

Public Accounts Committee

Oral evidence: Government Shared Services, HC 734

Monday 16 January 2023

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[Watch the meeting](#)

Members present: Dame Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Mr Jonathan Djanogly; Mrs Flick Drummond; Peter Grant; Anne Marie Morris; Jill Mortimer; Nick Smith.

Gareth Davies, Comptroller and Auditor General, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-100

Witnesses

[I](#): Alex Chisholm, Permanent Secretary and Chief Operating Officer of the Civil Service, Cabinet Office, Nathan Moores, Director for Shared Services, Cabinet Office, Peter Schofield, Permanent Secretary, Department for Work and Pensions and Debbie Alder, Director General for People, Capability and Place, DWP.



Report by the Comptroller and Auditor General
Government shared services (HC 921)

Examination of witnesses

Witnesses: Alex Chisholm, Nathan Moores, Peter Schofield and Debbie Alder.

Q1 Chair: Welcome to the Public Accounts Committee on Monday 16 January 2023. Today we are looking at how the civil service back-room operations work—functions such as HR and payroll. They cost the taxpayer a lot of money because the civil service is such a huge entity. We have been looking at this as a Committee. The Government have been looking at better ways to share services between Departments in order to save money.

There has been a Government programme since around 2004. The Public Accounts Committee last looked at this in 2016, as well as prior to that. The Government has recently refreshed its shared services strategy, aiming to find efficiencies and streamlined processes that will ultimately deliver easier working for the civil service, better services for constituents and the public, and also value for the taxpayer. We are going to probe this long-running programme, as I have said, but hopefully it will have an end time.

I welcome our witnesses. From the Cabinet Office, leading on shared services from the centre of Government is Alex Chisholm, the permanent secretary and chief operating officer of the civil service, and Nathan Moores, director for shared services at the Cabinet Office. From the Department for Work and Pensions, which is leading on the Synergy cluster—the meaning of that will become apparent to anyone who does not know what it is as we go forward—is Peter Schofield, permanent secretary, and Debbie Alder, director general for people, capability and place. These titles get longer every day. I don't know if you get a pay rise for every word added to your title—but there's a suggestion. A particular welcome to Mr Moores and Ms Alder, who are first-time witnesses at the Public Accounts Committee. Thank you for coming.

I mentioned that work has been going on for some time. It has been 20 years, and in the last 18 months we have seen a bit of a step change on progress. Mr Chisholm, why do you think so little progress has been made over that very long period of time? It could have saved taxpayers a lot of money if it had got going a bit quicker.

Alex Chisholm: Thank you, Chair. I welcome the Committee's scrutiny of this very important issue. As you rightly said, it is incredibly important for all the civil servants who depend on it. It costs around £500 million a year, so it is a big ticket item. The reasons that progress has sometimes been difficult to achieve are multiple. First, we are talking about large-scale



software systems, and changes to those take time. We have also got a particular aspect here, which is that we are trying to move to shared services. If every single different public body had its own back-office operations, that would be incredibly expensive, so sharing makes sense, but it does mean a degree of bargaining and compromise at the edges. Also, you move from the existing arrangements to new arrangements, and they do not all stop at the same time, so there are migration paths there and you have large amounts of data moving around. There is a natural complexity to it.

We are also engaged in moving in a big change to cloud-based systems, which are better and more resilient, and will be lower cost and have more flexibility, but that is an additional technology change on top of the ordinary level of complexity.

- Q2 **Chair:** Mr Schofield, you are at one of the coal-face Departments with lots of complex systems used front facing, but you are also a big customer with all your staff directly employed through the civil service for payroll, HR and so on. In the past we have sensed some resistance from frontline Departments about getting into this, because it is an extra responsibility and an extra thing to deal with. Do you sense that? Would you say it is fair to say that of your Department or other Departments? Has anything changed?

Peter Schofield: I do not think it is fair of DWP. The DWP experience, as set out in the NAO Report, is that we have been one of the forerunners of shared services from the start. If I think back to the follow-on from the Gershon review back in 2004, the DWP resource management system was one of the bedrock systems that other Departments then joined on to. First of all, the Department for Education joined on, and then we created the ISSC2 cluster that had DWP and DFE, and then DEFRA, and subsequently the Ministry of Justice and the Home Office joined that.

Since 2013, when that was put in place, we have seen savings of around £282 million over the 10-year period. We have been driving down costs and seeing some of the benefits of this. We took the lead in leading the Synergy cluster, which is why I am here, and we are seeing the benefits of moving forward in the way that Alex has described—using the opportunity of new types of software, software as a service, the opportunity to have our systems based in the cloud and all the benefits you get from that. We see the advantage of sharing costs and using new software to help drive better management of resource within our Department.

- Q3 **Chair:** You have this and a lot of other systems going on—we know about the issue around pensions databases and so on—and you have a lot of IT projects. How can you reassure us that this is also a priority because of the significant sums of money involved, or does it have to compete for airtime and capacity within your Department with some of those other, also important, systems?

Peter Schofield: Obviously the answer in terms of looking at the portfolio of programmes is that we do have to look at this alongside everything



else. Nothing gets a free pass; we have to look at everything together. But this is a business-critical system—that was the way you described it, Chair, in your introduction to the session. This is business critical. This is how we pay our suppliers and our staff, and this is how we manage procurement. It is all based on this system, so it has to work. I think this came out in the NAO Report quite well, but there is really the opportunity here not just to do the basic business delivery through these systems, but actually to help drive better allocation of resource going forward. New systems enable us to have more intuitive methods of engaging, so that if you are a member of staff, you can use the system yourself without having to go through the BPS process. You can do a lot of work yourself and therefore help to manage your business better. There are great opportunities not just to do the basics, but to drive better resource management.

- Q4 **Chair:** I think I could be a little cynical because we have looked at this a couple of times before in my time on the Committee. We have had similar pledges made, but we will dig into that in the session. If you look at figure 9 on page 35 of the Report, in the Department for Work and Pensions you actually have quite long-standing legacy support. You will not have any orphan systems because your systems are supported up to 2033. Do you know what the cost would be if you had to stick with your old systems? What is your projected cost? Forgive me, it is somewhere here, but can you just tell us?

Peter Schofield: With continuation, we spend about £42 million a year on shared services, so you would imagine that continuing forward. The challenge is, of course, as you get closer to the end of support, you therefore have fewer options in terms of—

- Q5 **Chair:** You go until 2033, don't you?

Peter Schofield: Yes, certainly. Debbie might want to come in on this. I think Oracle has said it will support the system until 2032.

Debbie Alder: That is right. For us, as you say, the technology is supported. We don't have that issue. There are other Government Departments that clearly have a shorter timeline. Our business process services run out sooner. Ours run out in October '23.

- Q6 **Chair:** Is that critical? Will you get that sorted?

Debbie Alder: That is critical. That is one of the drivers for us, so we are looking at contract extension to bridge that, while we go to the market for the longer-term provider.

Peter Schofield: That is the existing contract with SSCL.

- Q7 **Chair:** What is the consequence of that? One, you are going to pay a lot of money for extending that contract, no doubt.

Debbie Alder: Not necessarily. Clearly, there is commercial sensitivity because that is what we are doing at the moment. One of the things we are doing is going to the market for the longer-term procurement, and



that would be something that the existing supplier is potentially interested in competing for.

Q8 Nick Smith: Mr Chisholm, to what extent is there already a backbone of your back-office functions? Is there already a baseline across the civil service which you all work from?

Alex Chisholm: Yes, there is. The total number of civil servants or FT who are currently on cross-Government shared services is 390,000, so most people are already on some kind of shared service system. What we are trying to do, if you like, is consolidate that further and move from the current dozen or more systems to bring everyone on to one of these five clusters. Secondly, at the moment about 110,000 civil servants are on cloud-based systems so, as well as consolidating on to a smaller number of systems, we are trying to modernise them and move to this new software-as-a-service approach.

Q9 Anne Marie Morris: One of the challenges is clearly on data, because if we do not standardise how the data is collected and stored across Departments, we will have a major challenge. Figure 3 sets out the expectation of where you will get to and that the aim was to have a common data standard by December '22, with a validation phase to April '23. Where are you on that journey? Have you met that timeline?

Alex Chisholm: We are on track. The standards were agreed in December and, just as the Report says, they have to be validated, and the data dictionary has to be populated as part of the functional convergence process, which the Treasury is leading on. It is on track and confident that we will hit that April deadline.

Q10 Anne Marie Morris: Given how challenging it is to standardise data, even starting with the framework, inevitably individual Departments are used to doing it their way, so part of it will be architectural, but part of it about changing work practices and cultures. How confident are you that you will be able to deliver that?

Alex Chisholm: That is a great question. When we look at the backlist of NAO Reports, which happily I have read, that is the theme that they very much emphasise—excessive customisations, moving away from the standards, is what added to the costs and made it difficult to move to the shared-services approach. That is commonly recognised across Government. Also, in the past at various points, there has been the thought that this has been imposed on Departments, whereas if we put in a lot of effort and take longer to build support—again, acting on the recommendations of previous NAO Reports and of the PAC—we have built support and the understanding that a lot of the savings do not come only from commercial re-procurement and moving to the cloud; they also come from more standardisation. That is completely understood by all the people working across Government on shared services. People recognise that if we add every little bell or whistle, every variation is adding to our cost. We recognise that these are huge costs to manage; Departments are

under a lot of pressure across their budgets overall. We are keen to manage that.

Q11 Anne Marie Morris: Indeed. The question might helpfully be put to Mr Schofield: with Synergy, you are in a particularly difficult position, in that while you as a Department might be ahead of the game, a number of the other Departments are not so well advanced, and you have a whole consortium on different systems to pull together. Right now, how are you dealing with the culture change and the processes, because this has been a very slow burn since 2006, I think, when we started? What are you doing now to kick-start it, and to get that hunger, culture change and acceptance that we must change?

