

TITLE OF PROJECT

NHS Net N3 Project

OGC Gateway review: Gateway 2 – Procurement Strategy

Status of report: Final Report

Senior Responsible Owner: <Text Redacted>

Review Date: 28th April 2003 to 2nd May 2003

Review team:

<Text Redacted>



Office of Government Commerce

Background

1. National backbone IP network services are currently provided to NHS under two framework contracts, with BT and Cable and Wireless. (Specific services are procured locally, under these frameworks, for periods of around 3 years). The framework contracts are due to expire in December 2003 and February 2004 respectively, so an immediate driver for the project is to secure the ongoing provision of these services.
2. However, the world has moved on a long way since the original contracts were let, and the need to re-tender provides a significant opportunity to reappraise NHS needs in the light of:
 - operational experience of the current services
 - the emerging requirements of the wider NHS IT strategy and infrastructure architecture
 - developments in the telecommunications industry.
3. The aims of the Project are to:
 - satisfy the wide-area broadband networking requirements of NHS for the next 7 - 10 years
 - provide stability and continuity in the transition from the current to the new service
 - provide demonstrably excellent service to the NHS which meets the core clinical needs of the NHS
 - enable the NHS to benefit from new networking developments as they become available
 - support the developing clinical and business requirements of the NHS
 - provide best value for money at all points
 - enable patient access to information
4. The specific deliverable of the project is a signed contract for the procurement and implementation of an improved and modernised network, managed as a service at an affordable and realistic cost.

The driving force for the project is best expressed in three principle business drivers that underpin the demand for NHS wide networking:

1. Expectations of the Department of Health to use technology to drive efficiency improvements throughout the National Health Service. These expectations are embodied in a raft of new, IT intensive, national infrastructure solutions. Many of these solutions are currently being used (NHS Direct; NHS Strategic Tracing Service etc.) Far more are in various stages of procurement, development, piloting and launch (Integrated Care Records; NHS University; NHS email etc.) Each one of these initiatives represents a high-value and high-need project in its own right. More significantly, each has an inbuilt requirement and expectation of the presence of a national NHS IP network.
2. Local demand to share NHS information across increasingly far reaching healthcare communities. There are a very large and growing number of business and clinical reasons for NHS organisations to communicate electronically, both internally and externally. Even communications within single organisations often travel considerable distances. Communications to other NHS organisations often follow a geography that is defined by clinical specialty and pockets of

3. Fit with Central Government policy, outside of the NHS. A number of central government initiatives are aligned with this project, including: Government Secure Internet (GSI); Broad Band Britain and the National Infrastructure Security Co-ordination Centre (NISCC). This alignment is both direct, in terms of increasing broadband capacity across the country and also indirect, in terms of the desire to encourage, work with and coordinate private sector investment in national infrastructure.

The position of the Project in the procurement process is at the stage of issuing an OJEC to determine expressions of interest and begin contractor selection.

An earlier review following Gateway principles was carried out at the equivalent stage to a Gateway 1 in OGC terminology.

Purpose and conduct of the review

Purpose of Gateway 2: Procurement strategy

- Confirm the outline business case now the project is fully defined.
- Ensure that the procurement strategy is robust and appropriate.
- Ensure that the project's plan through to completion is appropriately detailed and realistic.
- Ensure that the project controls and organisation are defined, financial controls are in place and the resources are available.
- Confirm funding availability for the whole project.
- Confirm that the development and delivery approach and mechanisms are still appropriate and manageable.
- Check that the supplier market capability and track record is fully understood (or existing supplier's capability and performance).
- Confirm that the procurement (or acquisition approach) will facilitate good client/supplier relationships in accordance with government initiatives such as Achieving Excellence in Construction Procurement.
- Confirm that appropriate project performance measures and tools are being used.
- Confirm that quality procedures have been applied consistently since the previous review.

Conduct of the review:

The Gateway 2 review was carried out from 28th April 2003 to 2nd May 2003 at NHS Information Authority Office, 1st Floor, Block B, Tavistock House, Tavistock Square, London. WC1H 9HR.

The team consisted of:

<Text Redacted>

The people interviewed are listed at the Appendix.

The Review Team would like to thank the N3P Project Team and others outside the team for their support and openness, which contributed to the Review Team's understanding of the Project and the outcome of this review.

Conclusion

The Review Team finds that the project is established on a sound basis and under control and in a position to move forward to the next phase of the project. The documents such as the OBC and the PID are well founded and the documentation is comprehensive. The responsible SRO is now clear and the Programme Advisory Group is now well structured with both a policy and a technical group. Whilst they could be improved the relationships to application projects needing to use N3P have been established and are being acted upon including a clearer understanding of the relationship with Broadband Britain.

Status of Project

- The project is assessed as **GREEN**.

