The e-Government Fund was established in 2004 to encourage and develop innovative electronic Government projects across the public sector in Northern Ireland, particularly in order to deliver improved services by NI Departments and Agencies. The fund, which closed in March 2008, has therefore supported projects aligned with public sector reform and citizen-centred initiatives, including investment in public service infrastructure and digital inclusion.

budgets for the wide area network and central funding until a system of hard charging is in place.

Key Project Dates

4. The key dates for the project to date are summarised in the table below.

Date	Event
April 2002	PPS 10 Telecommunications sets out departmental planning policies for telecommunications development.
2002-03	Programme for Government: one of the five key priority areas is a commitment to continue to implement the telecommunications strategy and to ensure all of Northern Ireland has world class infrastructure in terms of broadband capacity, access and cost.
2003	The 'Feasibility Study into Aggregation of Public Sector Demand for Broadband communications' recommends an aggregate body for NI to manage aggregation akin to Adits, the regional aggregation bodies, established by DTI in England.
January 2004	Gateway 1 Review – Business Justification. 
September 2004	Prior Information Notice in the Official Journal of the European Union.
September 2005	The OBC recommends fully outsourced services.
October 2005	Gateway 2 Review - Procurement Strategy. 
January 2006	Contract Notice issued in the Official Journal of the European Union and other media seeking expressions of interest.
February 2006	11 valid prequalification questionnaires received. Seven companies invited to submit an outline proposal, four subsequently withdrew.
July 2007	<ol style="list-style-type: none"> 1. OBC updated with an addendum to the original, reducing scope to fulfill NICS and C2K requirements rather than total public sector demand. 2. Preferred bidder selected.
August 2007	<ol style="list-style-type: none"> 1. Gateway 3 Review – Investment Decision.  2. Final Draft Business Case.

Appendix 9 (Paragraph 2.1)

Civil Service Human Resource Management System: Cancellation of the Payroll Project – NIAO Report (November 2004)

1. This report examined the cancellation of a planned new computerised payroll system for the NICS. The contract for the payroll system was signed between DFP and McDonnell Douglas Information Systems in December 1991. However, the project experienced problems and delays over a period of nine years caused by deficiencies in the software and a range of contractual and management issues. It was finally cancelled in May 2001, without having produced a workable system, that is, where the payroll was part of a wider integrated human resource management system which would include all the main NICS personnel functions.
 2. The NICS spent £3.3 million in developing the project. In addition, planned savings amounting to £6.1 million were not achieved. These savings were not realised because NICS had to continue with the existing inefficient payroll system, which has been operational since 1986, and was not able to achieve planned staff reductions.
- project must not only be unambiguous but it also needs to address the financial consequences if the supplier fails to deliver.
- b. **System Development** - Although economic appraisals were carried out by the Project Manager in 1995, 1997 and 1999, NIAO considered that an independent appraisal would have provided an opportunity for a fundamental examination of the objectives of the project and might have helped to ensure that better decisions were made as to the way forward.
 - c. **Project Management** - The payroll project would have benefited from the appointment of a senior manager with sufficient authority to assume personal responsibility for the project throughout its life. Such an appointment is essential for all future NICS projects of this scale and complexity. A more thorough evaluation of some of the key risks, such as is now accepted good practice, could have significantly improved decision-making at crucial stages in the project. It is important that such projects are properly planned, resourced and managed in line with the guidance now available [in 2004].

Main Recommendations

- a. **Procurement** - The Department should have commissioned an appraisal of all available options, including a proper assessment of the risks involved in continuing with McDonnell Douglas Information Systems, in order to establish whether continuation with the project was the most appropriate course of action. It underlines how important it is to get the contract right in such projects. The
-

Appendix 10 (Paragraph 2.4)

