



MEDIA RELEASE

Digital Transformation projected costs rise from £50 million to £110 million under NI Direct Strategic Partner Project

The Comptroller and Auditor General has found that it is not possible to conclude whether a major project helping to provide digital transformation has delivered value for money for citizens across Northern Ireland.

Mr Kieran Donnelly's report on *Managing the NI Direct Strategic Partner Project – helping to deliver Digital Transformation* was published today (Friday 14th June 2019). It found that expenditure on the contract, originally estimated at £50 million, is now expected to total £110 million, more than double the original contract value.

Agreed in October 2012, the Strategic Partner Project saw British Telecommunication Group plc contracted to provide IT solutions, skills and capabilities to support the migration of citizen services online. The contract has funded a contact centre, developed 13 major applications, two major consultancy contracts and a number of cross-cutting applications across various central government departments.

As well as highlighting the increase in total expenditure, the report identified other weaknesses in relation to the Department of Finance's management of the contract. It notes that, until September 2018, the Department was unable to provide details of total costs against individual projects delivered through the contract, six years after it was established. However, the report welcomed a "deep-dive" review undertaken by the Department's Audit and Risk Assurance Committee in October 2018 which explored the financial and contractual position with the Strategic Partner Project.

Although digital transformation has the potential to significantly reduce costs as well as improve services for citizens, the report found that robust baseline savings figures were not routinely identified at the outset of projects. Only four of the projects delivered through the contract reported that savings have been made, and these savings have yet to be verified.

The report acknowledges that progress has been made in the digital transformation of public services, with 20 million digital transactions being completed across various new services by March 2019. However, the report criticised the way in which individual projects delivered through the Strategic Partner Project were prioritised, with projects focused primarily on central government services rather than those most valued by the public, such as health. The report also found that the rationale for procuring early projects was unclear – with several involving the replacement of out-of-date systems with a limited user base. Further, the absence of collaborative working across government departments and public sector bodies has hindered the implementation of transformational, citizen-centred projects.

The report contains ten recommendations. These include the need to make real progress in providing what citizens want, namely a “tell me once approach” to accessing and using digital public services.

Mr Donnelly said:

“It is unacceptable that the Department of Finance did not have strong controls to monitor and manage spend through the NI Direct Strategic Partner Project. Lessons must be learnt and departments must put strong financial management controls in place and retain sufficient expert resources throughout the duration of major contracts.

Digital transformation has the potential to significantly reduce costs and improve experiences for citizens, and this report notes that some progress has been made. However there is a long way to go before public services are fully citizen-focused and transformed. Achieving the full benefits of digital transformation must involve better collaboration and the development of truly transformational services that work across public sector organisations.”

ENDS

Notes for Editors

1. In October 2012, DoF agreed a seven year, £50 million contract (the Strategic Partner Project) with British Telecommunication Group plc.
2. By June 2017, expenditure committed to October 2019 was estimated to be in the region of £70 million; £20 million (40 per cent) in excess of the total contract value. DoF approved an increase in the overall contract value to the predicted £70 million.
3. By October 2018, it transpired that expenditure up to the end of the contract (October 2019) was more likely to be in the region of £77 million. DoF stated that the contract duration was for a period of 10 years (to October 2022) with an optional break point in October 2019. This was not the case. NIAO identified that the original contract terms stated that the contract was for an initial period of seven years (to October 2019) with an option to extend for three years (to October 2022). DoF confirmed that it would not be possible to terminate the Strategic Partner Project in October 2019 because it had not ensured that alternative arrangements were put in place. DoF approved the three-year contract extension (to October 2022)
4. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He, and the NIAO, are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
5. This report is available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01hrs on 14 May 2019.
6. Background briefing can be obtained from the Audit Office by contacting Rodney Allen (028 9025 1122) or Clare Dornan (028 9025 1035).