Treasury Minutes on the First to the Third
Reports from the Committee of Public
Accounts 2008-2009

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ERRATUM

On page 1 the second line should read as follows:

Ministry of Defence

Treasury Minutes on the First to the Third Reports from the Committee of Public Accounts 2008-2009

1st Report   Defence Information Infrastructure

2nd Report   The national programme for IT in the NHS: progress since 2006

3rd Report   Skills for life: progress in improving adult literacy and numeracy

Presented to Parliament by the Exchequer Secretary to the Treasury by Command of Her Majesty

March 2009

TREASURY MINUTES DATED 26 MARCH 2009 ON THE FIRST TO THE THIRD REPORTS FROM THE COMMITTEE OF PUBLIC ACCOUNTS SESSION 2008-09

First Report

Ministry of Justice

Defence Information Infrastructure

1. The Ministry of Defence (MOD) needs high quality information technology to achieve its goals, for the front line deployed on operations, for its predominantly UK based support functions and HQs, and as a Department of State. It is replacing hundreds of existing computer systems with a single new system, called the Defence Information Infrastructure (Future) (DII(F)). The Programme to design, install and run this is being led by the ATLAS consortium. Ultimately, the Department intends to have some 140,000 terminals supporting 300,000 users at more than 2,000 sites, and includes capability on deployed operations and Royal Navy ships. DII will be able to handle material in three domains; classified at up to Restricted, up to Secret and Top Secret.

2. The Programme began in March 2005 and is due to run until 2015. The Comptroller and Auditor General reported[1] the on contract DII Programme costs as £4.5 billion, including payments to ATLAS at £3.3 billion, and retained costs, including contingency for the impact of risks, at £1.2 billion. In January 2009 a fourth increment (the first at Top Secret level) was awarded increasing the ATLAS contract costs to £3.5 billion and retained costs to £1.3 billion.

3. Other costs, funded separately from the DII Programme, remain at £300 million for Departmental staff and programme management costs, and around £100 million for some legacy system costs. This brings the cost of delivering the four increments on contract to £5.2 billion, compared to the £4.9 billion for three Increments reported by the NAO.

4. There are other, separately funded, independent programmes costing £1.2 billion, which have been approved as necessary in their own right, but on which DII depends. Their inclusion gives a figure of £6.4 billion. Finally, there is an estimated £0.7 billion of work not yet on contract. These requirements are currently being assessed by the MOD. If these were to be approved, the current estimated cost of realising DII, including the cost of related programmes, remains £7.1 billion – as reported by the NAO. The forecast cost of the DII Programme has increased by an estimated £182 million (within 3% of the original programme estimates) and the Department has been able to protect benefits totalling an estimated £1.5 billion.

5. On the basis of a report by the Comptroller and Auditor General, the Committee examined the Ministry of Defence on the difficulties experienced on the DII Programme in the past and the measures put in place to deliver improvement in future.

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1   C&AG report HC 788 Session 2007-2008 4 July *The Defence Information Infrastructure*

> **PAC Conclusion (1): implementation of the DII Programme is running 18 months late against the latest completion date estimated at contract signature, and a further increase in the rate of rollout of terminals is necessary even to meet the Department's new deadlines. If the new deadline for completion of Increment 1 implementation by the end of January 2009 is missed, the Department should revise its target rollout rate downwards to a more realistic level for remaining increments to avoid any further inconvenience and wasted effort on the part of staff at sites preparing to receive the system.**

6.   The Department will act upon this recommendation should it prove necessary. Completion of Increment 1 was achieved in mid-February 2009 within weeks of the planned date. This provides confidence that the next key milestone, the rollout of 100,000 Increment 1 and 2a terminals, remains on target for end December 2009. During 2009 the Programme will implement the rollout of DII at its main headquarters – delivery to the Main Building in Whitehall began on 3 February following a successful pilot in October 2008 and Navy HQ at Whale Island began on 19 January following a successful pilot in September 2008. The Permanent Joint Headquarters (PJHQ) at Northwood, Air Command High Wycombe and the completion of the migration at Land HQ Wilton, will be achieved by October 2009.

> **PAC Conclusion (2): the longer it takes to complete the implementation of DII, the greater the risk that one or more of the Department's legacy systems will fail. The Department should ask ATLAS to start to monitor and report regularly on the health of legacy systems. Detailed plans for each legacy system should be developed, setting out:**
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> • **the work needed to maintain the viability and performance of the system over time;**
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> • **an estimate of the latest date on which a decision will need to be taken about commencing upgrade work to prevent system failure; and**
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> • **estimates of the likely cost of a major upgrade.**
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> **The development of these plans should be funded through the 5% management fee paid to ATLAS.**

7.   The Department accepts this recommendation and recognises fully that it must maintain the momentum of the DII programme to enable the earliest retirement of less capable legacy systems. In the meantime, and in comparison to performance prior to transfer, relatively good performance levels are being reported on those systems that are being maintained by ATLAS, prior to their replacement by DII(F).