Shared Service Projects: Main Options in Outline Business Case		
Project	Preferred Option	Other Options
HR Connect	In - house provision of HR services with the payroll and support services outsourced	<ol style="list-style-type: none"> 1. Base Case 2. In-house provision of HR Services with a Single Prime Contract covering Payroll Bureau and the HR Support Services 3. In-house provision of HR Services with a Single Prime Contract covering a Payroll Fully Managed Facility and the HR Support Services
Account NI	Shared Service Centre Phased Migration	<ol style="list-style-type: none"> 1.. Base Case 2. Re-implementation but no shared services 3. Single Shared Service Centre 4. Shared Service Centres organized on a functional basis 5. Shared Service Centres organized on a departmental basis
Workplace 2010	Total Property PFI	<ol style="list-style-type: none"> 1. Baseline 'do nothing' 2. Traditional Procurement (whole estate) 3. Mixed Procurement (PFI – Greater Belfast, Traditional – Regional estate)
Records NI	Partnership with single external provider	<ol style="list-style-type: none"> 1. Independent records solutions deployed by each department 2. Departments select from external providers within a framework agreement 3. Procure a single external shared application service provider to deliver a single service to the NICS
IT Assist	A single SSC with the contracts rationalised into a small number of strategic contracts	<ol style="list-style-type: none"> 1. Enhanced status quo 2. A single SSC with the existing range of contracts 3. Several SSCs based on the ISUs with rationalised contracts 4. Outsourcing of all common ICT services
Network NI	Full outsourcing	<ol style="list-style-type: none"> 1. Do nothing 2. Managed service –the public sector designs network and owns the assets

Appendix 11 (Paragraph 3.14)

Shared Service Projects – Cost Summary							
Appendix Reference	Project	Outline Business Case		Full Business Case		Cash Costs	
		NPV	Cash	NPV	Cash	To date	Contract End
		£'m	£'m	£'m	£'m	£'m	£'m
4	Workplace 2010	925.6	1,968.1	*	*	*	*
2	HR Connect	285.5	328.5	368.9	465.1	29.0	486.6
7	IT Assist	188.3	217.6	n/a	n/a	31.6	217.6
3	Account NI	99.1	113.6	138.2	169.4	31.9	169.4
8	Network NI	41.9	48.7	24.9	29.3	1.8	29.3
5	Records NI	19.7	21.2	16.0	17.5	12.5	17.5
6	CAL	n/a	n/a	n/a	n/a	n/a	n/a

NOTES:
Workplace 2010: The project is still in the procurement phase.
HR Connect: The OBC costs were calculated over a 10 year period, while the FBC was based on the contract period of 15 years.
IT Assist: The OBC recommended an in-house solution and there was no major procurement and no FBC.
Account NI: The OBC costs were calculated over a 10 year period, while the FBC was based on the contract period of 12 years.
Network NI: There was a major reduction in scope between OBC and FBC due to excluding non-NICS bodies and the Health Service from the arrangements. DHSSPS remains in scope.
CAL: There was no OBC or FBC as this was a reorganisation of existing provision into a SSC.

Source: NIAO/DFP

Appendix 12 (Paragraph 4.5)

Records NI Pilot – Top Ten Implementation Lessons Learned

- 1.** All the benefits initially perceived will not be realised unless the full functionality of the system is utilized; the records management culture change will not be embedded and staff use of the system will decrease if relevant training and full functionality are not developed; ongoing resources are needed to undertake this process.
 - 2.** Senior management must lead by example and mandate the use of TRIM (the standard software) and support the business and cultural change by acknowledging TRIM as the single repository for electronic information.
 - 3.** Frequent reviewing of staff training needs, management processes and monitoring the uptake is required i.e. refresher, advanced or more specific training for staff who may require it.
 - 4.** Adequate resources need to be in place to undertake the interim management tasks associated with maintaining a quality records management system.
 - 5.** Adequate resources in both staff and time need to be available to develop and review the File Plan (the preparatory work by each department to allow the contractor to deliver the business solution) on an ongoing basis.
 - 6.** Delayed development of the File Plan will have an adverse impact on implementation.
 - 7.** The corporate decision on deletion of documents and associated data is recommended as the three lead implementation departments have all approached this functionality in different ways.
 - 8.** It is necessary to review the TRIM configuration to meet business needs.
 - 9.** It is important to promote good practice in information management by monitoring the use of naming conventions.
 - 10.** To maximise the full potential of the TRIM solution staff must understand their specific role and responsibility in managing information.
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Appendix 13 (Paragraph 4.13)

