

**Written evidence submitted by Rt Hon Francis Maude MP, Minister for Cabinet Office (IT 56)**

This Memorandum answers questions submitted by the Public Administration Select Committee for the Cabinet Office evidence session on 30th of March 2011.

**Question 1 - A summary of recent Government initiatives and policies aiming at reforming how it uses IT.**

**Answer:**

The following represents the relevant commitments made in the Structural Reform Plan included in the Cabinet Office Business Plan. The detail is included at Annex B herewith.

1.3	Cut the costs of existing government contracts and improve long term supplier management
1.4	Change the process for managing large projects
1.9	Integrate ICT infrastructure across central government, and improve value for money in ICT
1.10	Create new ICT procurement process
1.11	Identify ICT projects and programmes to terminate and ensure that these are decommissioned
1.12	Improve the rules around designing and running ICT projects and services
1.13	Create a new government channel strategy to increase engagement, lower costs, and improve the delivery of online services
2.3	Create a new "right to data" in conjunction with the Ministry of Justice

The following table list the announcements that have been made. The text of the full announcements can be found at Annex A.

Date	Source of Statement	Summary of statement
24 May	HMG announcement	As part of the Chancellor's drive to save £6.2bn of public spend in 2010,

2010		Government announced the formation of the Efficiency and Reform Group (ERG), whose board would be chaired by Chief Secretary to the Treasury and Minister for the Cabinet Office. With immediate effect, their priorities to ICT were a freeze on new ICT spend above £1m, a review of all large ICT projects and renegotiations with major suppliers.
30 July 2010	Cabinet Office announcement	As part of the Government's commitment to transparency, the Programme for Government (PFG) would drive forward a number of initiatives. Treasury's COINS database of public spending has been released to the public; Government has drafted its Public Data Principles on data.gov.uk and announced the intention to publish details of all ICT contracts above £1m in value. Government has also announced its commitment to Open Source and Open Standards, with Guidance for Procurers to be published in September 2010.
18 October 2010	Minister for the Cabinet Office	Stated his intentions to leave "No stone unturned" in the push for efficiency savings, with ERG leading the drive. In addition to ERG controls which stipulate that ICT projects over £1m must be approved centrally, a review of over 300 ICT projects has taken place, with estimated savings of £1bn coming from their re-scoping or closure.
16 December 2010	Cabinet Office announcement	Government expects to save £3bn in one year as a result of the efficiency and reform measures implemented in 2010. Around £1bn has been achieved so far, with £500m coming from the moratoria on consulting, ICT and recruitment. Furthermore, details of all ICT projects over £1m as of 31 July 2010 have been

		published by Cabinet Office, as have the Operational Efficiency Programme Benchmarking report for April 2009 to May 2010, which highlights the poor quality of previous government data.
31 January 2011	Cabinet Office announcement	Announced that from 1 <sup>st</sup> February 2011, Joe Harley CBE will be Government Chief Information Officer (CIO). He takes the role alongside his duties as DWP CIO and Director General. Bill McCluggage, Deputy CIO will report directly to Joe. His new role will cover the ICT agenda for data centre, network, software and asset consolidation and cloud. He will also recruit a Director of ICT Futures, who will be responsible for directing agile methods and skunkworks.
2 March 2011	Minister for the Cabinet Office and Chief Secretary to HMT	Announced new governmental-wide spend controls on recruitment, consultancy, property, advertising and marketing and ICT. All new ICT spend above £5m will now be subject to Cabinet Office approval and the newly formed Major Projects Authority will oversee all large projects.
3 March 2011	Ian Watmore	Government needs to look to make more use of 'agile' methodology in its implementation of IT projects. He said it needs to, where appropriate, adopt agile – which involves modular and iterative developments with heavy user involvement and feedback – along with building a 'platform' for a government-wide approach to IT.

**Question 2 - An assessment of why the Government has found it so difficult to reform IT in the past.**

Looking at previous Governments policies toward IT, the documents contain similar analysis of the problems and proposed solutions. For example, the 1999 Modernising Government White Paper the Government needed to bring about:

**“a fundamental change in the way we use IT. We must modernise the business of government itself – achieving joined up working between different parts of government and providing new, efficient and convenient ways for citizens and businesses to communicate with government and to receive services.”[1]**

This language doesn't seem too different from what the Government is saying at the moment. This leads to the question “Why has Government found it bring about change in the way it uses IT?”

**Answer:**

Large organisations in both the Private and Public sector suffer delay and failure in the delivery of big projects and programmes with substantial ICT elements. Given the greater profile of the public sector failures, and the general lack of information on comparable failures within the private sector, issues with government projects and programmes seem significantly more prevalent than their private sector counterparts.

Nonetheless, there have been significant failings in government projects and programmes.