Summary of recommendations

The Review Team finds that the following recommendations are;

Critical before next review

- 1. To review the project plan to take into consideration the approval and negotiation timescales and the OBS review cycle together with other major risks identified.**
- 2. The approvals process needs to be clarified and documented. The extent of support provided by the NP programme office for N3 should also be formally documented.**
- 3. The project should press for release of a draft contract from the NP at the earliest opportunity.**
- 4. The project needs to urgently establish a transition plan.**
- 5. The project team should establish a sufficiently clearly costed set of requirements to permit the necessary project funding to be identified and formally locked down.**
- 6. There is a need for an early start to an evaluation strategy and plan.**

Potential improvements

- 7. Produce a resource plan that covers the necessary resources throughout the procurement and including succession planning for people in key posts.**

8. **The relationship of the IA to the National Programme needs to be clarified and disseminated.**
9. **To establish user groups covering a wide range of users and stakeholders and to consider using facilitators to assess the level of user awareness of the project and to recommend how it can be enhanced.**
10. **There needs to be a closer working level collaboration between the Broadband Britain and N3P project organisations.**

Potential for success

1. The program plan is tight and fair-weather with a risk of the approval process taking longer and also the negotiation procedure being extended if a PPP/PFI or SPV solution is the way forward.
2. The project team have made a conscious decision to limit the review of the OBS to the PAG and the technical group, and not to out to the wider community. The OBS is to be presented to key groups such as IT managers in May, but the timetable does not allow for any substantive comments and associated amendments to be taken back into the OBS. Time needs to be built into the schedule to make amendments to the OBS following user consultation and comment.
3. Considering the relatively short time being given to the suppliers for their responses, project risk could be reduced by utilising the time given to users to review the OBS by issuing an early release of a draft OBS to long listed suppliers to aid the speed and quality of their responses in due course. This might also give an opportunity to shorten the formal response time.

Recommendation

To review the project plan to take into consideration the approval and negotiation timescales and the OBS review cycle together with other major risks identified.

4. Resources are still tight, but seem to have coped well to date. There is an opportunity to get procurement legal and commercial expertise from the national programme. However this still needs to be implemented. More resource will in any case be required at key stages of the project e.g. evaluation and negotiation. Expertise such as that embodied in the Millar Hutchison contract is crucial to the success of the project. This contract needs to be reviewed and renewed as a matter of urgency.

Recommendation

Produce a resource plan that covers the necessary resources throughout the procurement and including succession planning for people in key posts.

5. The review team understand that a head of procurement for National Programmes has been appointed and has approved the procurement plan. However during the review there was not any documented evidence presented that the NP has given formal approval to the procurement plan.
6. There is currently no project support office for N3P; a project support officer is to be recruited by the end of May and the project will be using the National Programme support office. The review team were concerned whether this will give the N3P team the support needed to manage the project.

Recommendation

The approvals process needs to be clarified and documented. The extent of support provided by the NP programme office for N3 should also be formally documented.

7. The main clauses and outline schedules of the IT version of the standard NISP contract are apparently being drafted by the National Programme but are not yet available to the project. The project needs early sight of the draft to ensure it meets the project needs and inform the way ahead.

Recommendation

The project should press for release of a draft contract from the NP at the earliest opportunity.

8. The earlier review run on Gateway 1 lines recommended the creation of a transition plan. This has not yet been actioned. The need is increasing in urgency, particularly in view of the current update to the existing net.

Recommendation

The project needs to urgently establish a transition plan.

Review of current phase

1. It is recognised that the National Programme is relatively new but the review team considered that there appears to be insufficient clarity about the roles and responsibilities between the NHSIA and the National Programme with respect to N3P. There is a need to update the PID to reflect the recent change of SRO and sponsorship of N3P. It is also not clear where responsibility for contract ownership and management will lie after contract award, as the NP carries out a procurement function and if NHSIA for example were to hold the contract then they need to be involved in the approvals process and through to contract award.

Recommendation

The relationship of the IA to the National Programme needs to be clarified and disseminated.

2. A communication plan is in place involving the use of the web site, bulletins, events and the future establishment of user groups. Communication generally has been well received but the process still requires the users to be proactive and there is evidence that knowledge of N3 at grass routes is patchy. The review team are concerned that despite the level of communication, there appears to be a lack of feedback from end users.

Recommendation

To establish user groups covering a wide range of users and stakeholders and to consider using facilitators to assess the level of user awareness of the project and to recommend how it can be enhanced.

3. There is a clear understanding about how and when the SPVs established by Broadband Britain will be used by the N3 contractor to deliver service, and that N3P can use other contractors in the intervening time. It needs to be clear that Broadband Britain and N3P sit comfortably together from a quality of service point of view as well as value for money. This is a key relationship for the success of N3P. At present N3P are represented on the Broadband Britain Programme Board but not vice-versa. This appears to be due to resource issues in the Broadband Britain team at present.

Recommendation

There needs to be a closer working level collaboration between the Broadband Britain and N3P project organisations.

