

TITLE OF PROJECT

NHS National Programme for IT (NpfiT) New National Network N3

OGC Gateway review: Gateway 3 – Investment Decision

Status of report: final

Senior Responsible Owner: <Text Redacted>

Review Date: 6 – 9 January 2004

Review team:

<Text Redacted>



Office of Government Commerce

Background

There are currently two national framework contracts with BT and Cable and Wireless which deliver the NHSNet Wide Area IP Network throughout the NHS in England. These contracts were let in 1992.

Over the period of the contracts NHSNet has grown to a position where it underpins a number of important business functions within almost all NHS organisations. So far over 10000 connections have been set up.

The nature of the technology has advanced considerably in the last ten years and the framework arrangements have increasingly failed to keep pace with these changes or to offer continued value for money (VFM) in the light of Telco changes and the reduced cost of bandwidth. This has led to an increase in local procurement of services outside the national framework contracts.

The BT and Cable and Wireless contracts expire in September 2004 though contracts called off from either framework can continue for up to three years beyond the date the framework expires.

The aims of the N3 project are to connect all NHS clinical and management staff to the NHS network to enable access to operational and management network resources such as clinical systems and databases, email and web information resources. This will enable the delivery of three critical national services – electronic records with clinical tools, electronic transmission of prescriptions and electronic appointment booking.

The driving force for the project is a requirement to update the NHS Network infrastructure in support of some key government initiatives including implementing the NHS Plan through the Information strategy for the NHS 'Information for Health', the E-Government initiative and the Broadband Aggregation Project.

The procurement has proceeded to BAFO stage. There have been a number of iterations in the formal BAFO process and further exchanges with bidders are planned. The current date for award of contract is 13 February.

An earlier review following Gateway principles was carried out at the equivalent stage to a Gateway 1 and a formal OGC Gateway 2 review was completed in April/May 2003.

Purpose and conduct of the review

Purpose of Gateway 3: Investment decision

- Confirm the business case and benefits plan now that the bid information has been confirmed.
- Check that all the necessary statutory and procedural requirements were followed throughout the procurement process.
- Confirm that the recommended contract decision, if properly executed within a standard lawful agreement, is likely to deliver the specified outputs/outcomes on time, within budget and will provide value for money.

- Ensure that management controls are in place to manage the project through to completion.
- Ensure there is continuing support for the project.
- Confirm that the approved procurement strategy has been followed.
- Confirm that the development and implementation plans of both the client and the supplier or partner are sound and achievable.
- Check that the business has prepared for the development (where there are new processes), implementation, transition and operation of new services/facilities.
- Confirm that there are plans for risk management issue management and change management (technical and business) and that these plans are shared with suppliers.
- Confirm that the technical implications, such as 'buildability' for construction projects and (for IT-related projects) impact of e-government frameworks such as e-GIF, e-business and external infrastructure have been addressed.
- Confirm that recommendations from the Gateway 2 review have been addressed.
- Confirm that the Accounting Officer has provided a note of assurance for the project file that the project has been assessed against the NAO/OGC list of common causes of failure.

Conduct of the review

The Gateway 3 review was carried out from 6 January to 9 January 2004 at Princes Exchange Leeds and other locations in London and Birmingham. The team consisted of:

<Text Redacted>

The people interviewed are listed at Appendix A .

The Review Team would like to thank the NHS N3 Project Team and the other people interviewed for their support and openness, which contributed to the Review Team's understanding of the project and the outcome of this review.

The documentation made available to the Review Team is listed at Appendix B.

Conclusion

The Review Team finds that the project remains soundly based and managed, with a great deal of progress achieved within an extremely tight timetable. Documentation is thorough and comprehensive and reflects the professional approach that is evident throughout the project. Award of contract is planned for 13 February and subject to the outcome of final negotiations we would expect that date to be achieved. The contract is quite complex in specific areas such as charging and the detailed knowledge reflecting the negotiations which have led to the development of the final agreement resides within the relatively small project team, several of whom are contractors or external advisers. Effective knowledge transfer will be key to the successful implementation and operation of N3.

The relationship with the Broadband Britain initiative has developed and been clarified since our last review and there seems to be a common understanding about how it will work and what the fall-back arrangements are.

There is a note on file from the Accounting Officer giving assurance that the project has been assessed against the NAO/OGC list of common causes of failure in IT projects and that none apply in this case.

Exemplars of good practice

Programme and Project Governance and supporting documentation

Managing a programme of major projects to such a tight timescale has undoubtedly necessitated comprehensive programme and project governance arrangements which seem to us to have worked very effectively for this project. The supporting documentation delivered to a common standard across the programme was extremely thorough and comprehensive for N3.

Supporting documentation for the Gateway review

The team found that the documents produced by the project which provided its response to the Gateway 3 workbook questions and the NAO/OGC common causes of failure in IT projects to be a very helpful start to the Gateway review process.

