

Firecontrol
project:

**IT background
analysis**

FIRE BRIGADES UNION 21 JANUARY 2005

INTRODUCTION

In late 2004 Chancellor Gordon Brown used his budget statement to emphasise the role of information technology in enabling the public sector to make the billions of pounds worth of spending savings, proposed in the Gershon Review

Despite billions of pounds worth of investment and a determined effort to learn lessons from past failures, the government and wider public sector have a poor record on the procurement and delivery of large scale information technology projects.

These failures have been thoroughly documented by the Government's public spending watchdog, the National Audit Office and by select committees of the House of Commons.

According to the NAO, "The history of failure of major IT-enabled projects has been characterized by overspend, delays, poor performance and abandonment of projects at major cost."

(The impact of the Office of Government Commerce's initiatives on departments and suppliers in the delivery of major IT-enabled projects Improving IT procurement, NAO, HC 877 Session 2003-2004: 5 November 2004)

Little that has been said by ministers or the multinational companies that run major public sector IT contracts, still less what has been reported by Whitehall watchdogs and parliamentary scrutineers, has convinced the Fire Brigades Union that the Firecontrol project can be delivered without undue risk.

REPEATED FAILURE

House of Commons Select Committees have some of the clearest overviews of the state of government information technology projects.

The Public Accounts Committee, the senior House of Commons Select Committee, which holds hearings based around National Audit Office reports, has for many years tracked public sector IT projects and sought to draw wider lessons from its findings.

The failings of government IT projects always form a major part of the proceedings of the annual House of Commons debate on the work of the Public Accounts Committee. At the last full debate, in June 2004, the PAC Chairman Edward Leigh MP said: "No Public Accounts Committee debate is complete without someone talking about information technology disasters.

"Clearly, IT is one of the most difficult areas for the Government. To be fair to them, the systems that they have to deal with are far more complex and much larger than those in the private sector. We have to accept that. However, lessons are sometimes not learned, and the Government often try to bite off more than they can chew.

"Often, new Ministers arrive on the scene and load new policies and new burdens on to IT systems that simply cannot cope with them. Frankly, those lessons have to be

learned and the Government have to be more conservative and more cautious in dealing with IT in the future.”

(Hansard 29 Jun 2004: Column 213)

Fellow committee member Richard Bacon used the House of Commons debate on the work of his committee on 29 June 2004 to spell out the long list of IT based project failures that had come to the group’s attention. These included:

- Inland Revenue tax credit system,
- Passport office modernisation,
- Operation Telic, the UK's military operation in Iraq,
- Wessex regional health authority,
- London ambulance system,
- Inland Revenue self-assessment,
- Central Veterinary Laboratory database for tracking BSE,
- National insurance recording system,
- Immigration and nationality directorate,
- Libra project for magistrates courts in England,
- National probation service's information systems strategy,
- Criminal Records Bureau,
- GCHQ computer modernisation,
- National Air Traffic Services system
- National Strategy for Police Information Systems (NSPIS)
- OASys, the joint probation service and Prison Service offender assessment system

(Hansard 29 Jun 2004: Column 232)

In the same debate, Howard Flight, shadow chief secretary to the Treasury, said IT was the “area we are most failing to address and which wastes the most in the public sector.”

Rather than rehearse this history at length, this document looks at reports and events from 2004 that illustrate lessons have not been learnt and that the public sector has ongoing problems in delivering IT-based projects, with the promised functionality, to time and on budget.

The Fire Brigades Union is concerned that the Firecontrol project, if it goes ahead, will not break out of this pattern of failure.

CASE STUDIES

Criminal Records Bureau

In February 2004 the National Audit Office published a report into delays and failures at the Criminal Records Bureau. This was followed in October by a Public Accounts Committee report on its questioning of politicians, civil servants and contractors on the NAO’s findings.

The programme to establish the Criminal Records Bureau was initiated in 1999 and live services began in March 2002, some seven months later than planned. The computer system encountered serious problems straightaway. Backlogs in processing applications for Disclosures of criminal records soon built up, peaking at nearly 300,000 by October 2002.

The Bureau's problems meant employers could not recruit, voluntary organisations lost potential volunteers and delays occurred for those applying to adopt or foster children.

More than two years after being set up, the Bureau is not yet providing the standard or range of service originally envisaged, while the expected cost over the contract's ten-year life has increased from £250 million to £395 million.