Chair: Before you reply, for anyone following, Synergy is a cluster of different Departments—see figure 2, on page 19.

Peter Schofield: I suppose there are two things to say, Ms Morris. One is that we start from a position in which we are all on an Oracle system, and we have all been using SSCL as our BPS provider. So, we start from that position. However, your challenge is a really good one: how we drive things like the data standardisation and ways of working—

Q12 Anne Marie Morris: May I interrupt? Despite you having a commonality of system, has the data-storage system been the same? You have a platform that is the same in technology terms, but that is not the same thing as the architecture of how you store and retrieve data.

Peter Schofield: Exactly. One of the challenges of the ISSC2 system is that there was quite a lot of variability behind it, Department by Department, so it did not drive the same degree of alignment that we will see with Synergy. Debbie is our lead director general across the whole cluster—do you want to say a little about this? There are lots of working groups, such as a data working group, where we are bringing colleagues together from all the Departments to drive greater alignment, but it is a challenge. That is a really good question. Debbie, do you want to say a bit about how this is working?

Debbie Alder: I will just pick up on the point around data and also on business change. On that latter point, I completely agree with you; I say over and over again that this is a business change programme enabled by technology.

On data, one of the lessons that was clearly learned previously has been the lack of alignment around data configuration. We now have a common top 50 data sets that we have got from the get-go in our programme, which align to the work that Cabinet Office are doing. We have a data working group set up right from the get-go of the programme. We know from market research that typically 10% to 20% of build cost is around customisation when you start to deviate from adapt rather than adopt, and we won't have that money; we don't have that luxury. So, in order to meet the cost of this proportionately, it also drives that commonality.



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On business change, we are really acutely aware of that. I will make a couple of quick points, if I may. One is that culturally I meet the director generals of the other three Departments every Monday and have done for 18 months. We lead by example from the top by joining up together and meeting with the programme senior responsible owner and programme director. I think that has set a very clear kind of role modelling of, "This is a priority and it's something that the teams need to take seriously". And I think it has enabled us to release the kind of combined capability that we have by being in a cluster rather than being four separate Departments. We can combine our commercial, programme management, and so on.

Q13 Anne Marie Morris: Do you reckon that on that commercial basis you will meet the current timetable, which has been shifted from '25 to '28?

Debbie Alder: Yes. In fact, our first venture beyond writing the business cases was to go to market with a prior information notice, which we actually did a month early, and that's for procurement of our technology and a supplier-integrator. We have had 34 positive responses; we are doing our supplier engagement as we speak.

Actually, going back to Dame Meg Hillier's point about the timing, we have an imperative of a contract extension, which will mean that we can't slip to the right.

Q14 Anne Marie Morris: That is very helpful. Mr Chisholm, if I had one of the Departments here from Matrix, would I hear about the same degree of progress?

Alex Chisholm: It would be different—you are right—because the Synergy cluster is based on over a decade of experience of working together, so they are building on established working relations and membership of that cluster with a common support system beneath that, whereas Matrix, if you like, have had to form a cluster over the last year and a half and that has come together. That required that process of compromise and mutual commitment, and understanding where you can't add excessive customisation and where the benefits will be. They have had to go through that process in the last year and a half. They are at a different stage, but they have got there, which is great, and they are committed. In fact, the Cabinet Office is a member of that Matrix cluster, so you actually do have someone here, in a way, from Matrix.

It is harder because a number of the Matrix members were at different stages of maturity; some had already reprocured quite recently and others were eager to reprocure. We have kind of moved the Matrix eight into four Departments that will be fast-moving, because our need is intense. They are BEIS, DIT, Cabinet Office and DCMS. Then the other four—the AGO, Treasury, DFE and DHSC—

Chair: You get a gold star for remembering.

Alex Chisholm: Thank you very much. They are following at a later stage, because they have existing services that have been procured quite



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recently and where interrupting that existing contract would be relatively expensive. We're going to say, "Finish off your existing ones and you can migrate on to the Matrix system in due course". That will be a few years hence, but they need to know. We are still saying, "You're part of the cluster", so they can feed into the standards, the business case and everything else, because that is where they will end up.

Q15 Anne Marie Morris: So it still makes sense, because it is a very big cluster, for that cluster to be all eight, rather than partitioning it into four and four?

Alex Chisholm: Yes. It is big in terms of the number of Departments, but it's not big in terms of the number of civil servants. So that is the scale issue. I remember that the one that Peter and Debbie are members of—Synergy—is about half the civil service by numbers, so it is numerically much greater but with only four main Departments on it.

Matrix has enough scale by bringing those eight together and also, of course, over time all of their ALBs will come on to it, and Departments like BEIS have a lot of arm's length bodies, so that will also add to the overall size.

Q16 Anne Marie Morris: Can I take you to one of the inevitable challenges, which is paper versus tech? There is still quite a lot that is paper based. Again, that will involve considerable cultural change, quite apart from systems change. What are you doing to kick-start that change? You need to think about that early, because without getting that right in your heads, you will never get the system design right.

Alex Chisholm: I hope I am not kick-starting it—I remember that we were trying to move to a paperless office when I joined the civil service 30 years ago. I know there is still a bit of paper around, looking around this room, but we do work mostly electronically. If you said to people, "You have a choice between paper and electronic communications," 10 times out of 10, they would choose electronic communications in our world of work. That is because we depend on email, texts, messages and access to databases and all of that—workflow systems and so on. Paper is, if you like, a convenient representation of that for day-to-day use in meetings, but it is not actually the foundation of it. No new records are created solely on paper.

Anne Marie Morris: That's a start.

Alex Chisholm: The real work of Government is basically electronic, but paper is still a prop that we rely on or use day to day.

Q17 Anne Marie Morris: Given that you say nothing is now originated on paper, what is still on paper? Can you give me some examples so I can see how you are trying to wean yourselves off paper and use technology?

Alex Chisholm: One example would be external correspondence. Sometimes people choose to write to us in paper form and we don't not



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open their letters, especially if you are the Revenue and you are collecting tax and things like that. You definitely want to open that. I expect all of us want to respond to letters like that.

Q18 Anne Marie Morris: But is that front-office, rather than back-office?

Alex Chisholm: That is front-office. We do not really have paper-based back-office records. One exception to that would be old security vetting records—some of those are still originally paper based. They have not been fully brought into the electronic age. There are one or two other exceptions, but it is pretty rare. Overall, I would say that we have an electronic way of working, with paper as a prop.

More important to future efficiency, I think, is the interoperability you are referring to around data and process standards, as well as the extent to which the updating of electronic records requires human or machine interaction. We still have a lot of people who are capable of much more demanding jobs doing relatively undemanding keying in-type operations. We would like to free up staff who are engaged in that activity with a lot more automation and machine-to-machine conversations, rather than having individual staff keying in or, worse still, rekeying in data into existing back-office systems.

Peter Schofield: Can I give another example of that? In the finance world at the moment, you typically have management accountants producing in a very manual way reports for the teams they support, which is just a time-consuming piece of processing work. It is not about insight into what is really going on. With a modern system, you can get those reports produced automatically. They could be delivered to the local manager of whichever part of the business we are talking about. Then, for the accountant, the conversation is not about, "Can I produce a report?" but actually, "What is the report telling me about how the business is being run?" We can get much more into insight rather than processing. That is the sort of value shift that lies behind part of what we are trying to do here.

Q19 Anne Marie Morris: Which is absolutely the right way to go—there is no question about that. Mr Chisholm, talking about all of these five clusters, do you feel there is adequate data sharing within those clusters as to how they are going about this debate, discussion or convergence or alignment of views for transformation? If different Departments are not prepared to be open and honest about what they are doing, what was good and bad about that and how they can see a way forward in terms of integration and transformation, we are going to get nowhere. Where is that now?

Alex Chisholm: That is a great question, again. First, I would look at the level at which you are trying to standardise. In a previous version of this strategy, the ambition was super-ambitious: it was to move towards a single system. I think that was reaching for the stars and was too far to go because there is a lot of heterogeneity across Government. The approach



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that we have taken here with five clusters recognises that. To get all the defence community working together on a single platform is pretty good going. Having all the overseas people, including staff from FCDO and DIT working overseas, on a single platform is good, and then there are three other platforms for the rest. We feel that that level of consolidation strikes a pragmatic compromise between the efficiency ideal of one and the previous reality of dozens.

That means that the conversation then is between people who have a degree of affinity and mutual understanding. That gets to the pragmatic compromise level. That is harder to achieve if you are trying to say to people who are currently, for example, in Synergy, "Look, you've got to accommodate yourself to the needs of the defence people." They would say, "Why do I need to do that? That's adding lots of things that I don't need to have, which are defence specific." We have taken the approach of clusters to try to make it easier to have those pragmatic conversations and agreements about what standards you need to follow.

Q20 Anne Marie Morris: With Matrix, which we accept is behind where Synergy is, what current systems groups meet regularly? What protocol exists now? Can you give me some examples so that I can understand how those disparate eight Departments—or four and four—are working together? I appreciate that it is not going to be as advanced as what Ms Alder has explained for Synergy, but it would help if I could understand where you are with Matrix.

Alex Chisholm: First, BEIS have taken the lead role. In the same way that DWP are the lead for the Synergy cluster, BEIS are the lead for the Matrix cluster. That made good sense, because BEIS were already providing the support to DIT, which was split off from the business Department, so they were on a common system. They had the capacity and the staff to lead that well. Establishing that was the first thing, and then other Departments accepted and supported that.

