

Digital Transformation with the Institute for Government

Event Summary

11 June 2018

Digitalisation is one of the Civil Service's top priorities so ACE welcomed the opportunity to discuss the issues public bodies need to consider when facing this challenge. ACE Chair Graham Farrant opened the event, discussing the approach HM Land Registry is taking to digitalising its services, having identified that digital transformation could revolutionise how public services are delivered. This event was a workshop with discussions led around each subject.

Standards

Daniel Thornton, Programme Director at the Institute for Government's led discussions on standards that can be used when digitalising a service.

Using a set of standards can ensure consistency, quality and interoperability of the service provided. Underpinned by a governance network, they can be collectively agreed or emerge naturally from markets, developed by national or international standards bodies. While most participants were familiar with some of the principles of the government's digital standards (user focus, accessibility, interoperability), few were aware of the government's three digital standards: the Digital Service Standard, the Technology Code of Practice (least familiar) and the Open standards for government data and technology. There was consensus that more work needs to be done to disseminate the standards outside central government.

Participants viewed that while the standards are useful for smaller programs, they are less suitable for large-scale transformations of big, interconnected systems that interact with many other frameworks. It was felt that they can fail to take into account the different culture of departments, and sometimes disregard the public's fundamental concerns, (such as getting paid on time), in favour of other "bells and whistles".

The focus on user research does not take into account the difference between internal and external facing systems, causing inconsistencies in the standards. Since most digital transformations are for internal services, they do not require as much user testing.

Prioritising cost reduction, rather than improving customer experience, can be counter-productive. This can limit organisations' ability to deliver comprehensive transformations, which would save more money in the long-term, instead reducing most digital transformations to small improvements to the existing frameworks.

Digital standards also do not reflect the challenges of legacy systems. Government is not a start-up, and transformations are restricted by the existing frameworks. Organisations must balance the dilemma between upgrading current systems or building new ones and 'parallel running'. 'Parallel running' seems the default instinct but there are many issues with the practicalities, found when the detail is examined. Many programs/data formats require consistency across years, which add another layer of complexity. Building new systems is also challenging when you do not know what they should look like and cannot conduct user research. It is very useful to know what you do not want in these cases.

Particularly for small/medium organisations, the standards can also create barriers of entry to digitisation. The pressure of constant supervision from an independent board can significantly slow down momentum early on. There is however a lot of support available from the Government Digital Service, (GDS), and resources for the small organisations.

For the standards to be helpful, they must be applied with intelligence, balance and proportionality. A good process should not be confused with good outcomes. More flexibility is needed as solutions change over time, so there needs to be a change in legislating to regulate lasting services. While it is less dogmatic than it used to be, GDS's reputation as being unnecessarily restrictive carries over, which remains an issue.

Services and user centred design

Digital Design Leader Kate Tarling examined the approaches that can be taken when designing services.

Digitalising services can be a licence to re-designing everything so organisations. Therefore, it is worth identifying and understanding all the services provided, why they are offered, their cost, significance and quality. It is also important to understand how customers use the services. The amount of transformation to be undertaken will determine the approach. It may also be difficult to define the outcomes at the start of the process. Therefore, it is important consider what the transformation wants to achieve.

Whilst it may be tempting to totally digitalise services, consideration should be given to accessibility, for example, not all older people and those in prison have access to web-based services.

Difficulties with designing a system may not necessarily sit with the technology but be cultural, so it is important to bring employees and customers on the journey to digitalisation.

Changing the way services are delivered can reduce costs for organisations and service users. Some service users may be other public bodies, such as local authorities, so it is important to consider what works for large-scale consumers. However, simplifying services can lead to significant increases in work. For example, when the traffic penalty adjudication service was digitalised, due to the improved service, many more people used it.

Digitalisation can open up the market to data owned by public bodies. Therefore, it is necessary to have 'ethical walls' between different parts of the business. Whilst some services may be free, others may be paid for. Consequently, it is important to ensure the service is professional to ensure other businesses do not take it over.

Digital transformations may not only improve the service delivered to users, but may also change the workplace, which can become more flexible. This can make it more competitive, which is useful given the 1% pay cap.