The NAO report (National Audit Office Report by the Comptroller and Auditor General Criminal Records Bureau Delivering Safer Recruitment? HC 266 Session 2003-2004 12 February 2004) questioned the assumptions behind the project, the contract and project management capabilities of those commissioning the Bureau and the IT systems they installed.

On the business case, the NAO noted: "Weaknesses in the business assumptions made at the start of the project, and in the delivery of systems to process all types of application, were key factors in the Bureau's problems".

On project management and IT, the NAO found:

"The Agency put in place mechanisms to follow best practice, including the use of consultants to audit its procurement processes and manage implementation. It also undertook Gateway reviews. The Office of Government Commerce Gateway Review Team raised questions about the readiness of the Bureau to go live, but accepted that there was 'no turning back' and that on balance the operational service launch should go ahead in March 2002."

"Given the number of parties with whom the Bureau had to liaise, and the complexity of the Information Technology systems which it had to connect, the original estimates of timing were optimistic."

"Despite problems with the pilot exercise, and the Agency's awareness that the Information Technology system did not yet have full functionality, the Agency accepted the system. The decision to go live therefore rested with the Chief Executive of the Bureau on the recommendation of the Capita Programme Director, following consultation with Capita and the Gateway Review team. It was also supported by PA Consulting. At this stage the Bureau was under pressure to go live, not least because the police had stopped accepting applications directly, as planned, in preparation for the start of the Bureau's service. The Agency considered that the risks of delay outweighed the risks of going live and that a break in service could have led to worse delays and a decline in protection for the vulnerable."

After the Public Accounts Committee hearings, Chairman Edward Leigh MP said, Mr Edward Leigh MP, Chairman of the Committee of Public Accounts, said:

“The serious problems surrounding the launch of the Criminal Records Bureau were a direct consequence of weaknesses in planning. If a new service is to be successfully introduced, then sufficient time must be left for it to be properly piloted and tested. The price of the contract with Capita has turned out to be higher than the prices quoted by other bidders, because business processes had to be fundamentally changed during system development.”

(Press Notice No. 45 of Session 2003-04, dated 28 October 2004

Forty-Fifth Report: Criminal Records Bureau: Delivering Safer Recruitment? (HC 453))

Ministers argue that lessons have been learnt and that the Criminal Records Bureau is now functioning well, but despite cost and time over runs the organisation is not yet delivering the full functionality envisaged when it was created.

Meanwhile key issues, including project management and contingency planning, are recurring when other public sector IT based projects run into difficulties.

GOVERNMENT COMMUNICATIONS HEADQUARTERS (GCHQ)

The development of a new site for the Government Communication Headquarters (GCHQ) and the transfer of key IT systems was the subject of one of the most damning NAO and PAC reports of 2004.

It highlighted one of the worst cases of under estimating costs in the history of the IT industry, when officials put the cost of relocating computers at £20m when the true estimate should have been £450m – a 22-fold increase.

In 1997 GCHQ decided to relocate to a single site under a Private Finance Initiative (PFI) deal. In June 2000, GCHQ signed a contract with IAS to provide new, fully serviced accommodation at a net present cost of £489 million of 30 years. The building was completed early and was ready for occupation by GCHQ in September 2003.

Independently of the PFI deal, GCHQ retained responsibility for moving its technical capability into the new building, largely for security reasons. Between 1997 and 1999 GCHQ’s cost estimates for this technical transition increased from £41 million to £450 million. The Treasury would not fund such a large increase but contributed £216 million to a revised budget of £308 million. GCHQ is now undertaking the technical transition in stages.

Edward Leigh MP, Chairman of the PAC condemned the cost increases when publishing his committee’s report in June 2004, and said that it was astonishing that GCHQ did not realise much sooner what would be involved in moving its technology.

The PAC was critical of the contract negotiations- saying it was “unwise to enter negotiations with a preferred bidder when key requirements have not been settled and priced. In this case there was a 21 month period of exclusive negotiations before the contract was signed in June 2000 during which time the price increased by 21%.”

Major change programmes need to be managed as such from the outset, the PAC noted. “GCHQ experts failed to spot that development of IT networking during the 1990s would hugely complicate technical transition which effectively evolved into a major systems upgrade. The GCHQ Board was principally concerned with the feasibility of testing the PFI market for a new building and lost track of the scope and cost of the technical transition.”

