

**Cabinet office efficiency review  
Northgate Information Solutions' response**

**November 2003**

## **Early consultation encourages inclusive services**

Northgate welcomes this initial consultation by the Cabinet Office as part of the 2004 spending review. We support wholeheartedly its two underlying objectives of focusing on the citizen as user and releasing greater resources to frontline staff through efficiency gains and reduced bureaucracy. We hope that early consultation encourages greater inclusion and enhanced collaboration between organisations.

## **Encouraging collaboration**

As a company committed to public service excellence, Northgate believes that collaboration is an essential part of encouraging innovation at both a national and local level. At its best, collaboration encourages an open learning environment where people can experiment, learn from experience and share information to help drive through continuous improvement to add to the public value.

Collaboration should be based on recognition of what works well and what needs changing. There is both a need to build and share best practice as well as to identify and solve problems relating to national and local issues.

Citizens need to be involved not just as complainants, customers or users but also as collaborators in raising the quality of public services. By giving them confidence that their concerns will be dealt with – from tackling environmental and social nuisance to providing high quality education and health services - this could act as a powerful motor for change; rebuilding a sense of civic pride and reviving trust in public services to change the quality of life for individuals and the community.

## **Using technology to join up services**

Before commenting specifically on the priority areas for review, Northgate wishes to make some specific points about the use of new technology in general, based on our experience of working with central and local government, the police and criminal justice system and emergency services.

Technology is first and foremost about serving people – about tackling problems within their local communities, enhancing relationships and improving communications. New technology is no panacea for bad communications.

Well managed quality services connect with the citizen. New technology only really adds value when it provides the best practical solution and enhances relationships between people. Access to services must be based on individual and local needs and operate within each individual's comfort zone. What works for younger people may work against their elders. The plethora of new communications mechanisms are only as effective as the people who know how to use them.

New technology can assist in managing scarce resources and in joining up services. Our experience of working with all police authorities and more than a quarter of local authorities is that information technology is too often seen as an end in itself rather than a means to an end. Technology should assist in reducing bureaucracy to allow public authorities to focus on serving the citizen.

Our experience is that IT projects are delivered well, but that overall programmes are often delivered badly. Too little consideration is given to the joining up of systems and the impact of new working methods on communication – to employees, to public service users or the general public.

Only if the relevant change management strategies have been put in place can technology add value to services. Prior to new services being introduced, staff need to be prepared, the impact on service development analysed and planned and pre-emptive measures put in place to deal with any new demand.

This is particularly important in relation to service development issues. If new technology provides citizen friendly services which are highly accessible, it is likely that satisfaction will increase and demand may be raised. So information technology may well lead to efficiency gains, but overall demands on services may increase leading to higher cost pressures on public services.

## **Enhancing procurement**

Northgate believes that significant improvements could be made to the procurement process in the interests of effective public service delivery, including:

- Speeding up the procurement process by making greater use of independent accreditation and the use of approved reference sites;
- Introducing more sophisticated analysis in which public benefit can be measured against cost;
- Taking measures to tackle the burden of bidder costs in the procurement process;
- Consideration of the wider application of the funded Proof of Concept approach in major IT projects.

## **Speeding up the procurement process**

There sometimes appears to be a contradiction between the procurement process and central government's commitment to encourage innovation and best practice in local delivery. The current end-to-end procurement process can work against rapid delivery of service improvements, even where there are clear examples of local delivery solutions. We believe that subject to fair competition rules greater use could be made of independent accreditation and reference sites to evaluate practical success and to speed up the procurement process.

In the traditional procurement process the reference site is typically used to validate the supplier's claims about service delivery. It is rarely used as an indicator to judge real business impact and benefits. Although the process related to procurement normally lasts many months, the usual amount of time invested in a site visit on IT projects is, in our experience, around one day. Making greater use of successful reference sites and independent evaluation could help to inject end-to-end achievement into the end-to-end procurement process.

Where there are real success stories in delivering PPPs at a local level, site visits are not being used to build upon this good practice, merely to verify supplier credentials. This creates unnecessary waste and delay in the system. For example, in the local government arena most local authorities face similar challenges in improving customer delivery and e-local government. Some are already delivering radically improved citizen-based services. These achievements could be built upon, using the procurement process as a means to identify best practice and to facilitate speedier procurement.

Consideration could be given to allowing the public sector to identify references at the initial stages of the procurement process, as an alternative to the traditional procurement route. With a small amount of investment, the reference site could assist in producing a refined end-to-end picture and the customer could then obtain a purchase template which met their needs and follow a fast track route to purchase. For the customer, the benefit of obtaining a solution through a compressed procurement process would far outweigh the expenditure of time and effort in visiting the reference sites.

### **Weighing cost against public benefit**

We think that the current evaluation models have some limitations, particularly when they come to assessing the benefit of PPPs. Firstly, where additional costs are introduced at the due diligence stage of the process, it is essential that public authorities recognise the limitations of evaluating the preferred bidder against comparative bids made at an earlier stage of the procurement process. Evaluation models used in the assessment stage should reflect such changes.