The reasons why the Government has found it difficult to reform IT in the past are:

- projects tend to be too big, leading to greater risk, complexity and limiting the range of suppliers who can compete;
- departments, agencies and public bodies too rarely reuse and adapt systems available off the shelf or already commissioned by another part of government, leading to wasteful duplication;
- systems are too rarely interoperable;
- the infrastructure is insufficiently integrated, leading to inefficiency and separation;
- there is serious over-capacity, especially in data centres;
- procurement timescales are far too long and costly, squeezing out all but the biggest, usually multinational, suppliers; and
- there has been too little attention given at senior levels to the implementation of big ICT projects and programmes, either by senior officials or by ministers. Similarly, Senior Responsible Owners (SROs) often move on due to change in roles.

**Question 3 - How will the Government's current approach address the problems it has faced in the past?**

**This follows on from the previous question. Given the Government has faced these challenges before, and has not made as much progress as it would have liked, how will the current Government's approach avoid repeating old mistakes?**

**Answer:**

Government is determined not to repeat the mistakes of the past. In order to do this Government recognises that ICT is important for the delivery of efficient, cost-effective public services that are responsive to the needs of citizens and businesses. We want government ICT to be open. Open to the people and organisations that use our services. And open to any provider regardless of size.

To address the challenges listed in question 2, we have done, or will do, the following:

- introduce new central controls to ensure greater consistency and integration;
- take powers to remove excess capacity;
- create a level playing field for open source software;
- greatly streamline procurement and specify by outcomes rather than inputs;
- create a presumption against projects having a lifetime value of more than £100million;
- impose compulsory open standards, starting with interoperability and security;
- create a comprehensive asset register;
- create a cross-public sector Applications Store;
- require SROs to stay in post until an appropriate break point in project/programme life: and
- encourage boards to hold ministers and senior officials to account on a regular basis for the progress of projects and programmes with substantial ICT elements.

It is planned that these initiatives will be funded from within existing spending plans. They are all about spending money better, rather than spending more, and will be used as exemplars of the Government's major projects methodology.

**Question 4 - What is the Government's current policy towards; Open Source, G-cloud, and Agile Development?**

This may have been covered under 1, but if it hasn't it would be useful to have the most recent policy statements on the use of these technologies. They are raised quite often in the evidence as part of the "solution" to government IT.

Answer:

a) Open Source

Policy

Government Open Source policy is a commitment to ensuring a level playing field for open source and proprietary software, as outlined in the Cabinet Office's Business Plan<sup>1</sup>.

The current strategy on Open Source has three activities; namely:

- educate the user; so that Government is an intelligent customer and knows how to articulate Open Source requirements;
- update the procurement process; and
- work with suppliers to ensure that they are offering appropriate Open Source solutions.

Progress to date

- **Ministerial Statement** - "The days of the mega IT contracts are over, we will need you to rethink the way you approach projects, making them smaller, off the shelf and open source where possible." Francis Maude MP, Minister for the Cabinet Office, 2nd December 2010.
- **Guidance for Procurers Document** - Following the Minister's statement the Cabinet Office completed a review of the existing procurement rules and is now working to complete Guidance for Procurers - a document aimed at educating public sector procurement professionals on best practice for evaluating open source software. This will be published by May 2011.
- **Assessment Model and Options Paper** - As part of the Guidance for Procurers, Cabinet Office is working on a model which assesses the maturity of a number of Open Source solutions and is compiling a catalogue of acceptable Open Source alternatives to their proprietary counterparts.
- **Supplier Forum** - On the 21<sup>st</sup> of February 2011 Cabinet Office hosted the first Open Source Supplier Forum, gathering representatives from the top ICT suppliers to Government (including IBM, CSC, Accenture, HP, Logica) to explain

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<sup>1</sup> Section ii) of action 1.12 of the Cabinet Office Business Plan 2011-2015<sup>1</sup>, published in November 2010 stated that Cabinet Office would 'Evaluate existing procurement rules designed to ensure a level playing field for open source software and explore options for strengthening current practice' (completed in December 2010).

that Government is actively seeking out, but not mandating, Open Source-based solutions. These meetings will be held on a quarterly basis.

- **Open Source Implementation Group** – On the 21<sup>st</sup> of March 2011 Cabinet Office will be hosting its first Open Source Implementation Group, gathering departmental representatives to discuss where there have been successes and challenges with deploying Open Source across government. The outcomes will focus on building profiles of suitable Open Source options for government, troubleshooting and investigating opportunities for sharing capability on Open Source platforms.
- **Advisory Panel** - In February 2011 Cabinet Office announced the creation of an Open Source Advisory Panel –a group of industry professionals who will provide ad hoc advice and support to procurement and technical officials on Open Source. The panel will also be available to offer technical advice around open source solutions to System Integrators.

## b) Agile Development

### Policy

Government is working to put the principles and structures in place to enable agile ICT delivery. The emphasis is on interoperability based on open standards, open data and increasingly mobile ICT platforms. Improved procurement processes will reduce costs to create a fairer and level playing field for ICT suppliers. In addition, where Government needs to commission a new ICT service or solution, it will look to apply lean and agile methodologies to reduce waste and risk of project failure.