(PAC Press Notice No. 23 of Session 2003-04, dated 15 June 2004 Twenty-Third Report: Government Communications Headquarters (GCHQ): New Accommodation Programme (HC 65))

Child Support Agency

The House of Commons Department of Work and Pensions Select Committee held a series of special hearings in 2004 to examine failures at the Child Support Agency, much of which were due to a poorly implemented IT systems upgrade.

Following wide ranging reforms at the CSA, its new IT systems were originally supposed to go live in October 2001. Ministers decided it was not ready to go live and it was postponed until April 2002 and then postponed again. The system eventually went live in March 2003.

According to the DWP select committee, the new IT systems are performing poorly and the agency has not set a deadline for the transfer of cases to the new system. Of the 742,400 cases on the ‘old’ scheme, only 75% receive maintenance. Under the new scheme, results are even worse with only 50% of the 238,122 cases receiving maintenance payments.

A total of £720 million of debt remains uncollected, with a further £1 billion being written off as “uncollectable”.

The committee published its report in July 2004, produced one of the most detailed examinations yet of government IT project failures, seeking to draw general lessons from problems at the CSA.

Among its key recommendations was for greater openness and transparency of projects at all stages so that parliament and stakeholders could review progress and claims made for a project’s success.

Unfortunately, the committee felt the official government response to its work failed “to address fully a number of the key recommendations,” in particular calls for greater openness.

Commenting on the Government’s response, committee chairman, Sir Archy Kirkwood MP, said, “Overall, we are very dissatisfied....We produced a well-argued report into how the Government’s record on IT projects could be improved... However, we have received a response from the Department that all too often does not fully engage with the letter or spirit of the report’s recommendations.”

Kirkwood went on to warn, “We will not let the matter rest here.”
(Work and Pensions Select Committee, House of Commons, 20 October 2004)

In mid-November the committee questioned Secretary of State, Alan Johnson MP and head CSA chief executive Doug Smith on their findings. The resignation of Smith was announced during the hearing, where committee members again expressed frustration that their suggestions were not being taken sufficiently seriously.

In a parliamentary debate on the DWP accounts on 9 December 2004, Secretary of State, Alan Johnson MP addressed ongoing problems with IT at the CSA, said progress was being made but could not give a date when problems with the new IT systems would be fully overcome.

(Hansard 9 December 2004 col 1323 – 1333)

The FBU is concerned both with the delays and over runs associated with the CSA project and with the apparent inability of ministers and senior civil servants to accept the suggestions of concerned MPs about measures to improve IT project management.

We believe that the Firecontrol Project could be subject to similar cost over runs and are fearful that those promoting it could seek to hide potential problems in a veil of secrecy, which could compound any problems that might ensue and put the public and FBU members at risk.

Department of Work and Pensions upgrade failure

A routine software upgrade at the Department of Work and Pensions at the end of November 2004 highlighted the vulnerability of IT-based government systems.

A joint statement by the Department and EDS, its IT services provider, reported service disruption between 22 and 26 November after an error “prevented 40,000 computers from accessing core systems”.

The statement continued, “The fault was identified and corrected by a team of EDS and Microsoft engineers working round the clock with DWP staff....

“Investigations have determined that the cause of the problem was an error by an EDS computer operator, which caused a software upgrade to be applied to computers which were not meant to receive it. This caused some desktop computers to stop functioning appropriately.”

When news of the problems broke Alexis Cleveland, chief executive of the DWP, tried to play down the issue, telling the Today programme on Radio 4 that the disruption had been caused by a “small change” and had been “blown out of all proportion”.

(Live service issues at the Department of Work and Pensions between 22nd and 26th November, press release, <http://uk.biz.yahoo.com/041206/250/f7oa.html>)

The FBU believes the incident and the DWP/EDS response to it, far from being blown out of all proportion, give cause for concern.

The incident occurred when an EDS engineer attempted to roll out a test upgrade of the Microsoft PC operating system to less than 20 desk top computers. Unfortunately,

with a few key strokes, the engineer inadvertently rolled out the upgrade to 40,000 machines - a third of the DWP's approximately 120,000 PCs.

Speaking in parliament on 9 December, DWP minister Alan Johnson suggested the number of affected PCs might have been higher than the 40,000 admitted to in the official press release on the incident. "About 20% were unaffected, but 80% became affected, albeit the process was gradual," the minister said.
(Hansard 9 December 2004 col 1329)

There was no easy way to undo the upgrade when engineers realised the disruption it had caused – hence the round the clock working by EDS, Microsoft and DWP staff to devise a fix.