Procurement Timetable

N3 has demonstrated that a tight procurement timetable can be achieved with a dedicated and capable project team and suppliers that are prepared to make the same commitment.

Status of Project

The project is assessed as **green** against the following criteria;

- Red – To achieve success the project should take remedial action immediately.
- Amber – The project should go forward with actions on recommendations to be carried out before the next OGC Gate.
- Green – the project is on target to succeed but may benefit from the uptake of the recommendations

The recommendations contained in the OGC Gateway 2 review have been implemented or otherwise actioned and we make further recommendations below on two of them.

Summary of recommendations

The Review Team finds that the following recommendations are;

Critical before proceeding

None

Critical before next review

We recommend that a resource plan should be developed which includes a succession plan for critical posts.

We recommend that a clear transition plan should be drawn up detailing the phasing and prioritisation of activities throughout the transition phase of the project which follows contract award.

We recommend that the impact of local standing orders on local call-offs from N3 should be reviewed to consider whether it may be appropriate to issue at a national level some form of clarification as to their operation in respect of the purchase of N3 services.

We recommend a continued and concentrated focus on the Broadband Britain dependency so that it is not allowed to prejudice the success of N3.

We recommend that a fully integrated approach to the provision of Help Desk services, across the whole of the NHS, should be developed and deployed.

We recommend the early development of advice on national and local funding to be communicated to all NHS staff with a responsibility for finance matters in this area.

Potential improvements

We recommend that the importance of the demand and capacity planning function within the infrastructure services operation is highlighted and given a high priority within that part of the organisation.

We recommend the development of a benefits realisation plan.

We recommend consideration about how business exploitation of the new contract can be achieved at local level.

We recommend that clear lines of responsibilities for service and contract management need to be established for the N3 contract once the contract is awarded.

Potential for success

Succession Plan

Delivery of N3 depends critically on a number of key individuals with a good understanding of the context and background to the project. As the national programme moves forward, it is imperative that there is a clear understanding as to how these roles will continue to be filled in the future and that there is effective knowledge transfer.

We recommend that a resource plan should be developed which includes a succession plan for critical posts.

Transition Plan

It is vital that full attention should now be given to a number of issues which will arise in the upcoming transition phase. Schedule 4 of the contract describes arrangements for

the migration of services, including in particular the contractor's responsibilities for managing the migration process. However in addition attention needs to be given to:

- Interworking of NHSNet facilities with N3
- Communication of timing and nature of transition to users
- Managing user expectations
- Continuing management of NHSNet facilities as part of overall infrastructure
- Developing/communicating clear roll out plans for new N3 facilities
- Implementation of new national allocation algorithm
- Matching roll out of N3 facilities to priorities of overall National programme
- Satisfying the expectations of managers of local legacy networks
- Managing issues arising from the call off of services through the RABs

Planning the alignment of activities throughout the transition phase of the project is vital.

We recommend that a clear transition plan should be drawn up detailing the phasing and prioritisation of activities throughout the transition phase of the project which follows contract award.

Demand Planning

Demand for use of the N3 network has two constituent parts:

- i) demand that will transfer across from the current NHSNet network;
- ii) demand for new activities that this enhanced network will facilitate.

Whilst the demand level from (i) is clearly known, at least initially, the demand level from (ii) cannot be assessed with a high level of confidence.

The national allocation algorithm will determine priorities for the allocation of centrally funded services. Concerns were expressed to the team that user expectations of the level of services provided by this free at the point of use service are greater than that which will actually be provided.

To underpin the operation of the national allocation algorithm and to provide a basis for value for money assessment, it is important to establish the total requirement for WAN services across the NHS.

We recommend that the importance of the demand and capacity planning function within the infrastructure services operation is highlighted and given a high priority within that part of the organisation.

Review of current phase

It is clear that the project has been managed well to date, with all milestones up to contract award being met despite the aggressive timetable. The two week delay in the planned award date for final negotiations with bidders needs to be set against the two months clawed back earlier from the original timetable.

The project team is small for a project of this size and complexity but has been able to deliver competently because of continuity in the membership of the team and their individual capability.

Governance arrangements and project documentation are of a high standard though some documents need updating eg to reflect the recent change of SRO.

There seems to us to be a real commitment by all those involved from NPfIT, NHSIA, Broadband Britain and NHS users to make this project successful.

Business Case.

The Final Business Case (FBC) has been developed using the five case model. It is comprehensive and continues to demonstrate the business need. The scrutiny process is well underway and final comments from DH Capital Investment Branch are to hand. HM Treasury need to be assured about affordability but none of the points outstanding are seen as major and FBC approval is expected within the timescale for award of contract.

The major benefits from the National Programme will flow from the success of the national projects such as care records and e-booking which are supported by N3. Nevertheless the FBC does list the investment objectives against which the success of the project could be judged and we recommend the establishment of a 'benefits' realisation plan to address this requirement.