Government's approach to Agile Development is for:

- **Diverse Range of Suppliers** - A diverse range of service providers will enable rapid deployment of technologies to front line services. More agile and more open procurement rules will make the market more accessible to SMEs. The modularisation of larger ICT contracts will allow for multiple suppliers delivering on larger pieces of work, which in turn gives a more varied input into the project design, as per agile principles;
- **Open Standards** - Open standards will enable interoperability across both government systems and data, allowing for quicker and more agile interactions between various components;
- **Digital by Default** - Government is committed to making public services digital by default, delivered by Direct Gov. The drive is towards online personalised services, which are trusted and flexible. Section 1.13 ii) of the Cabinet Office

Business Plan states a commitment to “Mandate channel shift in selected government services.”

- **Open development** - To be achieved via open data and encourage businesses and citizens to innovate new digital services and solutions. As per the Government’s transparency agenda, opening up analytics and information will help people to make informed choices.

### Progress to date

- **Creation of Skunkworks** - Lead by Mark O’Neill (CIO of DCLG), the Skunkworks team has been created with the intention of assessing and developing faster and cheaper ways of using ICT in government.
- **Opening the market** - The PPN 05/11 of February 2011 listed a package of measures to open up the market to SMEs (however, this is not specific to ICT SMEs), including streamlining procurement and engaging with suppliers. Measures taken so far include:
  - The appointment of a Crown Commercial Representative (Stephen Allott) to lead on strategic engagement with SMES; and
  - The launch of the Contract Finders website.

Furthermore, the PPN states that:

- departments will be required to adopt greater outcome-based specifications as much as possible and not to over specify. For our most significant projects in government the Major Projects Authority in the Cabinet Office will systematically assess whether the specification has been gold plated and whether it is sufficiently based on outcomes. We will also seek to break requirements up into ‘micro lots’ where possible. (PPN Information Note 05/11 February 2011); and
- findings of the ‘Lean’ Review of the procurement process and announcement of pathfinder projects which will use the Lean approach to conduct their procurement much faster than current norms (PPN, 6d – Package of Measures).
- **Transparency** - The details of ICT projects over £1m were published last year. By making this information available to the public, there is greater opportunity for interested parties to contribute to Agile development.
- **Open Standards** - Government issued PPN 03/11 in January 2011 – ‘Use of Open Standards when specifying ICT requirements’ which stated that, “Government departments should ensure that they include open standards in their ICT procurement specifications unless there are clear business reasons why this is inappropriate.”

## G- Cloud

### Policy

Cloud computing is the new technology approach that moves organisations away from separately procuring their individual dedicated infrastructure to one where they can consume ICT Infrastructure and Services as a utility. The growth of this “Cloud” approach allows organisations to be able to respond to rapid change and growth whilst also reducing operating costs and the need for significant upfront capital expenditure.

Public sector ICT will start to utilise the broad range of services becoming available from the Cloud. Cloud services that conform to Government Standards for security, service and availability, will become ‘G-Cloud Certified’ and will be advertised on the Applications Store for Government. G-Cloud Certification will represent, trusted, secure and resilient services from shared common platforms allowing departments to gain significant economies of scale and allow operation at the best cost efficiency.

The G-Cloud will be focussed upon applications and services operating at IL3 or below, representing approximately 85% of all public sector applications. Applications operating at security level of IL3 will be maintained within the boundary of the Government Network (PSN), in a secure Private Cloud. Applications operating at security levels of IL2 or below will be targeted for G-Cloud Certified Public Cloud.

The outcome will be that wherever appropriate, all public sector organisations embrace the “cloud” approach to the delivery of ICT as the default, taking advantage of the enormous scale of economies available through the public cloud, where possible and consuming more sensitive applications from a secure platform shared by the whole of government.

### Progress to date

The G-Cloud strategy was developed during 2009/2010 by a team comprised jointly of representatives of public sector organisations and the ICT industry.

- Phase 1 was focussed on the opportunities presented by Data Centre Consolidation (DCC) and report that significant cost savings and efficiencies could be gained by the consolidation of a significant proportion of the Government Data Centre Estate.

- Phase 2 focussed more broadly across DCC and the additional opportunities represented by the Cloud approach to ICT. Phase 2 produced 9 major reports, now published setting out the Vision, and baseline position across all areas impacted by the G-Cloud Programme.
- The Phase 2 Vision sets out how the public sector will realise the benefits of the 'cloud' approach to ICT through three inter-related initiatives:
  - The Government Cloud (G-Cloud) certification will provide a trusted, secure and resilient shared environment through which public sector bodies can resource ICT service at greater speed and lower cost, both within the Government's Network and also externally in the 'Public' Cloud.
  - The Application Store for Government (ASG) will be a marketplace to review, compare and select online G-Cloud certified business applications.
  - The Data Centre Strategy will significantly reduce the number of data centres used by central Government to host ICT services bringing substantial savings in cost and energy consumption.

Establishing the G-Cloud, ASG and implementing Data Centre Consolidation will involve change in the way that ICT is procured and supplied, which will in turn require new ways of working in both ICT suppliers and public sector organisations.