Then trying to build that system of mutual commitment, which unlike in Synergy was not just rolling over one that pre-existed, required some hard negotiation between Departments. A formal process—a joint investment committee—was formed. As a member of that with the Cabinet Office as a Department, rather than in my cross-cutting role, I have signed formally, "We promise to do the following things and commit to these standards, these timeframes and this level of investment"—it is like a consortium—"and in return we expect these levels of service and benefits to come out of it."

That is the process that we have had to go through to form that cluster and give it a degree of definition. On the back of that, the Matrix leadership team have been able to submit a programme of business case, which has gone through the whole scrutiny process of Government Business Services and the Treasury.



Anne Marie Morris: That is helpful, Mr Chisholm.

Q21 **Sir Geoffrey Clifton-Brown:** Following on from Ms Morris's excellent questions—she has sort of got all around this question but not quite in the middle of it—are you managing to instil in those cluster members a discipline so that when they are thinking about introducing a new system, they have to work out at an early stage what the digital architecture is so that it fits in with the cluster working?

Alex Chisholm: Yes, in short. That is particularly important, as Ms Morris brought out, in the Matrix cluster. You have the fast movers and the following group. The following group need to recognise their future convergence path to make sure they are going to be part of a single system in the future. That is especially important for Departments like my old Department, BEIS, that have a lot of arm's length bodies. Again, you have a long tail of relatively small bodies that, in the future, will not be able to afford to have their own bespoke cloud-based systems. They have to say, "Right, that's my future convergence path," and commit to being on that path in the future.

No one is able to plan for an independent future now. I'm sorry; I know that sounds a bit controlling, but it is because we need that very coordinated, converged approach to get these savings, which are very considerable. I want to emphasise my enthusiasm for this as a programme. It is hard work because of all the factors we have described, but we are talking about something where the benefits in total may be about £2 billion on the back of a £900 million investment. That is what we are currently looking at. So, we do not get that many opportunities across Government that are worth just that amount of benefit, so we are very eager to ensure that we get all of that benefit by ensuring that people both keep to the programme but do not add on all of the little bits and pieces, to an unnecessary extent, that add to the cost.

Q22 **Sir Geoffrey Clifton-Brown:** Can you name some of the agencies, and can I give you a prompt? I make a declaration, as a farmer. It was a year or two ago when the Rural Payments Agency was hopelessly delayed with its payments because it had introduced the system but had not designed the IT to go with it. So, what is being done across the cluster members to ensure that that does not happen? Can you name some of the agencies that are actually having to really change the way that they do things?

Alex Chisholm: I am not an expert on the Rural Payments Agency, I must say, so apologies for that—

Chair: It is all right; this Committee is.

Alex Chisholm: You are, I recognise, so I defer to you on that. However, I do know that, with the overall programme, the approach that we have taken is to say, there are about 60 arms-length bodies that already rely on their sponsor Department for services. So, that is the first group—the first



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wave—to move on to the five new clusters. I am afraid that I do not know where the Rural Payments Agency fits within that.

Another maybe useful information point for you is that the two biggest converged processes that we focused on were, first of all, joiners, movers and leavers, because that whole activity of a personnel base is a huge driver of cost, and there are a lot of transactions associated with that in a big system, such as one with half a million employees. The other one is source-to-pay, which is, again, invoice, purchasing and, indeed, the speed with which you actually get your payments out. Those are the two areas that we rightly identified, I think, as being the biggest early benefits for converged payments.

Q23 Chair: Mr Moores, can you name any of the agencies, and give an example of how it will make a difference to people?

Nathan Moores: If I may jump in, just to respond to that question, I think that the service requirements are what drive everything. So, it is that end-to-end service, which includes the functional requirements that we have been talking about—the process and the data standards. In the clusters, DEFRA is one of the members of the Synergy cluster, and I do not know the exact circumstances with RPA, but—

Sir Geoffrey Clifton-Brown: It is improved now, to be fair to it. I think it has improved now.

Q24 Chair: That was a bit historical, yes.

Nathan Moores: The Synergy cluster, the Matrix cluster and Unity is working with both the core Departments and the arms-length bodies on defining those initial service requirements. So, it is an inclusive approach, fully recognising that the organisations that commit to those service requirements have to do the business change around the process and the data.

Q25 Chair: Ms Alder, you are nodding away. Because you are working in your cluster—you are leading that group—are there any agencies that can just bring this rather technical subject to life? What difference will it make to some of the arms-length bodies, or smaller organisations, that you are working with?

Debbie Alder: The Health and Safety Executive is one of our arms-length bodies. It forms part of the Synergy cluster, and therefore, when we are doing the work that we are doing on process design and commonality—part of the reason that we have teams in each Department, as well as a combined programme team, is that their primary purpose is business change. To speak to Alex's point earlier, again, it is kind of "lessons learned", but our strategic design authority is a key part of our governance. That involves the process owners, or subject matter experts, from the various Departments. It also involves functional expertise from the Government commercial function and the Government HR function.



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In order that we get that coherence, as well as looking at what works for our cluster, we are really clear on design standards having to be consistent enough. It is a bit like my earlier response on datasets—it is kind of looking at your top-50 data sets. It is looking at your really core processes that need to be the same for civil servants, or, indeed, an armslength body, irrespective of which cluster they are in.

Peter Schofield: Building on that, there is just not an option for an armslength body, or anyone else, to go it alone—to say, “I am building this new thing; I am going to do it my way.” That would be intercepted at an early stage. If it was within the DWP group, that would be within our own investment committee processes. Certainly, if it went beyond that, to the Cabinet Office and the Treasury, it simply would not make any progress. There is all the work that Debbie has described in terms of alignment, but there is also the governance, the accountability and the approvals process, which means it drives everyone down this road.

Q26 Chair: That brings me quite neatly to the issue of how accountable you are as accounting officers. I know you have a slightly different role, Mr Schofield, as does Mr Chisholm. How high up is this issue in accounting officers’ responsibilities? If you do not deliver on this, what is the impact on you and your Department? How much skin do you have in the game?

Peter Schofield: Well, I have skin in the game in terms of running a Department—that is the business critical point, which we discussed earlier. In terms of Synergy, I am the lead accounting officer among the four Departments. We meet regularly, at key moments in the business planning process.

Q27 Chair: So you are meeting regularly, but if the wheels come off your group, what is the impact? What responsibility do you have? Who do you get hauled up in front of? Is it like that or is it a cosy chat, where someone says the Department is not doing so well? How responsible are you for the whole of Synergy? You have other accounting officers working with you.

Peter Schofield: Yes, that is right. We have pooled our sovereignty, if I can put it that way, and we run this together. We are in it together. We meet regularly to talk about what we are trying to achieve. The SRO is a single senior responsible officer to run the programme, who reports into me as effectively the lead accounting officer. If we do not deliver, then I am accountable back to my fellow accounting officers and obviously to Parliament through you. Also, I am accountable in terms of the running of the Department and the systems that we rely on.

Q28 Chair: If you do not deliver and you need more money to sort out a problem, the timetable now straddles the spending review so you could go to the Treasury for more money, but it is also possible the Treasury could say, “Well, you’ve messed up or you haven’t done something right, so it will



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come out of the departmental budget.” How viscerally do you feel that financial imperative to get this done?

Peter Schofield: The key thing is that in the scale of things we have spent £42 million on a DEL budget that is considerably more than that, so it is the business impact of not delivering this and not delivering the milestones and the benefits that come from that. Debbie has talked already about the fact that we will be extending the SSCL contract, but only until 2025, so we will have to have the new solution beyond that and bring in the technology that we need as well.

You raise a wider point about the funding, which is covered in the NAO Report. We have the funding to get us through to the final business case stage. We have got to make the best case we can to get the funding for the rest of this spending review period and then hopefully in the next spending review the additional funding we need for that. Nothing is guaranteed; it is down to us to make the best possible case.

Q29 **Chair:** The Treasury is not always so keen on spend to save, but you will have to convince them in the business case, which brings me to Anne Marie Morris.

Q30 **Anne Marie Morris:** Mr Moores, is this third time lucky? We have tried centralising, then individual Department by Department and now we are trying the cluster, yet looking at what the NAO has unearthed, it has set out a figure for progress against previous recommendations. We have red against leadership, amber on risk management and red against business case. In figure 9, we have end-of-life dates for Departments’ enterprise resource planning systems, which do not make happy reading. I hear Mr Schofield’s case that the money will ultimately come next time we come for the asking, none the less there is a shortfall at the moment. Is this realistic, Mr Moores? Can this really work?

Nathan Moores: The team that we have put together, which is a community of professional experts in shared services, covers the service, the ERP, the cluster teams and the Departments putting in the resource. We have assembled a community of experts to deliver at this time. I cannot comment on previous performance, but in the last 18 months we believe that in the teams we have put together in clusters in Synergy, Unity, Matrix, Defence and Hera/Overseas, and the functions in HR, finance and commercial, we have experts working together in the various programmes. We have built senior leadership, with tangible, visible support, and operational leads beneath that.

We have taken early steps on process standardisation with joiners, movers and leavers, and generated over £300,000 per annum in a small initial exercise. By April, we will for the first time ever have 23 of the key crosscutting processes mapped out. That unpacks into approximately 600 subprocesses. The Government will have a standardised, converged and efficient process that we will all build into the new procurements that Synergy, Matrix and Unity are about to undertake.



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We have built the functional community. What feels like it is different from previous strategies is getting those functions to take genuine leadership and set standards across the Departments. Departments have traditionally had their own view on how they would like to do HR, finance and commercial, so the big step change is to get the Departments to work as clusters and accept the leadership that has been raised before. We are also really keen not only for the five clusters to work, but to get an interoperable civil service—to be able to get that data out of the five centres and use it across the civil service.