The FBU is concerned that the DWP incident shows the vulnerability of business critical systems to "small changes". We are concerned at the management procedures, both within EDS and the DWP that allow a simple error by a single operator to do so much damage. We are also concerned that the underlying culture that led the DWP chief executive to attempt to play down the problem.

We do not believe our concerns apply uniquely to the DWP and EDS, but are instead indicative of wider problems in IT projects, particularly within the public sector.

ATTEMPTS AT IMPROVING

The government has tried hard to improve the delivery of public sector IT projects – but the jury is out on its efforts.

In 2000, then cabinet office minister Ian McCartney MP announced a new drive to improve IT project performance. This was followed by the launch later that year of the Office of Government Commerce (OGC), which was tasked with improving the procurement of IT systems by departments and agencies.

The OGC made clear the scale of its challenge in a memorandum, to the House of Commons Work and Pensions select committee, which was looking into difficulties with IT-related change programmes at the Child Support Agency.

The OGC said:

"Most governments experience problems when implementing large IT projects. Budgets are exceeded, deadlines are over-run and often the quality of the new system is far below the standard agreed when the project is undertaken.

"A survey of 13,522 IT projects across a number of sectors in the United States was undertaken in 2003 by the Standish Group 13 and indicated that:

—Only one in three projects were successful (delivered to time, budget and specification).

—On average, cost overruns were 43%, time overruns were 82%.

—Only half the required features and functions made it to the final products.

—Average success for projects over \$10 million was significantly lower.

“More recently, a study by Templeton College Oxford, commissioned by Computer Weekly, into IT Project Management indicated that one in 10 IT projects was abandoned, 75% were challenged (projects defined as completed and operational, but over budget, time and/or lacking critical features), and around 15% were successful (defined as completed on time and on budget, with all features and functions as originally specified).

“The study was based on data from 1,500 practising IT project managers across the UK public and private sectors. Taken together, the reports highlight the significant challenges still confronting the IT industry, of which the UK public sector is a significant part.”

(House of Commons Work and Pensions Sub –Committee, Department for Work and Pensions' Management of Information Technology Projects: Making IT Deliver for DWP Customers, Volume II Oral and written evidence, HC 311-II. P128 Memorandum submitted by the Office of Government Commerce)

A National Audit Office report on the OGC itself published in October 2004 found progress had been made but that significant problems remained. Sir John Bourn, head of the NAO, said the OGC had put structures in place to minimise the risk of future IT failure and that department and supplier behaviour was positively changing, but he warned that the OGC and departments needed to ensure that momentum was maintained if improvements in IT procurement were to be realised.

A key innovation by the OGC was the introduction of Gateway Reviews, to provide independent assessments of IT-enabled projects at stages of the procurement cycle.

“Departments reported that the Gateway Review process, introduced in February 2001, was the most effective of OGC initiatives,” the NAO said.

Its report noted that the Gateway Review process was improving IT procurement and should increase the likelihood of successful delivery, but it also highlighted failures in the process.

“There is a major risk,” the NAO report stated, “that projects are entering the process too late – after the business case has already been prepared; and exiting too early – before assessments of the continuing need for the service, value for money, and contract management arrangements can be made.”

While welcoming signs of progress, NAO chief Sir John Bourn said: "Government Departments have a chequered history in the handling of IT-enabled projects and programmes. OGC has made significant strides in identifying reasons for past failure and in establishing structures, such as Gateway Reviews, that allow for increased scrutiny and independent check upon the feasibility and progress of IT-enabled projects and programmes. These remain, however, early days and my report makes recommendations to build on these foundations in order to reduce the likelihood of future failure."

(National Audit Office Report by the Comptroller and Auditor General Improving IT procurement - The impact of the Office of Government Commerce's initiatives on departments and suppliers in the delivery of major IT-enabled projects HC 877 Session 2003-2004 5 November 2004)

The scale of the problem to be tackled was alluded to by Sir Peter Gershon, the first chief executive of the OGC, when he talked about the lack of public sector project management skills in a speech in 2003:

“There are still far too many projects and programmes reviewed by Gateway teams where, frankly, project planning is little better than something on the back of a cigarette packet”

(House of Commons Work and Pensions Committee, Department for Work and Pensions Management of Information Technology Projects: Making IT Deliver for DWP Customers, Third Report of Session 2003 –04 Volume I, HC 311 –I)

SCEPTICAL

MPs on the Public Accounts Committee were more sceptical than the NAO about improvements brought about by the OGC and its Gateway review process. In committee hearings, the chairman Sir Archy Kirkwood took issue with the OGC chief executive John Oughton, noting that “one-fifth of all projects which have undertaken more than one Gateway Review have actually got worse as they moved through the process,” and asking, “How is this possible?”