The measures of success may be examined by looking at the policy, the users' experience, and efficiencies made, so it is important to identify the metrics that will be used to measure performance. Whilst HM Treasury may want a fiscal value of the benefits that transformation will achieve included in the business case, it can be difficult to provide this.

The governance of transformation

Sally Howes, Senior Fellow at the Institute for Government led a discussion on the governance of transformation. This covered the role of programme managers, finance directors and senior leadership teams at different stages of the programme lifecycle: writing business cases, financial approval, implementing the programme, the transition to live and eventual programme closure.

1. Start with the outcome.

Agreeing a shared vision for the transformation early on is crucial to success. Organisation and programme leaders need to be clear on where they see their organisation being in five or ten years' time and what it is they want the transformation to achieve. This should be agreed with boards and other key stakeholders, and understood by staff across the organisation. One participant argued that if the desired outcome cannot be explained in a paragraph, it is probably not a good goal.

2. A single, large programme is rarely the best way to do transformation.

Transformation can sometimes be done more successfully through 'business as usual' than a programme. Transformation affects a whole organisation, so it should be integrated in the organisation's wider strategy. Doing transformation in this way can help encourage a culture of continuous improvement. However, several participants had found that it was easier to get funding for a new project or programme, than for an increase in day-to-day spending to fund transformation.

If transformation is done through a programme, it should be broken down into smaller, but well-integrated, projects. Keeping projects on a 'human scale' is necessary to keep track of evolving risks. Frequent, smaller milestones allow teams to build up knowledge as they go, and reassess the direction of the overall programme.

3. Be proportionate with business cases

Writing a long business case can be easier than writing one that is clear and concise. More detail does not necessarily mean the programme team has a better understanding of the risks, or is better able to manage them. The detail should be proportionate to the level of knowledge you have at the time and funding needed at each stage of the transformation.

4. Be honest - uncertainty exists

One of the challenges many participants' organisations faced was accepting the uncertainty and risk that are part of transformation. Business cases often give a false sense of certainty around costs and timeframes. A good business case writing process will force you to work out the areas of risk and uncertainty, and how you will monitor and manage them. Many found programme teams were wary of being open about risks out of concern this would make financial approval by their own boards or by HM Treasury less likely. Whether or not this is the case, unrealistic business cases cause problems further down the line in managing transformation. When programmes inevitably stray from them, it can weaken

support from boards or HM Treasury for that programme and future transformation. More understanding of risk and experience of transformation at senior levels, and greater trust between programme teams and approval boards will hopefully allow for more honest business cases.

5. Adopt a venture capitalist approach to risk

Some participants with private sector experience said that boards and senior leadership teams could learn from the way venture capitalists (VCs) approach risk and involve themselves in projects. VCs only give significant amounts of capital to people who have a proven track record. They use all the products they are funding to get an understanding of the user experience. They understand that 'pivoting' (changing direction when something is not working) is an ok thing to do as long, as it is not done too often. VCs use data to compare different projects in different companies. This helps them to understand what is needed for success, recognise when things are going very wrong and provide advice. They will direct project teams to people in other companies with more experience. Finally, VCs stay close to the company and provide ongoing challenge, rather than advise from a distance.

6. Use ongoing feedback, data and communication to aid decisions

The uncertainty involved in transformation means programmes will need to evolve over time. Open communication between those working directly on transformation and those managing the organisation can allow this to happen.

Many transformation programmes are using agile management techniques. One of the benefits of this is that they are constantly monitoring progress so there can be a more continuous flow of detailed information to the board or other senior leaders. It can take time for boards to adapt to making decisions on this basis but participants agreed that it leads to better decisions that lead to greater improvements. This was compared to when boards have to make decisions based on six-monthly board reports.

7. Use the 7 Lenses of Transformation

The Infrastructure and Projects Authority (IPA) and GDS recently published the [7 Lenses of Transformation](#) to help build a common language around transformation and suggest 'health checks' for different stages. The IPA has been using this framework to support and assure transformation programmes for two years. Some participants had found the framework helpful for engaging their senior management team, and agreeing a shared vision for transformation.

The Transformation Peer Group for senior leaders (led jointly by the IPA and GDS), and the broader [cross-government transformation community](#) can provide useful advice to those involved in transformations or leading transforming organisations. Both groups share experience, best practice and can offer informal assurance.