**Question 5 - What steps is the Government taking to increase the number of SMEs involved in delivering Government IT Project?**

**I'm aware that the Government has dropped the quota of 25% SMEs, possibly partial due to EU Procurement rules. However, it would be useful to hear what steps the Government will take to encourage SME to bid for Government contracts. Many organisations and businesses that submitted written evidence to the Committee complained about the current procurement system making it difficult to SMEs to bid, so any comments you have on this would be helpful.**

**Answer:**

Government has issued two Procurement Policy Notices (PPN) about increasing the number of SMEs involved in government contracts:

- 10th November 2010: PPN 19/10 – 'Package of announcements to support Small Businesses'
- 5th February 2011: PPN 05/11: 'Further measures to promote Small Business procurement'

These PPNs covered:

- The Contracts Finder website – allowing all businesses to view details of live contract opportunities, closed tender documentation, contract awards and contract documents;
- Streamlining the procurement process, by:
  - encouraging departments not to over-specify by adopting greater use of outcome based specifications (Major Projects Authority to assess larger projects);
  - introducing the Lean approach on pathfinder projects;
  - only requiring Pre-Qualification Questionnaire (PPQ) data to be submitted once; and
  - removing the requirement for the completion of a PQQ for contracts under ~£100m.
- Improving strategic relationships between SMEs and Government, by:
  - introducing a Crown Commercial Representative to deal specifically with the dialogue between the two groups. Stephen Allott has since taken on this role;
  - launch of SME product surgeries;
  - interchange programme to get more secondees from business into procurement teams; and
  - launching an extended Supplier Feedback Service.

**Question 6 - How does the Government integrate IT into the policy development process?**

**This is possibly the most difficult question to express, but the intention of this question is to follow up on thoughts contained in the evidence about the stage in the policy process at which IT is considered? Is it an add on at the end or integrated from the start? Is the Government making any attempts ensuring that IT considerations are brought in earlier?**

**Answer:**

Government recognises that its organisations have faced the challenge of keeping track of the fast changing landscape of policy and subsequent IT design and implementation.

The ownership of the government ICT policy rests with The Cabinet Office and, since May 2010, the Efficiency and Reform Group.

Therefore there are a number of Efficiency and Reform Group initiatives that contribute towards the objective of ensuring that government integrate IT into the policy development process. These include:

- Strengthening governance by the formation of PEX (Efficiency and Reform) Cabinet Committee to provide increased Ministerial accountability and scrutiny and to ensure technology considerations are factored earlier in the process of formulating policy.
- Spending controls and the creation of Major Projects Authority (MPA) to ensure that projects are both aware and aligned with policy.
- Improving Governments' capability to exploit the benefits of new technologies by establishing new approaches – ensuring that informed decisions are being made at an early stage. Government will systematically scan the technology horizon to identify changes in technology and assess its opportunities and risks.
- The appointment of a Director of ICT Futures to take responsibility for improving the Government's capability to meet the challenge of fast moving technology and to drive change in the way Government adopts a more rapid and open ICT development approach.

# Annex A: ICT Announcements made by Government.

## guardian government computing

Information management in public services

### Watmore advocates 'agile' approach to IT

Efficiency and Reform Group chief applauds thinktank report on government IT

Mark Say

Guardian Professional, Thursday 3 March 2011 09:53 GMT

Government needs to make more use of 'agile' methodology in its implementation of IT projects, according to the chief operating officer of the Cabinet Office's Efficiency and Reform Group.

Ian Watmore said it needs to adopt agile – which involves modular and iterative developments with heavy user involvement and feedback – along with building a 'platform' for a government-wide approach to IT. The latter includes a focus on commodity [procurement](#), coordinating delivery of common IT facilities and services, and setting common standards to support interoperability.

He was speaking at the launch event for the [System Error: Fixing the Flaws in Government IT](#) report, published by the Institute for Government thinktank, which he praised as providing some interesting ideas for future projects.

Watmore said that government should not look to replace all of its legacy systems as this would be expensive and increase the risk. "When something works we should stick with it and work around it," he said. "The real key is to link to the legacy in a quick and interoperable way."

He said that when projects had failed it had usually been because of their scale and length of implementation, which often moved more slowly than changes in policy. An agile approach would make it easier to adapt to changes, and provide for faster and more iterative systems development that works on shorter cycles. There is also a need to involve service users more, and to bring in people from outside who can contribute to developments.

Watmore also said it would be wrong to suggest that government has an overwhelmingly poor record on IT projects, and that only a minority have gone wrong over the years. Problems have often been caused by changes in policy.

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## New government spending controls to deliver billions more in savings

2 March 2011

Following the Government's pledge to leave no stone unturned in the hunt for Whitehall efficiency savings, Francis Maude, Minister for the Cabinet Office and Danny Alexander, Chief Secretary to the Treasury today announced a new set of controls on government spending which are expected to save billions of pounds.



These new spending controls and financial processes follow the temporary measures on Government spending imposed on Civil Service recruitment, consultancy, property, information and communication technology, and advertising and marketing in May last year. Together with those temporary measures, the new controls and processes are expected to deliver more than £3 billion in savings by the end of this financial year.