(Uncorrected Transcript of Oral Evidence, Minutes Of Evidence, The Committee of Public Accounts, Wednesday 17 November 2004)

His colleague Richard Bacon added that “the Criminal Records Bureau project went through the Gateways and came out with green lights.”

(Uncorrected Transcript of Oral Evidence, Minutes Of Evidence, The Committee Of Public Accounts, Wednesday 17 November 2004)

The Fire Brigades Union believes the problem with IT project failures is not a shortage of best practice but the lack of adherence to best practice, and we are not convinced that the Firecontrol project will break the unhappy pattern identified by the NAO and PAC.

Like the National Audit Office, we do not believe that the OGC has yet proven that it has sufficient power to ensure its good advice is put into practice.

CAPACITY OF THE UK IT INDUSTRY

The UK public sector is in the midst of an unprecedented level of spending on information technology.

The House of Commons Work and Pensions Select Committee estimates expenditure on IT projects in the UK public sector in 2003/4 was in excess of £12.4bn.

(Work and Pensions Select Committee, House Of Commons, Wednesday 20 October 2004)

The Department for Work and Pensions has since 2001 spent £4.35bn in its modernisation programme, which depends critically upon IT projects being implemented successfully.

The NHS is undertaking a major IT-led modernisation programme, the National Programme for Information Technology, for which the government has already signed contracts worth £6.3bn. With NHS organisations being told by the Department of Health to double their IT spending from an average 2% of turnover to 4% of turnover, the total cost of the programme, over 10-years, is expected to reach more than £30bn.

The Ministry of Defence will in early 2005 let a major multi-billion pound IT outsourcing contract, the police and criminal justice system is in the midst of an IT-based modernisation and the Prime Minister's 2005 e-government deadline has resulted in large increases in local authority IT spending.

With such heavy spending and with just 11 companies providing 80% external IT services provided to the public sector of public sector, according to OGC chief executive John Oughton, (Public Accounts Committee, Uncorrected Transcript Of Oral Evidence To be published as HC 1283-i) the FBU is seriously concerned that the Fire Service might find itself facing severe competition for the skills and services needed to implement the Firecontrol project successfully.

Any shortfall could have a serious impact on the service, as Alan Johnson, secretary of state for work and pensions, said in parliament when questioned on IT related problems at the Child Support Agency

“One of the best defences against such problems (IT project failure)...is having high-quality staff, and in particular, sufficient numbers of appropriately skilled people to negotiate contracts and monitor IT suppliers effectively.”
(Hansard 9 December 2004 col 1324)

Appendix: Causes of IT project failure

A) Common causes of project failure as identified by National Audit Office/Office of Government Commerce

1. Lack of clear link between the project and the organisation's key strategic priorities, including agreed measures of success.
2. Lack of clear senior management and Ministerial ownership and leadership.
3. Lack of effective engagement with stakeholders.
4. Lack of skills and proven approach to project management and risk management.
5. Lack of understanding of and contact with the supply industry at senior levels in the organisation.
6. Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).
7. Too little attention to breaking development and implementation into manageable steps.
8. Inadequate resources and skills to deliver the total delivery portfolio.