Q31 Anne Marie Morris: How are you measuring that success? That all sounds wonderful, and certainly a step change from where you were, but are you measuring, month by month, some standard metrics showing how you are getting on, so that you are sure that what you set out as a lovely, polished plan will be delivered this time?

Nathan Moores: There are three aspects to that. First, we are measuring the current BAU service provision across all the Departments, and we are starting to build that into a cluster picture. We have started what we call the golden KPIs, which are payroll accuracy, supplier prompt payments and net promoter scores. We have expanded that out to the 40 KPIs across Government.

Q32 Anne Marie Morris: What sort of KPIs are they? Those you have mentioned do not seem to be quite what we need.

Nathan Moores: They are in the current service provision. The second part of that is to track delivery of the projects—tracking the change as we deliver. The third aspect, which we are working on with a function of clusters, is what the future environment would look like. What do we need to measure in the future to drive quality and performance?

Q33 Peter Grant: Mr Chisholm, in your opening remarks you said that this process has required a degree of bargaining and compromise. Those are words that I might have expected—in fact, I would have liked to hear—coming out of discussions between trade unions and Government when they are trying to avoid a strike. It is surprising to hear that language referring to the behaviour of what should be Departments of the same Government. Can you explain why it is necessary for different Departments to bargain and compromise, when you are all supposed to be on the same side?

Alex Chisholm: Everyone is on the same side. We all work in the public sector—no question about it.

Peter used the phrase “sovereignty”. What we are trying to recognise is that individual Departments have big responsibilities to their existing workforces. They have to work within their existing financial resources. They will definitely have some pre-existing systems and contracts. When they are being asked to accommodate themselves to the needs of other Departments, they could simply say, “I am happy with that if you align

with my existing plan and systems.” But that probably does not work for a cluster in which there are a number of different Departments all with their own interests.

I used the phrase “bargaining”, but it requires at least a recognition that the benefit of the cluster has to come first. If Departments want to manage modern, affordable, sustainable systems that provide excellent, high-quality services to the standard that Nathan was just talking about, they are going to need to accommodate themselves to the needs of other members of that cluster. That is a type of bargaining process.

Q34 Peter Grant: How difficult is it proving to get that culture fully embraced within the civil service?

Alex Chisholm: I can talk primarily from the point of view of the two and a half years that I have been at this. I arrived in April 2020; this was not the very first thing that I focused on then. April 2020 was the first month of lockdown, and there were a few other things on our minds at the time.

Three months after that we really began to engage on whether the plan set in 2018 was deliverable, affordable and sustainable. The common view, not just in the Cabinet Office among experts like Nathan but across people like Debbie and others, was that this was not going to be an affordable approach. We had given too much autonomy to Departments. Equally, we had learned some of the lessons of the past, such as that trying to take a very high-handed approach and mandating a single approach across Government was unmanageable, given the heterogeneity and the different responsibilities and interests people had. So it was a very pragmatic approach.

We created the strategy of five clusters. The way it is described in the NAO Report is correct: it was a Cabinet Office-owned strategy, but the Report does summarise what was actually quite an extended process, from the working group discussions in the summer of '20, which led into the shared services board in September. It came to the civil service operations board in October and again in December, and it was finally agreed in January. Then it was agreed by Ministers across Government. That was quite a drawn-out process, but it was necessary to build that mutual commitment and understanding about the benefits of acting together in this way.

Peter Grant: Thank you.

Q35 Anne Marie Morris: Mr Chisholm, what criteria were used to decide which Departments went into which cluster?

Alex Chisholm: I would say that a non-perfect, pragmatic-type approach was taken where, first of all, there was the recognition that we had an existing cluster, now called Synergy, led by DWP. That was responsible for nearly half of the civil servants. That was working well and really was our model for how other Departments could work.



Q36 Anne Marie Morris: Before you go on, what were the criteria for that particular group? Why did that group come together? In a sense, the criteria you used to create Synergy will—logic says—have something to do with your thinking about the other clusters.

Alex Chisholm: I think that goes back to 2004. It was quite organic, wasn't it?

Peter Schofield: The history was explained at the top of the session. After Peter Gershon produced his original report back in 2004, there were a number of foundation Departments at the heart of various clusters. DWP was one; HMRC was another. I think DWP was attached to the Department for Education and the Cabinet Office, and then subsequently to DEFRA, because we were all on Oracle, in particular.

Q37 Anne Marie Morris: So it was driven by the technology platform.

Peter Schofield: Obviously, the technology platform that was used evolved over time, but the crucial thing was that, in 2013, when we came together as an IS—I am going to have problems with this all afternoon: an ISSC2 cluster. We had two things that brought us together: one was using Oracle, and the second was that we contracted together to bring in a business process supplier, SSCL. We were working with SSCL, with a single contract. The Cabinet Office was part of that originally, and the Department for Education was part of that originally. They came out at various points.

Q38 Anne Marie Morris: Why did they come out, given that the reason for that group was effectively the platform and then the unpronounceable ISS etc.?

Peter Schofield: The original contract, in 2013, had a seven-year life that lasted to 2020. At that point, we could extend it for three years. Most of the cluster did, but the Department for Education did not. They decided to in-house their activity, and you will see that they then went with a different provider. They went with Workday.

Q39 Anne Marie Morris: So it is not to do with Synergy in terms of the nature of the work of the Department. It was all about technology, platforms and contracts.

Back to Mr Chisholm—I am sorry that I cut you off. Was that how you went about looking at the others?

Alex Chisholm: It is a very brownfield site—sorry to use that expression. It is not that we are sitting there and saying, “We’re designing the future. These are our criteria, and this is where you must be.” You have high costs of change, so it is much more pragmatic. Our approach to the clusters is that we want a certain basic level of skill. Ideally, you might even have fewer than five; we got an independent assessment of that in the shape of the report from Lord Maude, who said that there should be five at most. That was good advice, and we followed it. So it was at that scale.



Then we also have a degree of similarity between needs. Overseas services have a high level of similarity of need, and Defence services are the same. There was a sense in which the Synergy cluster was a bit more focused on delivery, so we took some of the more “policy” Departments to form Matrix. But platform specificity was a factor here as well.

I am sorry to give a complicated answer, but you have to recognise that, within the cluster now called Unity, HMRC’s whole taxation systems are very, very integrated and make a lot of use of SAP. That is also true for their back-office systems—for how they pay their people, manage their personnel records and so on. That was also the case for the Department for Transport and what was then MHCLG—now DLUHC. So that cluster is a bit determined by their software compatibility and, indeed, they are making a direct award in recognition of that.

Q40 Anne Marie Morris: So we are left with a challenge, are we not—Matrix?

Alex Chisholm: It is like a Rubik’s cube, as a way of thinking about it, in the sense that you are trying to satisfy multiple criteria of scale, process similarity and a degree of platform compatibility, and also where you are in terms of your maturity and your degree of change, as to whether or not you are in a cloud-based system. Those are the variables, and we formed the five clusters on that basis. You probably could have had one or two Departments at the margin that might have been in different clusters, but it seems to be working relatively well.

Chair: Mr Moores, anything to add?

Nathan Moores: I was just going to reinforce what Alex said about the scale, service requirements and historical arrangements. That is not unusual; we’ve got some contacts with other Government institutions in Canada, California and Germany, and they are taking that pragmatic approach to clustering as a stepped way to integrate—

Q41 Chair: You are actually doing some international benchmarking.

Nathan Moores: Yes.

Chair: I don’t know if you know how rarely we hear that on this Committee. That is interesting.

Q42 Anne Marie Morris: Mr Chisholm, that does leave us with the vexing challenge of Matrix. There are so many of them, and you effectively identified on the hoof what the key criteria were that led to the formation of the others. I am not sure I can so easily see how those criteria would have naturally made those Departments my chosen bedfellows, if I can put it like that.

Alex Chisholm: There is no counsel of perfection here. There is a compatibility: they are policy Departments, and they have a certain scale to them. Initially, people probably had a few question marks, but I think



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people have seen that, actually, the overall cost of acting in Unity across those eight Departments will work.

I think what unsettled people at an early stage in the cluster formation was the thought among those people who had relatively up-to-date recent systems, including the Treasury, that they would have to quickly change to align with this new cluster approach, and that that was going to be cutting across their existing plans and existing contracts. The fast movers and slower followers approach has helped from that perspective.

Q43 Anne Marie Morris: You say, I think, that there were some where there was a question mark. Which of the eight Departments had question marks over whether or not they would ultimately become part of Matrix?

Alex Chisholm: I would not necessarily call them out, partly because I do not know, but also because that was probably the historic position. But I definitely recall that, over that summer and autumn of '20, some of the Departments were saying, "Do we really have to work in this way?" They had had this history of being able to work independently, and some people liked the idea of saying, "I can just decide it myself and do exactly what I want."

So we had to work quite hard to show the overall benefits of the case of working together—the benefits of scale. In some cases, we were also saying, "Look, this is a cross-Government programme. This is expected of you." There was also a sense in which we relieved that tension by saying, "You're not going to have to break your existing contract, because you can onboard at the end of your contract, so long as you are aware of that future conversions requirement and are committed to that."

Q44 Anne Marie Morris: Mr Chisholm, final question: can you, hand on heart, tell me that you are absolutely happy that, within that Matrix grouping, there is no dissent and there is 100% commitment to change throughout those organisations and those eight Departments?

Alex Chisholm: That is putting it too high. No, because they are very big Departments, and I cannot—

Chair: Mr Chisholm, you are a realist.