Summary of Business Principles for Shared Services within the NICS

1. NICS managers and staff have an obligation to citizens to ensure that public services are delivered in the most effective and efficient manner possible.
 2. Senior management will demonstrate strong and consistent leadership and commitment in support of shared services.
 3. Sharing is not an end in itself – shared services must provide benefits in terms of the cost and quality of the services provided.
 4. All shared service providers should share a common set of values, encompassing integrity, responsibility, accountability, respect and continuous improvement.
 5. There will be a presumption in favour of implementing standardised solutions. Where necessary, specific customization of services, and the associated costs will be negotiated between the service provider and the user but should never undermine the ability of the shared service centre to deliver its core services.
 6. All NICS organizations should avail of all the shared services provided.
 7. All shared services should establish effective customer-inclusive governance regimes which clearly articulate authorities, accountabilities and decision-making responsibilities.
 8. Governance Board members will be mandated to act for the NICS corporate good and will be committed to the success of the shared service and providing assurance to the Accounting Officer for the shared service organization.
 9. Service Level Agreements will be implemented through discussion between provider and customer to create a common understanding about service priorities and obligations, clearly defining responsibilities for both provider and customer. Service Level Agreements will be kept as clear and simple as possible and for in-sourced solutions will not link service levels to financial penalties or incentives.
 10. Shared services will work to continuously improve processes, policies, procedures, technology and staff development to achieve continuous improvement.
 11. Departments will work constructively together to ensure adequate funding for shared services will be secured at the outset.
 12. In line with Government accounting rules and guidance, shared services should move to an appropriate hard charging regime at the earliest practical opportunity in a clear and transparent way.
 13. The charging mechanism must be agreed between provider and customer and documented in the Service Level Agreement to ensure clarity about the respective roles and responsibilities. The charging mechanism must be simple, fair, predictable and controllable.
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14. Each shared service will produce a concise, accessible, annual report setting out progress and performance in relation to governance, performance (including Service Level Agreements), funding and charging.

NIAO Reports 2007-08

Title	HC/NIA No.	Date Published
2007		
Internal Fraud in Ordnance Survey of Northern Ireland	HC 187	15 March 2007
The Upgrade of the Belfast to Bangor Railway Line	HC 343	22 March 2007
Absenteeism in Northern Ireland Councils 2005-06	-	30 March 2007
Outpatients: Missed Appointments and Cancelled Clinics	HC 404	19 April 2007
Good Governance – Effective Relationships between Departments and their Arms Length Bodies	HC 469	4 May 2007
Job Evaluation in the Education and Library Boards	NIA 60	29 June 2007
The Exercise by Local Government Auditors of their Functions	-	29 June 2007
Financial Auditing and Reporting - Health Sector: 2003-04 and 2004-05	NIA 66	6 July 2007
Financial Auditing and Reporting: 2005-06	NIA 65	6 July 2007
Northern Ireland's Road Safety Strategy	NIA 1/07-08	4 September 2007
Transfer of Surplus Land in the PFI Education Pathfinder Projects	NIA 21/07-08	11 September 2007
Older People and Domiciliary Care	NIA 45/07-08	31 October 2007
2008		
Social Security Benefit Fraud and Error	NIA 73/07-08	23 January 2008
Absenteeism in Northern Ireland Councils 2006-07	-	30 January 2008
Electronic Service Delivery within NI Government Departments	NIA 97/07-08	5 March 2008
Northern Ireland Tourist Board – Contract to Manage the Trading Activities of Rural Cottage Holidays Limited	NIA 113/07-08	28 March 2008
Hospitality Association of Northern Ireland: A Case Study in Financial Management and the Public Appointment Process	NIA 117/07-08	15 April 2008
Transforming Emergency Care in Northern Ireland	NIA 126/07-08	23 April 2008
Management of Sickness Absence in the Northern Ireland Civil Service	NIA 132/07-08	22 May 2008
The Exercise by Local Government Auditors of their Functions	-	12 June 2008
Transforming Land Registers: The LandWeb Project	NIA 168/07-08	18 June 2008
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Financial Auditing and Reporting: 2006-07	NIA 193/07-08	2 July 2008
General Report by the Comptroller and Auditor General for Northern Ireland		
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