8.   ATLAS notifies the Department of any service support and delivery issues either impacting or liable to impact novated legacy services. To date expenditure has been limited to replacing critical equipment deemed to be beyond economic repair and separate hardware maintenance initiatives for out of warranty hardware. Furthermore, ATLAS has been able to use spare hardware between systems in order to restore service to users.

9.   One of the determining factors in the programme of work and migration of legacy systems onto DII is the viability and performance of these legacy systems as they approach the end of their service life. DII is a benefits driven programme and provided the Department follows through with its current deployment plans for the remaining terminals which have yet to be put on contract, there will be no need for any major work on those legacy systems. The MOD and ATLAS have a joint team focussed on closing any outstanding legacy systems and equipment, while ensuring that the essential business needs of the units concerned are met through the capability provided by DII and any associated applications.

> **PAC Conclusion (3): to date, users of DII have expressed low levels of satisfaction with the new system, despite the major enhancement to functionality that the Department believes DII to be delivering. The Department should examine what the underlying causes of dissatisfaction are, covering issues such as the ease of transferring to DII, the adequacy of training and the user-friendliness of the system. Once it has identified where there are problems, it should address them swiftly to avoid permanent damage to DII's credibility among the user community.**

10.   The Department accepts this recommendation and is currently in the process of developing a new and comprehensive survey strategy that will address, among others, the points raised by the PAC. It will work with individual business units to align local user surveys with a centrally run annual survey to ensure engagement with all user populations.

11.   Using users comments to date from initial surveys and other feedback fora the Department and ATLAS instigated a programme of Service Improvement Plans (SIPS), as part of an overall extant programme of continuous improvement, that respond to specific observations of the DII system. These plans are jointly owned and managed at a senior level in the partnership. Where concerns have been raised these have been addressed by local ATLAS support teams when necessary or, more usually, through the DII Single Point Of Contact (SPOC) help facility. More generic issues have, via the SIPS, been corrected and incorporated by ATLAS into the overall programme as appropriate.

> **PAC Conclusion (4): the first military unit is to receive the deployable version of DII at the start of 2009, a deadline that cannot easily be moved because it uses planned periods of unit military training to induct personnel in the use of the DII system. The DII Programme team should keep commanders in the field informed about progress against this deadline to minimise disruption in the event of delay and, in tackling any slippage that occurs, should not cut the time available to train military personnel in how to use the system.**

12.   The Department accepts this recommendation. It has performed well in ensuring that the risks to the programme as a result of delays are managed by using robust management and governance structures to reduce both their impact and the probability of recurrence. The NAO conducted a detailed review of the management and governance structures of the DII Programme. The results were positive and illustrated how relationships and engagement have remained strong even in the face of difficulties.

13. These structures will continue to be utilised to ensure all the required elements of capability including training continue to be appropriately resourced and managed particularly in the area of the deployable DII F capability where synchronization with operational tour plots and communications with the Department's Front Line Commands is critical.

> **PAC Conclusion (5): the Department has more than half of the Programme left to deliver but has already spent £334 million of the £528 million risk funding with which it was provided. The Department should identify where the money it has spent on mitigating and addressing risks has been most effective and use this to inform its future spending in order to make the best use of the £194 million risk funding that remains.**

14. The Department accepts this recommendation. The Department recognised that the majority of the risk associated with the design, development and initial work on the rollout of DII would need to be addressed in the early phases of the programme, and contingency funding was profiled accordingly. With consistently higher rollout rates and the release of more capable software now being achieved, the Department's confidence that the programme can be delivered in line with estimates is increasing as roll-out progresses.

15. The Department will continue to manage its risk carefully and provide visibility of the risk being carried via its executive boards. Interventions to mitigate risk will continue to be made visible at the Strategic level to Programme Boards. Risk Management is a continuous part of the DII programme. A Joint Risk Panel oversees this process and a senior weekly joint Risks and Issues Board ensures mitigation actions are being taken and are effective.