Today's new efficiency measures limit and set out approval processes for spending until the end of the Spending Review period in 2015. They include:

- All leases and lease extensions over £100,000 and new property freehold purchases to require central approval.
- Spending on new information and communications technology (ICT) contracts with a lifetime value of above £5 million will be subject to central approval. This will ensure best value is achieved and that ICT solutions bought have a common infrastructure and open standards, allowing them to be used across public bodies.
- Only essential expenditure on new advertising and marketing will be allowed. Central approval is required for government campaign spending over £100,000.
- The temporary freezes on recruitment and consultancy into the Civil Service will continue in the interim, subject to ongoing review. All Civil Service redundancy schemes will additionally be approved by Cabinet Office before being offered to staff to ensure value for money.
- A Major Projects Authority is set up to oversee the effective management of all large-scale projects which are funded and delivered by central government.
- Nine categories of common goods and services, including energy, office suppliers and travel, will be procured centrally by October 2011 to achieve better value for money for the Crown estate. Negotiations and legal disputes with strategic suppliers will be channelled through Cabinet Office to harness bulk purchasing and negotiating power.

The new procurement measures follow Sir Philip Green's findings in October 2010 that government had failed to make the most of its scale, buying power and credit rating.

Francis Maude said:

We promised that we would do everything we could to ensure we were in the strongest possible position to protect services and jobs on the front line. What we have shown today is that if you are prepared to really look, billions can be saved from overheads and unnecessary costs at the centre of the Government - without touching front line services. I really hope that when people look at the numbers they too will want to replicate this kind of approach elsewhere in the public sector.

The taxpaying public is entitled to expect a good deal and that is what we will continue to push for. As well as immediate savings, some of the new measures introduced today will enable us in the future to get rid of previous inefficiencies in the way we have bought goods and services and reinforce that as one of the country's biggest customers - Government expects to receive a scale discount.

Chief Secretary to the Treasury, Danny Alexander, said:

Giving departments the tools to be tough on wasteful spending is essential to help reduce the deficit whilst protecting the Government's priorities.

A seismic shift in Whitehall's spending culture is needed and, building on the measures we have already taken, these new controls are the next stage in delivering that change."

Savings already made as a result of the previous temporary moratoria and spending measures imposed in May 2010 include:

- £800 million expected through renegotiating contracts with key suppliers to Government
- £350 million on consultancy - 50% less than in the same period in 2009/10
- £133 million on advertising and marketing spending
- £120 million through the freeze on external recruitment
- £48 million as a result of the freeze on new property purchases, leases and lease renewals. Government bodies have now vacated 147 properties. The Crown Prosecution Service has vacated its Ludgate Hill headquarters in London, saving £9 million per annum.

#### Notes to Editors

1. The original temporary spending moratoria and efficiency controls were announced by Francis Maude and Danny Alexander on 24 May 2010, with an expiry of the end of the financial year 2010/11.
2. Office for National Statistics figures indicate that employment in the Civil Service fell by 8,000 between Quarter Two, when the recruitment freeze was introduced, and Quarter Three. Initial Cabinet Office estimates suggest that external recruitment has fallen by around 75% in 2010/11.
3. The new actions and controls come into effect immediately.
4. The Major Projects Authority will form part of the Efficiency and Reform Group within Cabinet Office.
5. The common commodity goods and services to be procured centrally include energy, office solutions, professional services, travel, fleet, learning and development, ICT commodities, advertising and media, print and print management.
6. Sir Phillip Green was appointed by the Prime Minister to review Government efficiency. The review was overseen by Francis Maude and Danny Alexander. Sir Phillip's findings and recommendations were published on 11 October 2010.
7. For further details on the Government's Efficiency and Reform programme, please see [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk).

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## Joe Harley CBE appointed Chief Information Officer for the UK Government

31 January 2011

The Cabinet Office today announced that from 1 February 2011, Joe Harley CBE will assume the position of Chief Information Officer (CIO) for the UK Government, in addition to his CIO and Director General responsibilities at the Department for Work and Pensions (DWP).

In this cross-Government capacity, he will chair the public sector-wide CIO Council and participate in all new CIO appointments in central government, reporting to the Minister for the Cabinet Office, Francis Maude, and the Government's Chief Operating Officer, Ian Watmore. Bill McCluggage will continue as the Deputy Chief Information Officer, based in the Cabinet Office, reporting directly to Joe.



Joe Harley will be able to call upon a dedicated team in the Cabinet Office to implement the Government's Information and Communications Technology (ICT) agenda for data centre, network, software and asset consolidation and the shift towards cloud computing. This will realise financial savings, increase flexibility and reduce development timescales and risk. He will work closely with Chris Chant, the Government's digital director, and also be able to call upon the commercial, procurement and programme management capabilities in the Cabinet Office to improve the delivery and cost effectiveness of government ICT projects.

In addition the Cabinet Office will recruit a Director of ICT Futures, also reporting to the Chief Information Officer. This role will be responsible for implementing new ways of designing and developing systems using agile methods and skunkworks environments; increasing the drive towards open standards and open source software; change the terrain for SMEs to enter the government marketplace; and maintain a horizon scan of future technologies and methods. Ian Watmore will remain the Senior Information Risk Officer for government.