Business case

1. The Outline Business Case is a well structured document that continues to demonstrate a business need. Various options are explored and the preferred options seem to offer satisfactory value for money potential. The OJEC gives flexibility to the potential suppliers to respond with a commercial arrangement that can be either a PFI/PP/SPV arrangement. This seems appropriate under the circumstances, but the real driver to the procurement is the need to utilise both NHS expertise and Private sector commercial expertise within the integrator and this needs to be spelt out clearly to potential bidders.
2. The OBC has received approval from the DOH and Treasury.
3. The Procurement Strategy is aligned with and reflected in the OBC.
4. The current costs are within budget and the project is still deemed affordable. However whilst the review team recognised that robust costing is difficult at this stage, they were concerned about the overall affordability as at present it is difficult to determine how much it will really cost to provide the service the user wants. Only when more robust costing is available will it be clear that the project can be funded in full. It is not clear that the funding has been formally allocated to the project, where it will come from and whether it is really locked down. The project team are relatively confident at present that the proposed level of funding will be adequate, however there is a significant risk that, if the funding were not

Recommendation

The project team should establish a sufficiently clearly costed set of requirements to permit the necessary project funding to be identified and formally locked down.

5. The project is of interest to the private sector and they have shown a willingness to respond to the commercial arrangements being proposed.
6. The evaluation strategy has not yet been developed and this is a weakness that needs to be resolved. The procurement still has several options within the two basic choices of either an integrator with the flexibility to be able to change providers to achieve best value, or a Telco being the integrator. A PPP/PFI or conventional option is still possible with the SPV way forward now left to the industry to bid if they wish to. The evaluation process and criteria, and having resource with sufficient expertise, are key as they may be evaluating bids that are “apples and pears” due to flexibility left in. The project team may need visibility of the bids to main suppliers if Telcos bid for the integrator package in parallel to acting as suppliers to competitive integrator bids. Evaluation will be a continuing process throughout the procurement.

Recommendation

There is a need for an early start to an evaluation strategy and plan.

7. The review team noted that the OJEC notice called for a 7 – 10 year contract period for the integrator and considered that the lower end of this range is more appropriate.

Risk management

1. The major risks have been identified, and considered in determining the procurement strategy. There are risk management plans in place and the process is under control, with external interfaces being addressed.
2. The risk mitigation activities have not yet been incorporated into the project plan but this is being addressed.

Readiness for next phase – investment decision

The programme plan and Outline Business Specification have been prepared together with an approved OBC and comments relevant to this section have already been included in the above sections of this report.

LIST OF INTERVIEWEES

<Text Redacted>

SRO - REVIEW FEEDBACK FORM

Once completed please send to, Office Manager, Gateway Team, Trevelyan House,
Great Peter Street, London SW1P 2BY

<p>OGC Reference Number for Review:</p> <p>Programme/Project Title:</p> <p>Department:</p> <p>Gateway Review: 0 1 2 3 4 5</p> <p>Project Risk Level (please indicate) High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/></p>	<p>Date of Review:</p> <p>Your name:</p> <p>Your Role in the Project:</p>
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Your feedback on various aspects of the Review are an important aspect of ensuring that Best Practice is maintained and that OGC can learn from your experiences. Please respond to the questions below, and add any further comments at the end of this form.

STATEMENT	Disagree Strongly 1	Disagree Somewhat 2	Neither agree nor disagree 3	Agree somewhat 4	Agree Strongly 5
<p><u>IMPACT ON THE PROJECT</u> Overall, this review was beneficial and will impact positively on the outcome of the project</p>					
<p><u>THE REVIEW REPORT</u> The Report's conclusions and recommendations were clear, concise and understandable</p> <p>The Report recommendations will enable me to achieve improvements in project outcomes (i.e. cost, schedule, functionality)</p>					
<p><u>THE REVIEW ITSELF</u> The Review was conducted on a timely basis</p> <p>The time taken for the Review was appropriate for the Risk level and stage of the Project</p> <p>The Review met my needs</p> <p>The Review exceeded my expectations</p>					

<p><u>THE REVIEW TEAM</u></p> <p>The skill and experience levels were appropriate</p> <p>The approach used was appropriate (i.e. style, method, pace)</p> <p>Review Team members related well to the Project Team</p> <p>Ideas, concepts and suggestions were effectively presented</p>					
<p><u>THE REVIEW TEAM (continued)</u></p> <p>Satisfactory responses were given to issues raised</p> <p>The Review Team Leader fulfilled his/her role effectively</p> <p>Overall, the Review Team were an effective team</p>					
<p><u>GATEWAY PLANNING MEETING</u></p> <p>(Please answer the questions below if a Planning Meeting was conducted prior to the Project Review)</p> <p>This meeting was worthwhile</p> <p>This event increased the effectiveness of the Review</p> <p>The session facilitator's style, method and pace reinforced learning amongst the group</p> <p>I would recommend such a meeting to others</p>					
<p><u>QUALITY OF SERVICE FROM OGC</u></p> <p>OGC personnel were easy to contact and provided a satisfactory service with timely and helpful responses to my queries</p>					

FURTHER COMMENTS

Please use this section to comment more broadly on the Project Review and/or Planning Meeting

- What comments do you have about the Review and/or Planning Meeting content (e.g. what you liked, what should be added, or removed)?

- What comments do you have about the Review Team Leader, Review Team Members or facilitator for the Planning Meeting?

- What comments do you have about Project Review or Planning Meeting administration/logistics?

Describe any requirements for further help, or concerns that might hinder you in successfully applying the results of this Review to your project.

Name.....Signature

Date.....