THE GOLDEN RULES

Eight IT project management issues identified by Computer Weekly magazine

- Better guidelines and advice will not prevent IT disasters. What are needed are tough decisions, direct language, and the ability to listen to warnings that are “off message”.
- Departments will sometimes not take tough decisions when serious problems emerge because they fear bad publicity. This provides the perfect breeding ground for IT disasters.
- Openness is the first casualty of a project that is in serious trouble. Sometimes, it seems, ministers are not always aware of the seriousness of IT problems within their departments. But if ministers cannot always discover the breadth and depth of problems on major projects within their departments, who can?
- Serious problems are sometimes categorised as teething troubles. Yet computer projects are largely about solving problems, sometimes serious ones. If problems cannot be faced up to unless circumstances force recognition of them, options for resolution may be limited to disaster avoidance.
- Do not expect suppliers to always tell the whole truth. Those suppliers that do suspect they will not win the contract. In the UK civil service, and particularly among IT suppliers, criticism is associated wrongly with disaffection. Until optimism is checked by realism and scepticism, and constructive criticism is encouraged, we should expect project failures to continue.
- Split projects into phases that can be delivered in a maximum of six months, with each phase able to work on a stand-alone basis. So if integration fails there is still much value in the project. To insist that everything is fully integrated is to court disaster.
- As suggested above, accountability or rather the lack of it is the major challenge facing the UK public sector. Whereas a fear of failure often drives success in the private sector, there is not such a fear of failure in the public sector. When heads do roll, it is usually the wrong ones: those who have been critical of the project.
- End-users must buy into the project. If a system is imposed on end-users the risk of failure is greatly increased. Departments sometimes think they have buy-in of end-users whereas they may have the support of groups of end-users who are so familiar with the project that they have emotional equity in its success and cease to be objective.

Postscript

From the annual House of Commons debate on the work of the Public Accounts Committee 29 June 2004,
Mr. Bacon:

I firmly believe that if we are to improve things we need more scrutiny, more openness and more accountability in the system. Last week's issue of *Computer Weekly*—always a good read for those who want to know what IT disasters are in the pipeline—set out what was described as the life cycle of a public sector IT failure. It goes something like this.

First, there is the project design. The design accords with the best-practice project principles, but there is an expansion of the objectives and the costs as interested parties give their views on what the new systems could do. In the second stage, an invitation to tender is issued. Civil servants faithfully reproduce the often unreasonable and, in some cases, simply ignorant demands of Ministers that the project be delivered at superhuman speed, when to anyone who knows anything about the subject the timetable looks completely unrealistic. However, the commitment to the time scales and to the project design is too great for heed to be paid to warnings from prospective end users, from trade unions, or indeed from any of the reputable prospective suppliers who are considering bidding for the project that the timetable is too tight or the scope unrealistically ambitious.

The third stage is when contracts are awarded. After that, fuller consultation with potential end users begins, but it is usually inadequate or self-selective. In the fourth stage, the supplier begins to realise that it has overestimated its ability to understand the customer's business, and to convert that into IT systems, and the customer realises that it has overestimated the capability of the supplier. More often than not, the supplier also realises that it has not asked enough questions before signing the contract, and that the customer has not understood its own business sufficiently well to explain its work practices, the complexities of the project, the risks of failure and the real costs to the supplier.

Now we reach the fifth stage, and the timetable begins to lengthen. The projected costs start to increase, but commitment to the project is now far too great for any indecision or U-turn to be allowed, so the Department ploughs on.

The project starts to founder in the sixth stage, which is characterised by the beginnings of the cover up. In this stage, failure is depicted as success, and Members of Parliament do not get well-rounded answers to questions. In the seventh stage, the failure becomes apparent anyway. It is impossible to hide it because the public or the departmental end users are affected by the fact that the contract is being abandoned, changed, rewritten or even re-awarded to another supplier. In the eighth stage, often years later, there are sometimes reports from the National Audit Office and the Public Accounts Committee. In the penultimate stage of the cycle, the Department says that

it has learned the mistakes from the past, and those who give the assurances that lessons have been learned move on to other jobs, often in different Departments. Finally, those people are replaced by new personnel who embark on other projects that repeat the mistakes of the past, and the cycle begins anew.

That summary is all too realistic. Over the years, the PAC has examined scores of projects that exhibit those characteristics. The Inland Revenue tax credit system, which has already been referred to, was a classic example of a supplier being pushed into adopting a wholly unrealistic timetable and of a system being launched even though the contractors knew that it did not work properly. It became impossible to hide that failure when hundreds of thousands of citizens started to complain to their Members of Parliament that they were suddenly not receiving payments that hitherto, under the old working families tax credit, they had been receiving quite smoothly. Another classic example was the passport office fiasco, where after the expenditure of many millions of pounds on a new computer system, people suddenly could not get their passports on time—something that one tends to notice if one is just about to go on holiday, no matter what smooth reassurances one gets from a Minister or computer contractor.