The Minister for the Cabinet Office, Francis Maude, said:

Joe is one of the most successful CIOs from the private sector and for the past six years has been superb in his DWP role. I am delighted to be able to call upon him to serve the Coalition in this way and look forward to working with him to deliver significant efficiencies and public service reform, as well as radically changing the way government utilises information, communication and digital technologies.

The Secretary of State for DWP, Iain Duncan Smith said:

I am pleased that, with Joe as its Chief Information Officer, the whole of Government will benefit from his exceptional strengths and experience. I welcome the fact that Joe will be able to draw upon the considerable ICT expertise that exists in Government as he leads the programme which will deliver Universal Credit IT.

Joe Harley said:

I am delighted and privileged to be taking on the Government CIO role. I believe we have a great opportunity to make a difference by transforming our ICT services to radically change the way we do business across government and deliver public sector reform.



## Government action to cut wasteful spending saves taxpayers over £1bn

16 December 2010

The Government expects to save over £3 billion in one year as a result of the efficiency and reform measures introduced by the Coalition Government.

Around £1 billion savings have been achieved so far, of which £500 million has come from the moratoria on consulting, ICT, recruitment, marketing and property spending introduced in May 2010.

To help tackle the budget deficit, the Government introduced a new and ambitious approach to take out costs and waste in central government operations in order to protect essential jobs and services on the frontline.

Measures include a significant programme of renegotiating contracts with major suppliers and a strict moratorium in five key areas of discretionary spend: consulting, ICT, recruitment, marketing and property.

Savings so far from the moratoria include:

- 50% less was spent on consulting compared to the same period last year – saving £300 million.
- Over 60% less was spent on marketing and advertising contracts through COI in the first six months of this year – saving £133 million compared to the same period in the previous year.
- £18 million less was spent in rent payments, achieved by vacating 20 properties.
- Our initial estimates suggest that external recruitment has fallen by around 75%, saving £120 million in this financial year through the on-going freeze on recruitment.

Further savings made by the [Efficiency and Reform Group](#) were highlighted in the Autumn and include £402 million from stopping major projects, such as abolishing ID cards.

Also, as part of the transparency agenda, the only exceptions to the moratoria permitted in the five key areas above have today been published by all Government departments.

Details of [ICT projects over £1 million across government](#) have also been published by the Cabinet Office. The data published captures government ICT projects and contracts at various stages of their lifecycle as of 31 July 2010.

An impediment to the reform programme has been the poor data quality in government. To illustrate this, the Cabinet Office has also published today the [Operational Efficiency Programme Benchmarking Report for April 2009 to May 2010](#) with the full accompanying data set. The report highlights the exceptionally bad quality of previous data.

Minister for the Cabinet Office, Francis Maude, said:

This Government is leaving no stone unturned in cutting unnecessary and excessive expenditure to protect jobs and the frontline services on which people depend. Measures introduced so far have already saved more than £1 billion.

This reform programme has required a culture change in Government, as the system is not set up to operate efficiently. As Sir Philip Green pointed out, the quality of basic management information that Government has previously collected is appalling. The Operational Efficiency Programme Benchmarking Report for data covering 2009/10 released today underlines that fact.

There is no excuse for Government not to produce the same standards of management information achieved by the best in the private sector. Robust data is the foundation of Government acting in a more business-like manner and operating as efficiently as possible.

The announcement today of new Non-Executive Board Members with huge experience of financial management and improving operational performance will help ensure that the right leadership is in place to meet our challenging efficiency and reform agenda."





## "No stone unturned" - Francis Maude unveils millions in efficiency savings

18 October 2010

Cabinet Office Minister Francis Maude has today promised to leave "no stone unturned" in the hunt for more efficiency savings at the centre of Government so that the deficit is addressed while the front line is protected.

Mr Maude made the promise as he set out hundreds of millions of pounds in efficiency savings that have already been made because of actions led by the newly established Efficiency and Reform Group (ERG).



The group, which is based in the Cabinet Office, was set up to ensure that departments across Whitehall adopted a new and ambitious approach to saving money and started working together to ensure the greatest economy of scale when buying goods and services. It also aims to bring the best in private sector operations practice to government for the first time.

The group oversees information and communications technology spend, procurement, marketing and consultancy spend and Civil Service expenses and recruitment. Much of its work has never been tried by Government before, such as renegotiating contracts with major suppliers across government to reduce costs, and a freeze on all new advertising and marketing spend.

Initiatives brought in by ERG include:

### ICT

- In addition to tight new controls to ensure all new contracts worth more than £1million are approved centrally, more than 300 ICT projects have been reviewed and work is underway with departments to stop or de-scope contracts worth £1 billion.

### Major Projects

- Around £402 million has already been saved in this financial year following a review of the Government's largest projects, including abolishing ID cards.

### Property

- A moratorium has been introduced to stop departments buying new space or renewing existing leases.
- So far 20 buildings have already been vacated, saving £18 million in rent this year alone.

### Recruitment

- Following the introduction of the recruitment freeze, there has been an estimated 75 per cent reduction in the recruitment of permanent staff compared to the same period last year.
- Action has been taken to reduce the use of temporary, agency and interim staff. Latest figures show the total number has already fallen by an estimated 30 per cent.