Secondly, public authorities do not currently give full recognition to the potential or consequential savings or service improvements which may result as a knock-on effect of the PPP. So whilst public authorities will use a comprehensive 'whole of life' cost evaluation of the competing bids, they are not mandated to take into account the impact that the different proposals might have in allowing them to achieve their real goal of improved citizen service. This acts as a barrier to suppliers and customers jointly delivering the step-change improvements that IEG and other government initiatives envisage.

We think that consideration should be given to developing a more comprehensive, sophisticated and flexible evaluation model to facilitate and force broader innovation in public service delivery and to adopt a whole benefit approach. Whilst we recognise that the Local Government Act 2000 allows local authorities to account for community well-being, in our experience this is not widely used by authorities in the procurement process and is not available to certain other public authorities.

### **Tackling the burden of bidder costs**

Promoting speedier and more effective procurement will help to tackle the burden of bidder costs. It is evident that the private sector can lose millions of pounds if commercial agreements are not reached or bids lost. This can lead to investor concerns, the increasing withdrawal of the private sector from public sector contracts and public sector supplier dependence. One way of reducing the burden on potential bidders and of ensuring significant involvement and innovation by the private sector would be to consider making greater use of the approach taken by Transport for London during the procurement for congestion charging.

Under this process two companies were taken to the shortlist stage and the under-bidder had an agreed and substantive part of their bid costs returned by the successful bidder. This compensation was agreed by all parties prior to bidding. This ensured that both parties could be innovative in their bids, and resource them correctly. We understand that this proposal may raise a number of issues but believe it is worth considering introducing changes in the procurement process which help to tackle the burden of bidder costs.

### **Using the funded proof of concept to improve quality of IT procurements**

Although the use of funded Proof of Concept (PoC) work as a means of securing major IT projects has been limited, we believe that there is sufficient evidence for considering its application to a much larger number of projects. We believe that an increase in the availability of funding for this approach would provide long term benefits to the public sector by attracting a larger number of innovative suppliers previously unwilling to compete because of the high cost and/or high risks of the procurement process.

The failure of IT projects can be due to a complex set of factors including: lack of clarity in the specification, resulting in reiterative development and escalating costs; being forced to switch technology because the technology initially chosen is obsolete before the system goes live because of procurement delays; inability of the end users to assimilate future changes through the introduction of new technology; and lack of professional project management skills. Procurement delays can mean that the time between award of contract and delivery is so long that many of the benefits identified in the successful bid cannot, in fact, be realised because the working environment has changed.

We believe that the adoption of the funded proof of concept approach can help to overcome many of these problems and assist in achieving a better than planned solution. Using the proof of concept approach provides a number of advantages to both customer and suppliers. These include: early verification of the precision and scope of the user specification; practical demonstrations of technology and methodology proposed by the supplier; and early inclusion of user groups to evaluate solutions in major business process changes. The approach allows both public authority and supplier to establish the type of working relationship that works best between them. It provides the opportunity to develop confidence in the complete project plan, based on the measurement of small well-defined pieces of work and projects and allows the construction of viable contracts which take account of the needs of users.

## **Joining up back office systems**

We believe that considerable savings and value for money could be obtained by establishing more joined up delivery of back office systems for public services. All too often, individual authorities are failing to develop economies of scale by not joining together to purchase back office systems from suppliers, wasting public money on individualised procurement processes.

Identifying synergies and partnerships for aggregating demand within communities based on geographic boundaries, or for multiple agencies operating across issues such as community justice where responsibilities are shared by different public authorities, makes sense. This identification relies more generally on encouraging and stimulating collaboration and cultural change within public authorities. Collaboration can sit uneasily with the government's desire to encourage competition for short term additions to funding.

We welcome the recently published National Strategy for procurement for local government which identifies a range of actions that local authorities should take to improve procurement and to encourage partnership. We believe that there is a need for government to stimulate further action for aggregating demand between agencies responsible for delivering joined up services for citizens. For example, promoting the establishment of e-procurement brokerages within the public or not for profit sector. However, such aggregation may act against the interests of SMEs and others such as the voluntary and not for profit sector, and therefore greater consideration should be given to combining aggregation with the further development of framework contracts. This also enables the development of an incremental approach to building and developing partnerships at a local level.

## **Transactional services**

One of the major problems in transactional services is the complexity of legislation and regulation governing them. Laws and regulations are constantly on the move. Using rules-based engineering can save considerable time in tackling complex legislation and delivering quick decisions to local citizens by frontline staff skilled in customer care techniques but not necessarily in the law. It also helps to speed up the appeals process by providing a clear breakdown of how the decision has been made, on what basis and on what assumptions. This system has been widely used in Australia in social welfare, taxation, housing, human resource and compensation systems.