Alex Chisholm: Not hand on heart for hundreds of thousands of people, no. That is too difficult, but what I can say is that, again, the Cabinet Office is a member of that thing. We have all had to sign our commitment and to put people and money against that, and the programme business case that was formally submitted and that has been approved by the Chief Secretary was done in the name of all of those Departments, so there is a high level of commitment even in the Matrix one, which is the trickiest one of the five.



Q45 Nick Smith: I am just trying to get a quick take on how progress is going here. Are some clusters further along than others in implementing shared services, and if so, why? Tell us more.

Alex Chisholm: Yes, is the short answer. First of all, as we have heard, DWP have been clustering away since 2004, and other Departments have come in on the back of them, so some have been at this for longer. Plus, in terms of when the cycle of modernisation comes in, you have a number of Departments that are already on the cloud, including, within your group, the Home Office, on their system, and things like that.

So, they are at different levels of not only maturity, in terms of their sharing—their clustering—with others but also their modernity, if you like, and the extent to which they have invested in software—cloud-based systems. It is complicated to achieve this alignment, because of those different levels of maturity, but we are getting there. That is also why it is a 10-year strategy, in which we are in year 4—because it takes time to line everything up in the way that we need.

Nick Smith: Thank you.

Q46 Mrs Drummond: I am just curious to find out how you chose the leading Departments in each of the clusters.

Alex Chisholm: That is, again, a great question. Overseas is relatively straightforward, because the two main Departments there were merged together. The MOD, with its different constituent parts, is Defence, so that answers itself. In terms of the DWP, I am very grateful to Peter and Debbie for their leadership of this project. It does add a bit extra to the day job, so, if you could pay them some public recognition for that—

Q47 Chair: That could be a double-edged sword.

Alex Chisholm: They are a very capable Department. They have been doing it for a long time, but they do it very well, so we have no desire to change the cluster lead there.

There was a bit of a question for the others. On the so-called Unity one—I say “so-called” because it is a relatively new name—obviously, HMRC are a huge Department, with a massive digital capability and a high level of integration with their systems, so it is probably natural for them to lead. They actually have had a lot of help with work on this project, including from the Department for Transport, which did a particular project to look at the move to the cloud and some of the new processes that could be followed, so that has definitely added to the quality. DLUHC actually have a very high level of personnel capabilities, so it has been quite a nice consortium, with everyone contributing something in the Unity one.

I have already spoken to the fact that BEIS, my old Department, had the good fortune to lead the Matrix cluster, but with a particular justification being that they were already doing that on behalf of DIT. They are also already with UKRI, which is a huge user of shared services in that same



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sort of family. They also needed to move to the new future because their old system was old, was not on the cloud, and was coming close to expiry, so they had a strong incentive to invest and get moving on this.

Q48 Mrs Drummond: Often, it is all about personalities, so is everybody working for the common good, or have there been some difficulties between the Departments?

Alex Chisholm: I think it has been very good. Actually, one of the things that has worked quite well, if I may say, is that we had the civil service operations board, which is attended by all the heads of functions and all the COOs. If you go back a few years, we did not actually have chief operating officers in all Departments, but we do now, and they have played a really good part in—

Q49 Chair: When you say COOs—

Alex Chisholm: Chief operating officers, and they're plural.

Chair: For a moment, we thought there was a coup. I was intrigued there; I thought you were about to tell us something.

Alex Chisholm: No, no, nothing more exciting than that. But that works very well, and that is because the chief operating officers in big Departments such as DWP have a mass to keep track of. Debbie and her colleagues have that right across each of the Departments, and then you have this big cross-cutting element from all the functions right across Government. That Matrix approach has worked well, and that has been the body that has worked up and overseen a lot of the hard work to build this mutual commitment.

Q50 Mrs Drummond: What happens if the Departments change? We have had all sorts of different Departments. What happens then?

Debbie Alder: I am happy to have a go at that. I think that underpins the necessity for common standards, whether that is common datasets or the 23 macro processes that Nathan talked about. Going forward, there are two important things that are different from the past. With that commonality and convergence, if a civil servant moves from employer to employer, that is one thing, but, equally, if we have machinery-of-government changes, it should be cheaper and easier to do the business change and the implementation of that.

The other thing is that when we have done these programmes in the past, looking at the Reports, we have tended to do a change programme and then stop, and everyone goes off and focuses on something else. That is when any commonality that you have achieved starts to build out, because new requests come in and different policy imperatives or whatever occur. One of the things in these programmes going forward is that we all have, and are designing, intelligent client functions. That intelligent client



function will, on behalf of that cluster, carry out performance management assurance around the contracts, but it will also be that gatekeeper for future divergence. We haven't really had that strength designed in before.

That should mean that, once we have invested—this is not a small amount of taxpayers' money; I do understand that—we get two things. First, we get an evergreen system that stays up to date in a way that the technology that we have bought in the past has not. Secondly, by making sure that we have that intelligent client function alongside that, it should keep us aligned. I think that puts us on a much more agile footing, if you like, both on an individual and a departmental level.

Q51 Nick Smith: I want to look at the rewards of getting this right. Mr Chisholm, when will there be more certainty about the benefits of the strategy?

Alex Chisholm: In about three months' time. Just to take us back for a moment, at the beginning of the formation of the strategy, there were obviously some very rough estimates made—I will not glorify them any more than that for the Committee—where we looked at what other large organisations in other public sectors across the world and also in the private sector had been able to achieve, and everyone said that 10% to 15% should be our expected savings rate. We looked at some of the history that we had had across Government—obviously particularly in the DWP-led cluster—and thought, "Yes, that looks achievable." So that was the original basis for it.

Since then, we have worked up at the cluster level much more detailed cost-and-benefit cases, as you would expect within proper business cases. They have come up with a first set of cashable and non-cashable benefits, which in total come to about £2 billion. We are now going through a process of making sure that those are externally technically validated at the cluster level and also—this is something that Cabinet Office is working on with Treasury—that there is a consistency, so there is a comparability.

Obviously, with all those in place, we are going to act on the recommendation of the NAO Report and update the original case for change we did with the new data that we have from all those business cases.

Q52 Nick Smith: Okay. Mr Moores, why was there no benefits information for the Defence and Overseas clusters?

Nathan Moores: Hera has just gone live in November, and the programme team have been stabilising that business. They have done a sterling effort to move the whole of those businesses across. We have just got some updated information from Hera: this year, they are forecasting £6 million per annum. Defence are currently reworking their corporate services modernisation business case and have been unable to quantify their business benefits as yet to share with us. They are currently going through that resetting of their programme.



Q53 Nick Smith: Are they going to meet Mr Chisholm's forecast of the benefits being clear in three months' time, then?

Nathan Moores: The work we are doing externally will look across all five clusters, particularly focusing on those that require more information in their full business cases—so that is Synergy, Unity and Matrix. We want to strengthen their business cases for delivery this SR and next SR, but we will be looking at Hera benefits and going back to Defence benefits. That is not only for the financial information: we want to learn where other clusters have been able to bank benefits. What clusters are explaining to us is that they want to learn from others on this journey. It is a real advantage that those have trailblazed the way; we want to learn from where they have had wins and also maybe where they have had bumps in the road.

Alex Chisholm: Could I just add a word for the Committee that might be of interest? As part of our international benchmarking, we looked to see how our costs in Government here in the UK compared with those in comparable organisations. The best external data we got was from the American Productivity and Quality Centre, which showed that their median cost from that was £746 per employee. Our median is actually a little lower than that—£709. There is not yet perfect comparability between them, so there is a little project that we are engaged in over the next three months to try and ensure that we are comparing like with like—“tomay-toes” and tomatoes, as it were. We are going to use that to drive down our future costs—cost to serve, if you like, per employee. But also, looking across the different clusters, we have now got five different models to compare and say, “Where is the best, and how can the rest learn from the best?”

We have a very high level of variation at the moment between the lowest cost one, which I think is £451, and the highest cost, which is £1,288. What we want to try and do for this continuous improvement is drive down the top figure towards the median and, below that, towards best practice. That is where we will be able to maximise the cost efficiencies.

Nick Smith: Comparability is great. Thank you.

Peter Schofield: Could I just add—

Nick Smith: I was going to come to you anyway.

Peter Schofield: Sorry. I thought I would try and anticipate your question.

Q54 Nick Smith: Mr Schofield and Debbie Alder, why do you think the clusters have not calculated cost and benefits in a consistent manner? Why is there this difference in the way things are totted up?

Peter Schofield: I think I was going to answer that question—we are on the same wavelength. There are two things here. One is what we have been calling cashable savings; greater automation and greater self-serve



mean we can drive down the cost of the BPS element of the contract itself. That is one part of this, and it is relatively straightforward to work out.

The really interesting opportunity here is, how do we use modern technology to drive benefits across the whole business, in terms of resource management, productivity, better understanding of the skills and experience of our people to help us deploy better and improve outcomes, and better reporting of financial data? We have a whole load of different workstreams as part of the Synergy cluster, where we are going through each of these classes of benefit, asking if we have pushed ourselves hard enough here and whether we turn what we have been calling non-cashable benefits into benefits that can be monetised in some way? That would give greater clarity to the production of the final business case, which for us is towards the end of this calendar year.

Crucially, we are asking how we then drive the use of this system to help us to deliver our organisations more effectively and to deliver better outcomes. This is an iterative process; we will learn from the work the Cabinet Office is doing across the piece, comparing and contrasting international comparators and other organisations. We have been learning from each other as we have gone along, in terms of the things that we have done within the cluster between the four Departments. But this is genuinely an area where, as accounting officers, we are pushing our teams. Debbie is leading that among directors general within the cluster, just to see how we can give greater clarity on these benefits, particularly turning non-cashable benefits into monetisable benefits for the improvement of the business case.

Q55 Nick Smith: Ms Alder, how do these benefits compare with those in the private sector? Have you managed to make those comparisons?