Sometimes the failure is not quite so obvious to the public at large, but it usually comes out in the end. In Operation Telic, the UK's military operation in Iraq, when containers arrived with equipment for our armed forces in Kuwait and platoons of soldiers started to break into the containers to see what was in them and to obtain the kit that they needed—breaking in was the only way to find out what was in them—it became clear that the Ministry of Defence did not have proper asset-tracking or consignment-tracking software. It could not track its equipment as it was delivered around the world and into theatres of operation for our armed forces. Notoriously, that meant that there was not enough body armour available for our soldiers in the right places in the recent Iraq war. Let no one say that that was a cost issue: the body armour cost £169.70 per set and the MOD spent a mere £2.9 million on body armour for the recent conflict. The issue was one not of cost but of basic logistics. In our hearing on Operation Telic, the MOD mentioned, almost en passant, that it had spent £120 million on a bespoke tracking system before it was scrapped four years ago—incidentally, 41 times more than it spent on the body armour for the recent deployment. There was the usual story about how the money had not been wasted because it was being rolled into the next project, but the fact is that 13 years after the lack of decent consignment-tracking software was first identified in 1991, after the first Gulf war, that problem has still not been fixed, even though there are all kinds of commercially available off-the-shelf systems that tell users all that they need to know about exactly where their supplies are. For example, the American firm Caterpillar can deliver a spare part for one of its customers anywhere on the planet in 48 hours. We are familiar with firms such as Federal Express and DHL, which can routinely tell customers exactly where in the system their deliveries are at any one moment in time.

With Government IT projects, it is endemic that there are problems that do not get solved and mistakes from which lessons are not learned—it is the same story wherever one looks. There is a fundamental inability to learn from mistakes. Apart from the cases that I have already mentioned, we had the infamous Wessex regional authority case, and the London ambulance system case in which the suppliers warned about potential problems and were ignored. We had the mess over Inland Revenue

self-assessment and the mess over the Central Veterinary Laboratory database for tracking BSE. In the case of the national insurance recording system, the contract extension was double the price of the original contract, and with the caseworking system for the immigration and nationality directorate the supplier was paid for not writing software.

In the Libra project for magistrates courts in England and Wales, which has already been briefly mentioned, costs quadrupled. The old Lord Chancellor's Department, before it was scrapped, paid some £232 million merely for 11,000 PCs, the printers and the "associated support"—whatever that means. I know that it does not include software, because that was clearly set out in the NAO report. That works out at about £20,000 per PC, or £10,000 even if we include the replacements, when it would have been perfectly possible to go down to PC World and buy the required kit for a few hundred pounds per desk.

There was the implementation of the national probation service's information systems strategy, which had seven project managers in seven years, five of whom knew nothing about project management. The result was a system so poor that no one wanted to use it. There was the recent Criminal Records Bureau fiasco, whereby the prices quoted by potential suppliers to do the same job varied so wildly—from £250 million to £380 million—that the CRB got in another consultant to assess the relative merits of the bids, and to see where the discrepancy had arisen from. It still managed to end up paying significantly more than the highest bid. We have already heard about the moving of the GCHQ computer, the cost of which, according to the management's own assessment, was £40 million. However, they told the board that the cost would be £20 million—do not ask me why because I do not know—and, of course, the actual cost was £400 million. Despite the fact that the National Air Traffic Services system at Swanwick cost £337 million and supposedly offers a superior service and an immediate 40 per cent. increase in capacity, it plainly is not up to the job, as became painfully clear when all the nation's aircraft ground to a halt the other day because of problems with the West Drayton system—a system that the new Swanwick system was supposed to replace.

Very topically, Sir Michael Bichard says in paragraph 35 of his recent inquiry that "although national Information Technology (IT) systems for recording intelligence were part of the original National Strategy for Police Information Systems (NSPIS) as long ago as 1994, no such system exists even now. It was, in fact, formally abandoned in 2000 at the same time as the launch of the National Police Intelligence Model (NIM), which sought to place intelligence at the heart of policing. There are still no firm plans for a national IT system in England and Wales, although, in contrast, such a system will be fully operational in Scotland by the end of this year."

Mr. Allan: Does the hon. Gentleman share my fear that, in looking at all the IT failures, we might develop a very risk-averse culture whereby public authorities that do need new IT systems—the police are the classic example—do not invest in them because they are scared of what will happen down the line? That, too, would be very retrograde.