Other issues

During the course of the workshop, other issues that arise when digitalising services were also commented on.

There was a concern regarding oversharing data, and questions on how you can prevent your code from being accidentally shared by other departments.

The larger the scale of transformation, the more difficult it is to deliver in an agile way. The advantage is that it can ensure the transformation can keep up with technology changes at every stage, ensuring the service delivered is not outdated when finalised. It is however, resource hungry, fails to account for the culture of departments, and politicians do not understand it.

The platforms gov.notify and gov.pay are considered to be useful. Gov.verify can be useful for specific sectors (mortgages) but the verification process is too cumbersome for most.

It was suggested that releasing better data (in better formats) could be preferable to running the service, in sectors where there are incentives for the private sector to deliver the service.

Concern was expressed about losing ownership of the datasets, for example postcodes, when outsourcing services.

GDS remains unsuitable for large scale transformation, does not reflect the challenges of legacy and does not take into account the challenges of the big picture. There has been progress, but more flexibility is needed. The whole service view is difficult but worthwhile.

CONTEXT Government Transformation Strategy

February 2017

“a significant step change in the way a government organisation delivers its service and in the way it operates”

- Transform citizen services
- Make government more efficient
- Implement new policy - to achieve a very long term outcome

<https://www.gov.uk/government/publications/government-transformation-strategy-2017-to-2020>

Transformations are different from traditional major projects

- Need multiple interdependent elements to be delivered concurrently
- Implement new operating models - new business processes need to be delivered while continuing to maintain legacy services
- Organisation redesign and culture change - new organisational structures and expectations. Staff adapting to new ways of working
- Location change - estates rationalisation to deliver efficiencies or changing where services are delivered to improve user experience by co-locating services and teams
- Highly digitally-enabled, designing and delivering new digital front-end services or improving the back-end

Implications for finance & governance

- More open and iterative approach to planning (cycle of experimenting, measuring, learning and iterating)
- Less certainty on costs and benefits at the outset
- Pursue multiple parallel approaches rather than focusing on a single preferred option too early
- Higher levels of risk are necessary – interested in issues that condition transformation success; behaviour change, delivery pace and ability to manage organisational distress

Still early days

New approaches run counter to best management practice developed for major capital or infrastructure programmes. Still viewed with suspicion as best practice only now emerging

Organisation leadership team

Is the AO/CEO and Board set up to lead the organisation through change & agreed what is needed from it?

- Is there a unifying vision for the future transformed organisation – and is the leadership in the driving seat for communicating this (to staff and the public)?
- Is there an incentive to transform?
- Is the balance of change through operations versus programme correct and best value for money? (How do you know?)
- Are those whose work will change properly involved?
- Is the leadership team skilled in overcoming inertia and breaking through the old ways?
- Does the Board have systematic oversight of uncertainties, dependencies, risk and value for money?
- Is the Board organised for agility and speed, and comfortable with programmes and paths adapting as conditions change?

Programme team

Are the conditions right to produce a simple & clear business case for transformation?

- Is the strategic vision commonly understood & accepted?
- Is the right skill & experience available?
- Is it clear what leadership expects (dealing with uncertainty, risk appetite, approach)?
- Is it possible to make a convincing value for money case for transformation when it is loss making at a programme level?

Is the environment conducive to keeping the business case alive and changing?

- Is the team experienced & confident in transformation?
- Is the team using robust data to suggest when different direction are needed? Are they able to be open about this?
- Does the organisation have a learning culture

Does the environment support and reward collaboration so that the SRO is not pressured to focus on what they can control?

- Are individual SROs effective portfolio players?
- Do they have the right relationships with operations?
- Are the transitions from programme to operations part of an organisation-wide service management approach and not individual tailored?
- Do the service owners and benefit owners have resources to manage onward incremental change?

Programme lifecycle

Business case phase

Is financial scrutiny & approval being under taken in context?

- Is decision making aligned with the organisation’s overall plan and avoid piecemeal programme approval?
- Are there clear dependencies with related programmes?
- Do the approvers know what to look for in transformation (ie not looking for unrealistic certainty in budget or plans, not looking for a single preferred option too early, not penalising higher risk as long as it is managed)?
- Do financial constraints not unwittingly reduce success in desired transformation outcomes?