Debbie Alder: Yes, we have. Alex has already given the range and benchmarking of cost per FTE—it is at the high £700s. Because in Synergy we are already a second-generation shared service, you would expect us to be towards the lower end of the civil service average, which we are. Our spectrum is £543 to £822, current state—

Nick Smith: Say that again.

Q56 Chair: Say it more slowly. Our colleagues at *Hansard* are amazing, but they might appreciate it.

Debbie Alder: Alex has already talked about the private sector benchmarking on the cost per FTE of delivering shared services.

Q57 Chair: Full-time employee?

Debbie Alder: Full-time employee. In Synergy, because we have already been joined up as a shared service for some time, we are at the lower end of the spectrum of costs in the civil service. Our starting point already recognises that, as Peter said earlier in his evidence, we have driven out £288 million of benefits in our cluster.



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In terms of the benefits in our outline business case for Synergy, we actually leveraged work that DWP had been doing with Oracle and SSCL that is benchmarked, which identified 23 benefits. That is what we have included in our OBC and the costings, both cashable and non-cashable, that go along with that. That gave us a robust enough OBC to pass the scrutiny in the autumn and release the just over £80 million of funding to take us through to final business case.

We are currently, literally, starting with an external business partner—advisory partner—on benefits, who will work with us to further scrub those, both as a cluster and working collaboratively with Nathan and the Cabinet Office, to refine our benefits between now and the final business case, which we need to send to the Treasury in autumn this year.

The challenge on, “Why haven’t we been joined up? Should we be more joined up?” is a reasonable one. I would say that, for the three clusters that are in flight and bidding for more money, this is the phase of the project—the programmes—that requires you to tighten up on benefits, as we have described, and on costs.

The final point is that, because we are literally now engaging in the marketplace—I mentioned that we have 34 technology and service integrator suppliers who are interested in engaging with us through this phase until we get to procurement, which we will not do until we have final business case sign-off—we learn all that market intelligence. We have a really positive response from the market, which will help us further hone benefits and costs.

Q58 Nick Smith: Thank you, Ms Alder. Mr Chisholm, Ms Alder has talked about refining and scrubbing, and you have said that, maybe in three months, you will have a proper understanding of what your total benefits are. But how much can actually be saved for the taxpayer if this is done properly? Give us a ballpark figure, please.

Alex Chisholm: That is the figure I mentioned around adding up all the different benefits coming from the cluster business case at the moment—that comes to about £2 billion, against a £900 million investment. That is not the final number, because those cases are still being worked up, tested and validated—sometimes costs have a habit of coming out of the woodwork a little bit—plus we need to recognise that these are reprocurments, so we will have to see what the quotes are, which we have not had yet. But this is still a billion-pound opportunity.

Q59 Nick Smith: Let me get this right. You have invested £900 million, but you hope to get £2 billion in benefits. Is that right?

Alex Chisholm: £2 billion, yes. That is total economic benefits, not all cashable.

Q60 Mrs Drummond: You have talked about business cases, but the NAO Report makes it clear that, from previous experience with the ISSCs,



there was no integrated programme business case. You have talked about it now, but seemingly you did not actually put these business cases up front. Why did you not take up the recommendation to start with and put business cases in place? Going back to Mr Moores' point, would that not be much more helpful for others, so that they could see what was going on and take on the good bits of the business case?

Alex Chisholm: I think this is more on me, so let me try and answer the question. One of the few areas of slight disagreement between us and the NAO on their excellent Report is that, in our view, we are responsible for creating a strategy. We were very concerned to mobilise that quickly, understanding both the cost opportunities and that old systems are coming to the end of contract, so time was of the essence.

We did not want to put the cart before the horse in terms of all the detailed work on what the costs and benefits would be in actuality. We felt that that would have to be done at the cluster level and would require them to own that and work it all up, which they have done. Until we had that, we would not have that overall picture. It is a "cart before horse" or "chicken and egg"-type problem. We wanted to agree the strategy and to mobilise all five of those clusters. Two of them are now live systems, and the other three are all on track. That is going well, which is why we say we have made great progress over the last 18 months. We are now in a position to go back with detailed, up-to-date costs and benefits, and we will put that into a new case for change. I am totally confident that that will show that this is a massive saving and a big positive-value project.

Q61 Mrs Drummond: What about the risk management, then? If you had put that in the business case to start with, that might have saved a lot of money along the way. Although the Cabinet Office has introduced a new digital risk management solution, I do not think that each of the clusters has actually completed the assessment on how they have addressed past recommendations. Have they done that since the Report?

Alex Chisholm: Not 100%. I think the clusters have all had lessons learned exercises and embedded them. The Synergy cluster, for example, have just done their outline business case and are about to do their full business case. The outline business case explicitly goes through all the lessons learned and says how those are addressed in their programme in the way forward. What we have not got, as the NAO has correctly observed, is all those returns back from Departments. That does not mean to say that they have not done that within the clusters.

Peter Schofield: Just from a Synergy perspective, we were always very clear that we would be producing a business case that had all the different elements that are required. Obviously, the strategy was produced in 2021, and we mobilised very quickly. I remember that, at one of the first meetings that we had, when we brought together the accounting officers of the four Departments, we sat down and we had a lessons learned workshop. We went through all the things to learn from 2016 NAO Report



and our own experience in ISSC2. We also learned from other organisations. For example, we had Hampshire County Council in, which had something similar in their setting. All of that came together in a workshop, which all of us were present for. As Alex said, that meant we were then able to set out in some detail in our outline business case in the summer how we were doing all of the different elements required in a business case, but including risk management and lessons learned.

Q62 Mrs Drummond: The Treasury also requires business cases. Do you think that is why you only got the £300 million? Will Departments have to add to that to go forward?

Alex Chisholm: No. The £300 million was, if you like, kind of an earmarked figure within the reserve, because at that time, when SR21 was coming together, Departments were putting in their ideal bids—"In a perfect universe, this is the amount of money that I would like to be given to me."

Mrs Drummond: Twice as much, or more.

Alex Chisholm: They were ambitious both in the amount of central funding that could be allocated and how long it would take to go through the process and what the spend rate would be. Also, do not forget that this was before the re-procurement, so these were relatively speculative numbers. A huge amount of work then happened over the next six-month period, with Cabinet Office and Treasury working with the individual cluster leads, and I think we got them into much better shape. Given the gap now between the ear-marked amount, which is £300 million for this SR period, of which we have got two and a quarter years to go, and what Departments were looking for, which was more like £400 million, and given the timing differences and the potential from competitive procurement, I think we will be pretty close to what we need in that period. Already those initial business cases have been approved, so nothing is waiting on approval—all Departments are steaming ahead and we are in delivery mode.

Peter Schofield: Just to build on what Alex said, the timetable is a challenge in terms of the spending review, which was November 2021—we should think about that in the context of the strategy launched by the Cabinet Office in 2021. We put bids in, but they did not benefit from the business case work that had been done. Since then, talking from a

Synergy point of view, we got our business case into the Treasury last summer. In October, we got approval from the Treasury, and with that came £80 million of additional funding. That is what we reckoned we needed to get ourselves through to the final business case stage, which, as Debbie said, we are looking to put in by the autumn, and certainly by the end of the calendar year, with a view to approval in time for the procurements—the actual signing of the contracts—some time in spring next year, 2024. There will then be a conversation about the funding that



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takes us into the end of the spending review period, to March 2025. That is when that conversation will happen.

Q63 Mrs Drummond: Is there any back-up if you do not get that funding? Have you looked at another scenario just in case?

Peter Schofield: As part of our business case, we looked at four different scenarios. The one that we put forward is our full transformation option. Obviously, you could move more slowly, but we then have the challenge that we talked about earlier—the fact that our extended contract with SSCL, which we are negotiating now, will finish in October 2025. We need to have these conversations with the Treasury. They are business-critical systems. You could go slower on the transformation; that pushes benefits to the right and means that we miss the opportunities. We will make all these points in our discussions with the Treasury when the time comes.

Q64 Mrs Drummond: The clusters have each done this quite differently. They have not calculated the costs and benefits in a consistent manner. It is not clear how the cashable benefits have been calculated, as there are different ways and different timescales. We have also talked about KPIs and what KPIs will do for delivery. Does that all cause a problem in getting this through quickly? Will it delay things?

Alex Chisholm: No, it did not, because they have been approved, but you are absolutely right that the opportunity for cross-cluster comparisons between costs and benefits and KPIs is absolutely the focus of the work. That is the main thing that Nathan and his team are working on now and over the next few months.

Chair: Mr Nick Smith.

Nick Smith: Flick asked my question.

Chair: Okay. Anne Marie-Morris—back to you. This is like pass the parcel.

Q65 Anne Marie Morris: It is. On the challenges, if I asked you, Mr Chisholm, to look at the five clusters and say what the biggest risk is for each of them, what would you say? Perhaps we can ask Mr Schofield to give an answer on his Synergy cluster, but will you give me your thoughts on the other four?

Alex Chisholm: I think we are over the risk period with Hera and most of MOD, or certainly the civilian part of MOD, because they are already live and deployed. The others have the process of procurement. The level of change required for the Synergy cluster is not that great. It is second generation—it is an upgrade. I do not want to downplay the challenges for my colleagues, but I think that is probably more straightforward. For the other two, Matrix has the most work to do. There are also complications in the BPS set-up there—

Q66 Anne Marie Morris: Sorry, what is the BPS set-up?



Alex Chisholm: Business process services. For all the work on shared services, we have software systems, the integration around that and business process services as well, which are sometimes outsourced. Those are the different layers of this particular cake. There is a complication because the Business Department is the owner of the part about business, so it owns part of the operation.