### Websites, Advertising and Marketing

- £27 million has been saved compared to last year in the period from June to August following the introduction of a freeze on all new non-essential marketing and advertising spend.

### Consultancy, Major Projects & Procurement

- Total spend across Whitehall has been reduced by more than £100 million compared to the same period last year following the introduction of new rules stating that any spend over £20,000 needs Ministerial and Permanent Secretary approval.
- Work has been undertaken to renegotiate contracts with the Government's key suppliers. When completed, this process is expected to deliver more than £800 million in savings this year.

Mr Maude said:

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Our priority has always been to do this as fairly as possible and take cost and waste out of the centre of government so that we can protect essential jobs and services on the front line. Every pound wasted unnecessarily in Whitehall on operational overheads is a pound that can't be spent on the services we all rely on and that is why we set up this ambitious efficiency programme.

"This is not glamorous work, but it is where the money is and what today's figures show is that the approach taken by the Efficiency and Reform Group is working. In the run-up to the Spending Review and beyond, we will continue to leave no stone unturned in the search for waste and unnecessary low-value spending."

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In addition to today's efficiency savings, Mr Maude confirmed the Government was looking to make radical changes to the way it provides essential services to citizens, making them easier to access and cheaper to provide.

As part of this plan, he said he would be working closely with Martha Lane Fox, the UK Digital Champion, on her proposals to improve Government's online services. One area they will be looking at is moving to an online first model for some services.

Mr Maude added:

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In an age when 96 per cent of all 25-34 years olds are Internet users, just 13 per cent of our contact with citizens is currently carried out online. We have to start looking at ways we can improve the way we communicate with citizens. But, we also need to do it in a more cost-effective way than has been tried before.

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## Our response to public comments on government transparency

30 July 2010

Thank you to everyone who commented on [government transparency In Our Programme for Government \(PFG\)](#) [external website].

### Government transparency

Since the publication of Programme for Government (PFG) on 20 May 2010 we have already started to deliver on our promise to introduce transparency in government. In our first few weeks we have taken important first steps and released the Treasury's COINS database of public spending and the names, job titles and salaries of 345 officials who earn more than the Prime Minister. People already have more information with which they can really hold politicians and government to account.

As requested by some of those who commented, on 29 May 2010 the PM set out a detailed timetable for the release of other key transparency data for the rest of the year. This included dates for the release of central and local government payments, contracts and tenders, and more details of the names, jobs and salaries of senior officials.

- [PM outlines plans for transparent Government](#) [external website]

We also received some suggestions about the detail of how transparency should operated. The new Transparency Board, set up to keep pushing the transparency agenda and ensure our commitments continue to be implemented across government, has incorporated new ideas into a [draft set of Public Data Principles on data.gov.uk](#) [external website], which are available for further public comment. The principles include a call for public data to be published using open standards in reusable, machine readable form under the same open licence allowing free reuse, including commercial reuse.

We believe that our transparency programme should respond to what people want to see. The Cabinet Office is working in conjunction with the Ministry of Justice to give people a 'right to data'. As a first step towards this the Transparency Board have put out a [public call for datasets on data.gov.uk](#) [external website]. This will give the public an opportunity to tell us what their top priorities really are and help set the Transparency Board's agenda for action.

### Open standard and open source the way forward

We are committed to the use of open standards and recognise that open source software offers government the opportunity of lower procurement prices, increased interoperability and easier integration. The use of open standards can also provide freedom from vendor lock in. In September 2010, we will publish Guidance for Procurers. This guidance will ensure that new IT procurements conducted by Government, evaluate both open source and proprietary software solutions, and select the option offering best value for money.

### Improving efficiency

We are committed to improving efficiency and tackling waste. The current ICT Moratorium and Project Review processes provide an opportunity to review existing IT projects, in order to stop unnecessary and wasteful spend. It also allows us to identify horizontal synergies across government, which can deliver further departmental savings through collaboration. The ICT Project Review will provide valuable baseline data for use in the supplier contract negotiations. In addition, in the Cabinet Office Structural Reform Plan we have committed to publish performance details on all central government ICT projects above £1 million. This will, for the first time, provide an open perspective on how Government ICT projects are performing.



## Cabinet Office and Treasury to join forces to drive out waste

24 May 2010

As part of the Government's drive to achieve the £6.2 billion of spending cuts announced by the Chancellor this morning, a powerful new Joint Treasury-Cabinet Office group will be set up to ensure savings across Whitehall and Arms Length Bodies happen quickly.

The savings will be driven by the Efficiency and Reform Group, whose board will be chaired jointly by Chief Secretary to the Treasury David Laws and Minister for the Cabinet Office and Paymaster General Francis Maude. The Group, which will be formed by pulling together existing capabilities, will have the power to make sure departments work together to tackle waste and improve accountability across a range of areas, including ICT spend, procurement, advertising and marketing spend, and Civil Service expenses and recruitment.