Implementation

Is there sufficient experience & common language to operate all lines of defence well?

- Is there sufficient mutual trust and confidence in the transformation experience & knowledge of the team & the assurers?
- Does assurance recognise the changes that IPA have made to their approach? This recognises the differences to major programmes such as capital programmes.

Transition to live & programme closure

Approval & assurance teams organisation, Department & Treasury

THE 7 LENSES OF TRANSFORMATION

Published 8 May by the Transformation Peer Group
<https://www.gov.uk/government/publications/7-lenses-of-transformation/the-7-lenses-of-transformation>

Using the 7 lenses

- Apply throughout the transformation
- Aimed at departmental change leaders, including senior responsible owners (SROs), programme directors, chief digital officers & chief information officers
- Important for those governing & assuring transformation
- Proved to be equally applicable to any size of organisation

How the 7 lenses can help

The 7 lenses can give teams a common language and consistent framework for talking about transformation. They apply throughout the lifecycle of the transformation.

When **setting up your transformation** – to structure work and get started, define success, secure commitment from senior leaders & ensure you have considered everything to be successful

As a **health-check** at any time to establish how are you doing, what should be prioritised, assess if you will get there and what is missing

Those **assuring** projects have found the 7 lenses can help educate on transformation programme management, provide a different methodology, talk the same language and reduce the time required to become productive.

At **major project review points**, the lenses help an organization to have better conversations. It supports more effective governance & decision making.

Lens 1: Vision

Clarity around the social outcomes of the transformation are essential - setting out the key themes of how the organisation will operate

A compelling picture of the future that aligns stakeholders around the purpose of the transformation, the scale of the ambition and the nature of the benefits. It creates the case for change and describes the user needs, the social and policy outcomes of the transformation. It defines how the organisation will operate.

Lens 2: Design

Sets out how the different organisations and their component parts will be configured and integrated to deliver the vision

Having a coherent design is important because complex transformations need a view of how the whole picture fits together to deliver the vision - for example service design, technology architecture, people structures, processes and contracts - and how the transformation fits more broadly with other parts of the organisational context.

Lens 3: Plan

Needs to retain sufficient flexibility to be adapted as the transformation progresses while providing confidence of delivery

A roadmap for sequencing and managing interdependencies between the different elements and responsibilities across the transformation programme or activity. Helps to understand where you are heading and have a way to measure that the transformation is on track, while understanding how any critical services will be sustained during the change.

Lens 4: Transformation leadership

Delivering a transformation often means motivating a large network of people who are not under the direct management of the transformation leader

Whereas leadership of traditional projects tends to be about minimising uncertainty, transformation leadership is about creating the right amount of uncertainty to generate productive organisational distress. This requires a higher appetite for risk and an understanding that transformation can take a significant amount of time. Alongside specific programme delivery, transformation leaders need to bring together multiple interrelated disciplines, which will typically include organisation design, culture change and human resources activity.

Lens 5: Collaboration

A effective multidimensional environment that cuts across organisational boundaries is key to transformation

Citizens often require services from different parts of government at the same time. It is critical that leaders from all of the organisations involved design shared outcomes and services together. This means the Vision and Plan increasingly need to be actively shared and joined up across multiple organisations.

Sometimes, different parts of government require the same component to deliver the service - sharing components may be more efficient and deliver a better outcome for users of the service. Successful outcomes can only be achieved when people across organisational boundaries are doing the right work at the right time. This requires a shared view of sequencing and prioritisation.

Lens 6: Accountability

Having clear accountability for transformation within an organisation improves productivity and decision making, and leads to better outcomes

Accountability is about clearly defining the roles within the organisation and the transformation - knowing who is ultimately accountable for what, empowering people to deliver and holding them to account, internally and externally. As complexity goes up, the need for clearly defined governance becomes more important to deliver a successful outcome.

Lens 7: People

Transformation requires people to be engaged at every stage of the transformation and to change their ways of working

Engagement starts with those people who are affected by the programme and those that are supporting the transformation. Planning and implementing a comprehensive communication campaign is essential to keep people engaged.

It is important to have the right people with the appropriate skills and mindset to support your transformation. You will require skills from a number of government functions like policy, finance, project delivery, commercial and digital to work together on your transformation. Finding people with the right skills and experience is fundamental for success.