Q67 **Anne Marie Morris:** Mr Moores, if I asked you that question and you went through all five—I will ask you to include Mr Schofield's Department, as you have oversight over all five clusters—and I asked you what would keep you awake at night for each of those clusters, what would it be?

Nathan Moores: For Defence, it is to build on the good work of going live with HR and to scale that at finance. For Hera, it is to stabilise the service that they did a sterling job of launching in November and to share all those lessons with the other four clusters. For Synergy, which is so big and important, it is to get to that new technology solution. For Matrix, again, it is to use the service requirements to bring those eight Departments together, and particularly the full rapid adopters, around agreeing that new ERP solution and a decision on future BPS. And on Unity, which is building off an existing configuration, it is to make sure that that meets those customer user needs.

Anne Marie Morris: That was very clearly put, Mr Moores; that is very helpful. On how you will measure whether or not you have success for each of those problems in each of the five clusters, what are the KPIs? I am not interested in process ones; I am looking for KPIs specifically about the change programme.

Nathan Moores: As the NAO flagged, we have the BAU KPIs and we are working on the future ones. But this benefits piece of work that we have talked about, which we are evaluating—we are going to have boots on the ground from the end of January—will help us with measuring those change KPIs, which are the things we will use to track, to make sure that the clusters are delivering to their programmes. We should also note that the clusters are accountable and are leading those. They have experienced programme teams built around the SROs, the PDs and the project manager workstream leads, and they have their own internal assurance.

Q68 **Anne Marie Morris:** Okay; that is very helpful. Can I turn to figure 9, which is a rather depressing picture of the end-of-life dates for Departments' enterprise resource planning systems? We see that, this year, we have two coming to the end: International Trade and BEIS. In '24, it gets worse: we have Digital, Culture, Media and Sport, along with Transport. Then, as the years go on, it gets worse. The years '23 and '24—that is almost like today. What do you have in place, by way of a plan, for each of those Departments hitting their deadlines in '23 and '24, to help them when you get to the end of the contract if you have not, by



then, been able to come up with a new way forward that everybody has bought into? Frankly, that is unlikely by this year and '24, I would have thought. Mr Chisholm, do you want to have a crack at that one?

Alex Chisholm: In essence, it is a combination of upgrade, whereby the existing deployed software systems are moving out of support and we are moving towards the upgraded version of Oracle, whichever one it is; extend, in some cases, by adding on a year or two, or however many is necessary for the current contract duration; and then, obviously, reprocure. Those are the three elements of being able to deal with this problem.

Q69 **Anne Marie Morris:** So which approach are you doing specifically?

Alex Chisholm: It is different for different Departments, and I emphasise again that we are supporting Departments. The action is within Departments at the cluster level, but maybe you would like to say some more on that, Nathan.

Nathan Moores: To ensure continuity of service, there is an initiative that we are working on with Synergy and Matrix, which is being led by the Cabinet Office, to extend service provision while Synergy and Matrix roll out their new service offering. In the other organisations in BEIS, as Alex has said, they are working not only to extend the contract but to upgrade the solution that they currently have in place so that they get support from the suppliers, which means that it is cyber-secure.

Q70 **Anne Marie Morris:** So are you telling me that for each of the Departments within each of these clusters that gets to an end point in '23 or '24, there is already a plan in place, using one of those three mechanisms to ensure that they will not fall over?

Nathan Moores: Yes, exactly that. The clusters have workstreams or projects in place to give service continuity while the strategy is delivered.

Q71 **Anne Marie Morris:** With the cost implications of that being?

Nathan Moores: The Cabinet Office is managing the cost of running one of the projects, and BEIS is doing that for DIT. I do not have the exact figures to hand for the extension work in Matrix, but I could supply those. I could check those with the Matrix team.

Q72 **Chair:** If you could, please do. You might not have the exact figures, but do you have a broad scale? What is the ballpark figure?

Nathan Moores: I would put the run cost at under £10 million.

Q73 **Chair:** In the grand scheme of things, that is a lot of money.

Nathan Moores: Not given the service continuity of paying.

Q74 **Anne Marie Morris:** And those figures are reasonably accurate and firmed up, so no supplier is suddenly going to turn around and say, "Actually, it's going to be x% more."



Nathan Moores: There is a detailed, costed plan in the Cabinet Office, and I just need to find out what is going on in the Matrix on the costs. I have just given you that run figure, which is probably lower than £10 million.

Q75 **Anne Marie Morris:** To what extent have those numbers been factored into the business case, or is this on top of whatever you put in the original business cases?

Nathan Moores: The work in the Cabinet Office and Matrix is outside of the funding envelope—the £300 million that we have been discussing about delivering the strategy.

Alex Chisholm: Because there is more business as usual.

Chair: Ms Alder, you look like you want to say something.

Debbie Alder: Thank you. I was just going to go back to some evidence that I gave earlier in the Committee. Figure 9 shows the dates for technology. There could be a “figure 9b”, which would show the contract ends for the business process services. That is the one for us in Synergy, which is kind of the burning platform. As I mentioned earlier, it comes to an end in October '23, and that is where we are currently in negotiations. The Chair asked whether we will therefore be held to ransom, and I said I do not think so, because they are potentially interested in the bigger prize, which is that, in parallel, we are going out for the longer-term contracts. I think that’s how we can try to ensure—we are using all our commercial expertise from Cabinet Office and in Departments—that we try to avoid being held over a barrel for further increases in costs. It’s a relatively small prize for the extension versus actually being part of the future procurement.

Q76 **Chair:** I want to come back to Mr Chisholm on this. In the Home Office, we have seen a terrible situation with the emergency services network moving from Airwave to that. There were slightly more complex issues there because there isn’t a forward programme, but one supplier is making money on both sides. Frankly, it does have the Home Office over a barrel. Have you talked to the Home Office to learn any lessons from that?

Alex Chisholm: I am very aware of that programme, and also that there is a competition case, as you know, about being on both sides of that.

Q77 **Chair:** Which you can’t talk about. But have you been looking at that for lessons learned?

Alex Chisholm: Absolutely. We are not in that situation here.

Q78 **Anne Marie Morris:** Ms Alder, thank you for that and thank you for talking about where there perhaps is more of a risk. While I hear the warm words—why wouldn’t they because it’s in their interest to do a deal with you—what plans have you got in place if you can’t reach agreement?



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Debbie Alder: One of the things about operating in the civil service system is that we can leverage our colleagues in Cabinet Office for the Crown commercial reps. So many of these suppliers, while we are talking about a specific contract, have significant business with Government more broadly. That is where we can leverage that experience because of the wider, longer-term relationship with Government.

Q79 **Anne Marie Morris:** But that's just more leverage. If the leverage doesn't work, where are we then?

Debbie Alder: There is a limit to what I can say at the moment because we are literally in the middle of that negotiation.

Q80 **Anne Marie Morris:** Okay, but my question is not about where you are going to get to in that negotiation. My question is, what if the negotiation fails? It is hypothetical.

Chair: Or perhaps any negotiation, to take it out this context. If a negotiation with a supplier failed, what would be plan B?

Debbie Alder: Plan B would be to work with our Crown commercial reps to look at what our alternatives were.

Q81 **Anne Marie Morris:** Are you doing that now? It all sounds very cosy and I'm sure it will all work, but if it doesn't, it seems to me that looking at plan B after plan A if negotiations have failed is perhaps the wrong way round.

Debbie Alder: I can assure you that we have business continuity plans in place.

Q82 **Anne Marie Morris:** Are those something you are able to share with us or are they confidential?

Debbie Alder: So, I think we—

Peter Schofield: We are in ongoing conversations with our supplier on this, so there is a limit to what we want to say.

Q83 **Chair:** We might want to talk to you privately. We will discuss that after the meeting. Would that be possible? We have private briefings on quite a lot of things.

Peter Schofield: Exactly right. You almost asked me, Ms Morris, what my top risks were, then you went to Nathan, and he gave a brilliant answer, so maybe I got away with it. Within Synergy, I think there are three broad sets of risk. One is the one we talked about earlier in terms of the funding risk. Do we get funding for the rest of the spending review period off the back of the final business case? That's one.

The second is the whole point about a tight timetable. We are looking to extend the contract with SSCL for a further two years, but that will then be it. We then need to make sure that we've got the new BPS provider in



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place in time to take over from that. I'm thinking about the transition from one supplier to another, so we'll try to give ourselves a year to do that transition. Linked to that is Nathan's point about making sure we've got a software provider who is going to give us everything we need for all four Departments.

My third risk would be one where I'm actually delivering the benefits that we have set out to deliver. You're rightly, as a Committee, challenging us in terms of, "Can we now deliver what we've said we would do for many, many years?" Well, now is the moment we've got to.

The financial pressures on us as an organisation and the expectations that people have of us to deliver outcomes for citizens are such that we have got to make this count. We've got to make it work. That is why we, as accounting officers in Synergy, have put so much store in the work around benefits realisation—all the things we were talking about earlier, such as the working groups. We are committed to this, to driving outcomes. But it is a risk, and we need to make sure that we deliver on that.

Those would be my three risks, from a Synergy perspective.

Q84 Anne Marie Morris: That is very helpful. Now, Mr Schofield, the Department for Work and Pensions is very important to most of our constituents; you provide an incredibly valuable service to all of them. I know we are talking here about the back office rather than the front office, but if the back office falls over and your payment systems or some of your contracting arrangements go awry, what might be the implications for your front-office system and therefore our constituents?

Peter Schofield: What this does not cover is the actual payment of benefits. If you are comfortable with the context of DEL costs and AME costs, this is really around the DEL costs.

Q85 Chair: Ms Morris is really asking what the real-world consequence is for the public—the taxpayer and then the citizen user.