In Australia, rules-based engineering is now being applied to check new statutes and rules before they are promulgated. By using artificial intelligence techniques, analysis converts the provisions of the proposed enactments into a set of logical statements and rules and in the process highlights ambiguities, inconsistencies, contradictions and points out loopholes.

## **Incremental partnership**

Both within the corporate and public sector there is a need for organisations to be more flexible and responsive. One of the lessons of the 1990s is that technology-driven programmes of organisational change can take much longer and cost much more than expected. Incremental investment and a measured pace to change is increasingly recognised to be a more effective method of transformation than the big bang approach selected by some of the larger public authorities.

Strategic partnerships often involve substantial, long-term all-inclusive contracts whereas incremental partnerships offer partners long-term but flexible relationships. They may indicate through a service framework agreement initial areas identified for change but will not include detailed plans. This allows partners to work together and define their relationships over the coming years without the dependency of the public sector on an inclusive relationship with one partner.

Incremental change is change within the box of what is known in order to strengthen and improve what currently exists through a series of defined steps. An effective incremental partnership will enable a progressive relationship – based on trust and confidence – to flourish. The pace and of change can be dictated by stakeholder concerns and resource issues.

Incremental partnership offers organisations step changes in service provision without comprehensive commitment and with lower risk. It means working with partners normally on a long term basis without an all-inclusive arrangement. And it allows organisations to build up confidence with supplier partners, working with them to change existing processes, but without the expense and risks associated with a big bang approach.

Incremental partnerships allow public services to pick and choose from the best of the private sector, to place existing systems alongside new expertise and innovation sourced from other outlets and to bring together the best mix of solutions to meet changing needs.

## **Conclusion**

Northgate is committed to high quality public services and continuous improvement in their delivery. We want to see the full potential of new technology realised so that it serves people by tackling deep-rooted social problems and promoting community well-being and justice.

We would welcome a wider debate on such issues, involving all who currently deliver public services: the public sector, the not for profit sector and the private sector. It is in all our interests that public services should thrive. For further information about Northgate's public policy work, please see our dedicated microsite in the Forum at [www.ePolitix.com](http://www.ePolitix.com).

## About Northgate Information Solutions

Northgate is a technology company with a difference. We are committed to high quality public services. And we understand the public sector. We know how it works, some of its problems and most of its challenges. That knowledge is core to our business.

At Northgate we are sensitive to the internal requirements of our public sector customers, the process of public service delivery and the wider policy agenda surrounding public services. We develop solutions that take all three into account and understand the relationship between them.

Northgate supplies innovative technology solutions to the public sector. Our clear customer focus and collaborative approach has helped us to work with all 52 police authorities and over a quarter of local authorities. Our task is to enhance public sector value through the intelligent use of information technology and to share in the economic and social benefits that this brings.

Northgate helps communities to achieve a safer, cleaner and healthier environment by tackling the issues that are most important to local people, from anti-social behaviour to urban congestion. We believe that citizens should be at the heart of public services and be active participants in the delivery of local solutions.

New powers often create new headaches for public authorities, pressed for time and resources. With over thirty years of experience, Northgate's no-nonsense approach helps our partners meet changing demands with the minimum of fuss. We give public authorities the support to innovate and experiment, developing new responses to long-standing problems and anticipating problems that may arise in the future.

- Northgate assists local authorities, the police and the emergency services to raise local standards by helping them provide citizens with accessible and responsive one-stop services. Our local authority clients at Halton and Swale Borough Councils have won awards in recognition of their contribution to e-government.
- Northgate helps deliver solutions to high-profile environmental problems. We provide enforcement systems for Transport for London's congestion charging scheme, reducing delays and pollution in the capital.
- Northgate works in partnership with the government and police to give forces and local authorities the tools they need to deal effectively and efficiently with anti-social behaviour. We are the biggest provider of penalty notice software systems to the police.
- Northgate provides managed services across numerous sectors, public and private, including the first fully managed service for Devon & Cornwall Police Authority.
- Northgate helps the emergency and other services to co-ordinate their work, providing them with the means to predict and prevent emergencies and crimes from occurring in the first place and to allow them to use their resources in the most efficient and effective of fashions.

- Northgate supports national road safety and local traffic management strategies. We are the UK's leading provider of vehicle penalty and fixed penalty enforcement systems.
- Northgate manages benefit systems for local authorities such as Camden, streamlining the benefits process and allowing citizens easier access to the support that they need.
- Northgate works in close partnership with many public sector organizations such as the GLA, helping them focus on the delivery of their core services by managing a wide range of human resource tasks, such as payroll, that require high levels of administration.

Northgate's services allow public authorities to focus on public service delivery, reducing the administrative burden. By using our systems, public authorities spend less time chasing the paper trail and more time improving the quality of life for local communities and their citizens.

Northgate helps public authorities to implement national policy through local delivery. When public authorities benefit, the community does too.

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