From our discussions with CIOs and other 'end users' who will benefit from the new infrastructure services it is clear that investment in and exploitation of new technology at local level varies enormously across the NHS. It seems to us that there could be significant benefits from demonstrating, perhaps through the successful bidder, what is possible from the new contract and we recommend consideration as to how that might be achieved.

We recommend the development of a benefits realisation plan.

We recommend consideration about how business exploitation of the new contract can be achieved at local level.

Risk management

Catalogue re-competition and local rules

Much of the value of the N3 project will be achieved through the call off, by local purchasers, of services from the N3 contract to meet specific local needs. We understand that many local purchasers may feel compelled under local standing orders to subject such N3 orders to competition at local level. There is a risk that such additional processes will get in the way of the achievement of the full benefits of the project.

We recommend that the impact of local standing orders on local call-offs from N3 should be reviewed to consider whether it may be appropriate to issue at a national level some form of clarification as to their operation in respect of the purchase of N3 services.

Broadband Britain

It is anticipated that the N3 supplier will call off connectivity (layer one) services from RABs, thereby contributing to the creation of “Broadband Britain”. For the NHS, this creates a dependency on the successful operation of the Regional Aggregation Board (RAB) processes to deliver timely value for money services required. To a large extent this risk is covered by the provision that the N3 supplier is entitled, indeed obligated to seek alternative sources of supply where the RABs are unable to deliver either timely or vfm services. However, in practice, it is likely that the operation of such alternative sourcing would take some time to put in place and could result in delays in the delivery of services.

We recommend a continued and concentrated focus on the Broadband Britain dependency so that it is not allowed to prejudice the success of N3.

Readiness for next phase – readiness for service

Service and contract management

There needs to be certainty as to where responsibility for service and contract management lies so that these responsibilities can be effectively managed. It is understood that it is proposed that an end to end service management centre for the whole national programme will be established in Leeds and that specific service management of the N3 contract will be provided from Birmingham.

We recommend that clear lines of responsibilities for service and contract management need to be established for the N3 contract once the contract is awarded.

Rationalisation of Help Desk Services

The provision of Help Desk services has been thoroughly considered and developed by various elements of NpflT. Help Desks will be provided by the N3 Service provider, by the LSPs and NASP in addition to the large number of Help Desks currently available within the NHS.

The end user needs to have only one contact number wherever possible with problem ownership, diagnosis and remedy completely transparent.

We recommend that a fully integrated approach to the provision of Help Desk services, across the whole of the NHS, should be developed and deployed.

Funding Issues

There are general assumptions about the way national and local funding will be applied in future but there needs to be greater clarity about funding sources and annual budgetary arrangements so that there are no overlaps or gaps in funding provision and a common understanding across the NHS about how funds will be utilised.

We recommend the early development of advice on national and local funding to be communicated to all NHS staff with a responsibility for finance matters in this area.

Next Review

The next OGC Gateway review (Gateway 4) is expected in September/October 2004.

Appendix A

LIST OF INTERVIEWEES

<Text Redacted>

APPENDIX B

List of Documentation made available to the Review Team

N3 GATEWAY 3 DOCUMENTATION

National Programme Documentation	
	NPfIT Programme Initiation Document
	Project Governance Arrangements
	Approvals Timeline
NPfIT Procedures	
	Work Breakdown Structure
	Develop and Maintain Work Breakdown Structures
	Prepare and Maintain Plans and Schedules
	Update Schedules and Actual Progress
	Develop Control Budget
	Prepare Cost Forecasts
	Develop Cost Breakdown Structure
	Risk Management
	Control Programme Change
	Document Management Procedure
	Procurement Document Management Procedure
	Approvals
	Dependencies
	Manage Programme Issues
N3 Specific Documentation	
	Gateway 3 Document
	Project Profile Model
	OGC Common Causes of Failure
	Communication Plan
	Implementation Strategy
	Procurement Strategy
	Implementation Schedule (P3 Stage Plan)
	Project Agreement including Schedules (including National Allocation Algorithm)
	Full Business Case
	Programme Initiation Document
	ISBAFO Documentation (Financial model, Evaluation materials)
	Supplier Designate's BAFO response to schedule 6.1 contingency arrangements
	Evaluation Criteria for BAFO
	BAFO Evaluation Results
	BAFO Evaluation Report
	PBAFO Evaluation Process
	PBAFO Evaluation Report
	PITN Evaluation Process
	PITN Evaluation report
	Minute of PAG Agreement of Full Business Case
	Project Board Minutes
	Minute of Project Board Approving under-run
	Formal NHSIA/NpfIT Agreement - acceptance of resource requirements
	NHSIA approval/payment process
	NPfIT Monthly Reports
	NPfIT Mid Month Reports
	Risk Log (inc Post Gate Risk Log)
	Outstanding Issues Log
	P3 Schedule (Project Plan)

	Letter of assurance from Accounting Officer
	Managing LSPs paper
	Gateway 2 Report
	Gateway 2 Response
	Statement of FBC scrutiny status as of 7 January 2004