Peter Schofield: This is how we pay our contractors, through this system, and how we pay our staff. This is how we procure new commercial contracts. This is how we manage our human resources work, in terms of recruitment and bringing people into the organisation. It is crucial. I talked at the very beginning about it being a business-critical part of our organisation. There is business continuity baked into the nature of this system. I am confident about this, as I am with all the other businesscritical elements of DWP. They have to work, so you are right: what we deliver is a critical part of national infrastructure. But, as I said, this isn't actually the payment of benefits; this is the management of the accounting of the payment of benefits. The payment of benefits we run through our own central payment system.

Anne Marie Morris: Thank you.



Q86 Mrs Drummond: I want to ask about recommendation e: “Departments should establish cluster-level governance arrangements to avoid duplication in decision-making and to embed the cluster model. It should no longer use existing departmental governance routes to approve high-

level strategy decisions.” In the report, at paragraph 1.12, it says that only Matrix has a joint investment committee, although I gather, Ms Alder, you have weekly meetings. What can be done to improve that governance, to ensure effective decision making?

Peter Schofield: In Synergy, we have a single programme SRO. We have a memorandum of understanding, a bit like they have for Matrix. It is actually signed at director general level rather than at accounting officer level; we are looking at whether we should raise that. But the crucial thing is that we have a lead accounting officer, in me; the accounting officers together approve the different stages of the business case production. We approve them before they go on to the Treasury, so we make sure that we are all agreed in that single way. We then have the regular meetings that Debbie described, at director general level. Then we have an SRO for the programme, and a single programme team, which is complemented by local teams within each Department, which think specifically about how we are implementing the Synergy solution in each Department. That is the way the governance comes together.

Debbie Alder: May I add to that? This is part of our learning as well. When we were doing the initial SR bid, as Peter has described, it was literally four independent Departments and we were talking to commercial in four Departments, HR in four Departments, investment committees in four Departments, and so on. For the OBC, the outline business case, when we took that through governance, we did that in seven weeks, which actually, for the whole governance—that’s what we call keyholders. Instead of doing that independently, we had all our commercial directors together; we had all our HR keyholders; we had all our digital keyholders; and, indeed, we have got the internal audit. We have asked, and they are currently doing an audit of how we did our governance through the outline business case. They are due to report to us in Synergy at the programme board at the end of January, so that we can take forward recommendations for further improving our governance.

Q87 Mrs Drummond: Mr Chisholm, is that reflected in the other clusters, or does each cluster have completely different governance sets?

Alex Chisholm: They are comparable, particularly between the three new ones—Matrix cluster, Synergy and Unity all have the same basic model—but it is obviously different for MOD and Overseas, because in each case it is effectively one Department.

Q88 Nick Smith: Mr Moores, going back to the earlier discussion on KPIs, there was some concern around the table that your KPIs were process KPIs. I want to push you a bit further to tell us more about the other KPIs that you could be using, please.



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Nathan Moores: The KPIs I am referring to, apart from the BAU KPIs, are trying to support projects and programmes in delivering their change and, as the NAO flagged in its Report, to ensure that they are on track with their workstreams, approvals and delivery, and to track when that slips. They are not like BAU KPIs; they would be taking the information from the project and programme reporting to produce a balanced scorecard that tracks who is delivering to plan, who might be slipping behind plan and, when individual teams are slipping behind plan, what we are going to do collectively to support them.

I was then indicating what the future world will look like. When we have new services with underpinning technology, we will have what our future service requirements will be, so not just rolling forward what we are measuring currently, but setting benchmarks that are stretching for the technology suppliers and the service providers, and that are on a par with external organisations and other federal and state institutions.

Q89 Chair: That could be things like speed of payroll.

Nathan Moores: A lot of our payroll targets at the moment are KPIs that we inherited through the noughties. We have rolled forward that level of accuracy. Part of the work that we want to do between January and April is to look externally at what is current good practice.

Alex Chisholm: The current figures are very high—payroll accuracy was 98.5% and invoice accuracy 99.5%—so it is super-accurate, but for modern systems—

Q90 Chair: That 1.5% of civil servants is a lot of people.

Alex Chisholm: Exactly. Also, there are things like the ease-of-use net promoter scores, which are much more the modern way of measuring service quality.

Q91 Chair: You are benchmarking with other Government bodies around the world and in the UK, and with the private sector.

Alex Chisholm: Yes.

Nathan Moores: We have been trying to work with the private sector, but they tend to work through wanting to share non-attributable data, rather than comparing with individual organisations, so we are still trying to work that one. We might have to find a benchmark to link to the private sector.

Chair: That is interesting.

Q92 Sir Geoffrey Clifton-Brown: Mr Chisholm, taking everything that has been said today, it is clear that the better the clusters work, the bigger the supplier contracts become, and fewer and fewer people are able to tender for those. How will you keep the market competition in play to keep the costs reasonable?



Alex Chisholm: A great question again. One of the complex aspects of this has been that if we had moved towards a single system across all of Government, as well as the complexity and difficulty of that—difficult to achieve as well, and agree on—it would effectively have given a single contract to one provider, and obviously we do not really want to do that. We want a competitive market, so in the formation of the clusters we had more than half an eye on that. It allows for a proper competitive interplay between the main providers. As you can see from the Report, seven different ones are used across different parts of the estate at the moment.

I was really gratified to hear what Debbie was saying earlier about the response they have had: about 30 different people have responded positively to the request for their public information notice.

Q93 Sir Geoffrey Clifton-Brown: Allied to that question, a lot of Government expertise, not to say money, will go into the design of the contracts. Who will own the IP of those contracts?

Alex Chisholm: The approach we have taken to the design of the contracts has been a common approach across Government, rather than every Department and trust reinventing it, so it has been done through the Crown Commercial Service, which has a standard form set of common frameworks for the enterprise resource planning software, for the software integration implementation and for the business process services.

If you are a cluster head, that is one thing you do not need to worry about. That work has been done for you, and that documentation is available. You have got to just work out how to use that in a specific situation—what the duration needs to be, which was a point highlighted in the NAO Report, and other things that you want to customise for your particular circumstance. But the hard work is common frameworks and national pricing, which is very important. That means using our overall weight in Government to ensure we get a good deal there. That is already embedded in the set-up for the common frameworks.

Q94 Sir Geoffrey Clifton-Brown: I am not really sure I understand who will own the IP. Could you let us have a note of exactly how that is going to work—all those various intricacies? I do think that for a lot of these Government contracts, the Government are not paying close enough attention to who owns the IP and what benefit can be got out of those contracts when they are subsequently let to other companies.

Alex Chisholm: You are right. It is a complex question. Software is a service, and you license that, so we don't own the underlying IP. That will belong to Oracle, SAP, Workday and so on. On the other hand, we do own the IP for the business processes, I think, and for some of the data standards that apply. I will give you a better written answer after the meeting.

Sir Geoffrey Clifton-Brown: Very kind, thank you.



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Q95 Chair: We know there has been some sharing of that in a few contracts. Finally from me, you have a deadline of 2028, and you rebooted it in the last 18 months. We see some of that. What do you think the biggest risk is, and are you really confident in that 2028 date? It has been going on a long old time—since 2004—so tell us why we can believe 2028.

Alex Chisholm: My confidence has gone up, in a way. If you look at the whole arc we have over the last two and a half years, even though it took extra effort to form these five clusters, I think we have now used that time to build something that is much more deliverable than it would have been to try to do every individual Department together. It would be difficult for the market to meet that, because everyone would be asking for the same thing at the same time. We have learned a lot along the way as well. There is a much better common understanding of what we are trying to achieve. It is much more a pooling of talent, with people like Nathan moving across Government to help us learn from people's experiences. People such as Debbie have been at this for a long time and are continuing to lead very effectively. I feel much more confident about that.

Q96 Chair: That is good. Mr Moores and Ms Alder have acquitted themselves well today, but if they left, would it still be as strong, since you are relying on those two individuals?

Alex Chisholm: I would obviously be very sad about that.

Q97 Chair: But they are dispensable, are they?

Alex Chisholm: We have other experts as well. It is not only these two. It has become a really strong community, to use the phrase Nathan used earlier, of people who are committed to this. There is a lot of standardisation and embedded knowledge of documentation. We have also obviously been guided by the NAO and PAC for a number of years. It is in good shape. We are in year four of a 10-year strategy, and I think we are on track.

Q98 Chair: So it is in good shape and you are on track. What are the risks? What are the sticking points that could stop it? We have a general election coming, and the spending review is on the way.

Alex Chisholm: I would not have thought this would be the most contentious issue in politics.

Q99 Chair: I doubt it is going to be in any party's manifesto.

Alex Chisholm: This is all about better support services and lower cost, and also managing the risk with modern systems. All of that is good. Obviously there could be delays and it could move a bit to the right, but I think there is a burning platform both with the existing systems, which need updating, and with contracts that are coming close to expiry—plus the fact that all these are invest-to-save cases. Everyone wants to move to the new lower costs, because the old systems are a pain to use, for



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starters. People are calling for that. I am pretty confident that we are going to continue to deliver on that.

Q100 **Chair:** If a cluster fails, will you just migrate it to a successful cluster?

Alex Chisholm: I suppose it would depend on the nature of the failure. If there were a software failure or something like that, you would probably look at the software house that has provided it. If it was one of the BPS systems, you would have to look at it. The Departments won't fail; Government carries on, but it would depend on the nature of the issue.

Chair: Thank you all for your time. The transcript of this session will be available on the website uncorrected in the next couple of days, and we will be producing a report before the Easter recess. That is all I can say. I am getting more and more like a civil servant, aren't I, with these very vague dates? But there is a whole Committee that needs to agree these reports; it is not just down to me. Thank you very much for your time.