Mr. Bacon: I agree that that would be retrograde. I do not think for one moment that anyone can say that the public sector is risk-averse when it comes to IT projects. The

public sector takes huge risks in respect of such projects, and in the main it does not know the size of the risks that it is running.

I want to mention two more examples. The first is the joint probation service and Prison Service offender assessment system—OASys—which is still in the pipeline. The report on that system, on which we were supposed to have taken evidence, was due in July but was postponed until 15 September. We learned as of yesterday that it has been postponed still further. Secondly, there is the national programme for IT in the health service. Key aspects of what are multi-billion pound contracts—the initial assessment was £2.3 billion, but the latest Financial Times report suggests a figure closer to £6 billion—had to be reviewed within mere months of their being signed.

The project has seen Professor Peter Hutton, the chief clinical adviser, resign as chairman of the clinical advisory board, and until extremely recently the views of GPs had been largely ignored. Indeed, in respect of many of the other projects that we have considered, the advice of the National Audit Office concerning the need to consult early was also totally ignored. The NHS has contracted to buy far more systems in phase 1 than there is demand from hospital trusts, and in phase 2 the contractors will almost certainly be unable to meet the likely demand. Finally, GP magazine described the programme as "more likely to be a fiasco than the Dome".

Mr. Jenkins: I listen with interest, as always, to the hon. Gentleman. He provides a list—too long a list—of near-disasters, but such contracts have been taken out with some of the best private sector companies in this country. Can he suggest a solution? Where are we to look if not to the best private sector companies in the country?

Mr. Bacon: I thank the hon. Gentleman for his extremely timely intervention, because at the top of my next page it says, "What can be done?" He is right: we are talking about some of the finest and biggest computer contractors in the world. The Financial Secretary must therefore consider the possibility that something systemic is going on. It simply is not the case that everyone wants to get things wrong or to have as many disasters as possible. Something deeper is going on, and two areas deserve immediate attention, including from the Financial Secretary. To do so would not cost any money—she should be interested in that—and there would be an immediate benefit and a significant chance of improving the situation.

The first, which I briefly mentioned in our last debate on the subject, is the publication of gateway reviews. With a record as appalling as the one that I have just cited—the hon. Member for Tamworth (Mr. Jenkins) is right that the list of mistakes is far too long—the burden is not on me to show why the Government should publish gateway reviews, but on the Government and the Financial Secretary to say why they should not publish them. What possible justification could there be for not publishing them? Departments often bleat about commercial confidentiality as a reason for not publishing reviews. They say that they have an agreement with a supplier and that the commercial interests of that supplier would be threatened by greater openness, but that is not necessarily what suppliers themselves say when given the chance. It was interesting to see that in the public evidence given to the Work and Pensions Committee in its ongoing inquiry into IT systems, the supplier stated that it did not have any problems with the publication of gateway reviews. On the contrary, the supplier said that it would welcome them. At the moment, it is not necessarily the case

that suppliers are even aware that a gateway review is being undertaken. Amazingly, it is not a given that they know that a gateway review is happening.

Mr. Allan: On that point, does the hon. Gentleman agree that it would be helpful to see the early gateway reviews—those on feasibility and all the technical issues that do not necessarily involve suppliers—when we are debating legislation? For example, when we debate the draft ID Cards Bill in this place, it would be helpful to have the early gateway reviews before us, to help us think about the feasibility of implementation.

Mr. Bacon: I entirely agree with the hon. Gentleman. While we are on the subject of ID cards, I read in *Computer Weekly* just recently that senior figures in the industry—including, I am delighted to say, the Government's new chief information officer—have poured scorn on the feasibility of the ID card scheme. Before the Financial Secretary goes off with her Treasury colleagues and spends thousands of millions of pounds on an ID card system, she should listen to the people in the industry who are saying that the Government's business case for ID cards is vapid. A great deal of money could be saved and spent on something that people want their taxpayers' money to be spent on. I utterly agree that the answer is to have more transparency at as early a stage as possible. It would be worth comparing the position that I have described with some of the well managed projects. It was noticeable that some common themes for successful projects emerged at the recent corporate IT forum—Tif—awards presentation for excellence in IT projects. I quote:

"The successful short-listed projects all had exceptionally close links between the business leader and the project team. The 'business customer/IT supplier' approach was all but absent, and the judges saw development of integrated teams, based around common goals, with each individual or group contributing something of value to the project. There was genuine collaboration, with the programmes adding something significant to the business."

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