The group's first priorities, with immediate effect, will be to:

- conduct centralised procurement for commodity goods and services to drive down prices;
- implement an immediate freeze on all new ICT spend above £1 million;
- review the Government's biggest projects, including ICT projects, to see where costs can be reduced or wasteful projects stopped altogether;
- start renegotiating contracts with major suppliers across Government to reduce costs;
- freeze all new advertising and marketing spend. Only essential campaigns will be allowed;
- freeze on all new consultancy spend unless it is an operational necessity. Where spend is proposed, Ministerial sign-off will be required for £20,000 or above;
- cut spend on Civil Service expenses, including a clamp down on first class travel and on the number of Government cars;
- freeze Civil Service recruitment, except in important front line and business critical areas, and significantly cut the number of temporary staff;
- conduct an immediate review to create a more simplified approach to Civil Service pay structures and terms and conditions;
- implement a programme to simplify HR functions across Whitehall and, wherever possible, eradicate duplication; and
- stop the signing of any new property leases or lease extensions unless they are approved centrally.

Mr Maude said the group will ensure there is a stronger central push driving through the efficiency savings:

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We have got to get an immediate grip on Whitehall waste if we're going to tackle this unprecedented £156 billion deficit quickly, while protecting the quality of important front line services and getting the economy growing. Good government can cost less. It won't do just to carry on as before. By joining forces and concentrating our efforts where the money actually gets spent, we can make sure the maximum amount gets taken out of government overheads, not front line services.

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The Group will be chaired by the Chief Secretary to the Treasury and the Minister for the Cabinet Office and will include other members with specialist commercial expertise.

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### **1.3 Cut the costs of existing government contracts and improve long term supplier management**

- i. Identify list of contracts to be renegotiated and develop market intelligence (including unit pricing, supplier landscape and industry benchmarking)
- ii. Realise the savings during central renegotiation of government contracts
- iii. Build capability to support large departmental supplier negotiations, particularly for outsourcings and ICT
- iv. Introduce centrally co-ordinated supplier management

### **1.4 Change the process for managing large projects**

- i. Review all government funded major projects judged to be at risk, in order to maximise savings through stopping or re-scoping projects
- ii. Establish the Efficiency and Reform Group (ERG) as the central authority for the Governments major projects
- iii. Implement a new mandated integrated assurance and reporting regime for all major projects, including a system for working with all government departments
- iv. Publish first annual report on government funded major projects

### **1.9 Integrate ICT infrastructure across central government, and improve value for money in ICT**

- i. Increase the Chief Information Officer's power to integrate ICT across government
- ii. Draft ICT infrastructure strategy, including government cloud computing strategy
- iii. Begin regular publication of performance details of all ICT projects above £1m
- iv. Complete the first version of a cross-departmental asset register

### **1.10 Create new ICT procurement process**

- i. Introduce moratorium so that no new ICT contract is signed without ERG approval
- ii. Agree with HMT conditions under which a project is released from moratorium
- iii. Identify cross-department pipeline of upcoming or ongoing tenders and negotiations through the moratorium and project review
- iv. Publish report outlining a new approach to ICT procurement enabling greater use of small and medium sized enterprises (SMEs), a much shorter timescale and lower costs to all parties
- v. Begin publication of status report on use of SMEs in procurement

### **1.11 Identify ICT projects and programmes to terminate and ensure that these are decommissioned**

- i. Identify first tranche of projects and programmes to terminate through the major project review and the review of internal ICT projects
- ii. Agree which of first tranche of projects and programmes should be terminated or re-scoped and begin decommissioning
- iii. Develop process for ongoing review of future projects
- iv. Begin publication of regular status report on identified projects and programmes verifying decommissioning

### **1.12 Improve the rules around designing and running ICT projects and services**

- i. Publish guidance on the presumption that ICT projects should not exceed £100m in total value and the aspiration to reduce the scale of large ICT projects
- ii. Evaluate existing procurement rules designed to ensure a level playing field for open source software and explore options for strengthening current practice
- iii. Establish draft government open standards (including those relating to security) and crowd-source for feedback
- iv. Establish IT skunk works to assess and develop faster and cheaper ways of using ICT in government
- v. Announce new open standards and procurement rules for ICT, including right for skunk works to be involved prior to launch of procurement

### **1.13 Create a new government channel strategy to increase engagement, lower costs, and improve the delivery of online services**

- i. Carry out review of overall digital engagement strategy, including future role of Directgov
- ii. Mandate „channel shift“ (move online) in selected government services
- iii. Review websites for decommissioning, working with relevant departments
- iv. Begin to implement new digital engagement strategy, including channel shift and website decommissioning

### **2.3 Create a new “right to data” in conjunction with the Ministry of Justice**

- i. Work with the Transparency Board to set requirements for departments to publish data in an open and standardised format, so that it can be used easily and with minimal cost by third parties
- ii. Require central government departments and arms length bodies to commit to implementing a “right to data” in their information strategies, giving the public access to datasets they request
- iii. Amend Freedom of Information guidance to extend “right to data” to public services
- iv. Introduce legislative amendments to Freedom of Information Act to strengthen “right to data”

March 2011