> **PAC Conclusion (6): the Department has secured sufficient funding to deliver 140,000 of the Programme's requirement of 150,000 terminals. It needs to find savings through more efficient use of funding to deliver the vision of creating a single information infrastructure. An important way of achieving savings will be the use of legitimate means of reducing payments made to ATLAS, where the consortium's performance has not met the terms of the contract.**
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> **The Department should keep a record of each month when Key Performance Indicators have not been met or measured in the way stipulated in the contract and should either reduce payments to ATLAS immediately or use this information to maximum effect in future commercial negotiations. It should also maintain detailed records of costs incurred by other Departmental programmes as a direct result of the delays in implementing DII and use these in future commercial negotiations.**

16. The Department accepts this recommendation and maintains a complete monthly record of key performance indicators (KPIs). It has applied contractual abatements as appropriate when these are not achieved, and will continue to do so. The Department also maintains records of those KPIs that have not been measured in the manner stipulated in the contract and uses this in commercial negotiations. It is also is putting in place processes to capture costs incurred by other Departmental programmes as a direct result of the delays in implementing DII, for use in continuing commercial negotiations with contractors.

> **PAC Conclusion (7): on the basis of totally inadequate research, the DII Programme made a major miscalculation about the condition of the buildings into which the new system would be installed, with serious consequences for the delivery of the Programme to time. The Department should, for all future projects and programmes, conduct a thorough analysis of the dependence of the delivery of the project or programme on all other areas of activity, including requirements related to the estate and to training. Where accurate information is not available, assumptions should be prudent and cautious.**

17.   The Department accepts this recommendation and acknowledges that it underestimated the readiness of the Defence Estate to accept DII in the early stages of the programme. Lessons have been learned and action taken. The effect of the actions taken is now evident on the programme in its ability to maintain the required rate of rollout and where estates issues exist they now rarely hold up progress. These lessons have been captured and passed into the Department's project scrutiny community, the Defence Change Programme, as well as being followed up by the Defence Estates organisation.

> **PAC Conclusion (8): the Department did not conduct a pilot before commencing full implementation, even though the DII Programme was complex and the timetable ambitious. Even if the rollout methodology does not change substantially in future, the Department should set aside time to run a pilot before commencing work on each remaining increment of the DII Programme. This will allow it to recognise and reduce risks not previously encountered as it goes to new sites or attempts to install more functionality or more highly classified versions of DII software.**

18.   The Department accepts this recommendation. It decided it was impractical in the early stages of the programme to run pilots for the rollout to many sites because the sites themselves were so small, though it did trial the system itself within the Project Team's business unit. The Department has subsequently run business pilots at those major sites where configuration issues could lead to serious disruption and continues to do so. This has proved invaluable at Abbey Wood in Bristol, Main Building in Whitehall, and at the remaining major headquarters where a mixture of new capabilities have been successfully trialed with users before formal First User Live dates are declared.

19.   Where significant technological innovation is required, for example in the deployed and Top Secret environments, the Department and ATLAS have and will continue to use test facilities – demonstrators – to assess and prove the capability.

> **PAC Conclusion (9): the ATLAS consortium's record of delivering software on time is not good and, despite recent successes, large parts of the original requirement are still missing. Many of ATLAS' initial designs have been of a poor quality, which has forced the Department to increase its scrutiny of them. If the level of design errors increases again, the Department should reintroduce more onerous scrutiny and should not accept claims for increased costs that ATLAS incurs as a result. As soon as ATLAS's problems in designing software cause more delay to the overall DII implementation, the Department should oblige the consortium to bring in resources and expertise from a new contractor.**

20.   The Department will act on this recommendation should it prove necessary.. It currently provides core software through which users have universal and secure access to 375 applications as well as standard office tools such as word processing, email and internet access. This basic functionality has been in place since May 2006 and has supported the rollout of DII to users to date. A rationalised suite of applications is rolled out as and when their user populations migrate to DII. While there have been delays in delivering some of the software, the latest release (which includes secret capability) is now available and will allow the migration of the major Defence HQs during 2009 as planned.

> **PAC Conclusion (10): the problems with software design have been greatest where security features are concerned and it took over two years longer than planned to get a version of DII that could handle Secret material. Many of the security elements of DII software have been delayed, so the Department now needs to check that all designs are as robust as possible. It should incorporate any relevant recent developments in technology, to avoid any recurrence on DII of the data losses and security breaches on some of its legacy systems that have now come to light through the Department's recent review of its data security.**

21.   The Department accepts this recommendation. In pursuit of an issue identified by the NAO, the Department has reviewed and amended its engineering assurance processes, whereby it validates the contractor's designs, by instigating a lighter touch at design stage but a more in depth review during testing and trialling. Lessons learned from the delivery of early releases of software have been used to develop the plans for subsequent releases.

22.   Some delay has been driven by the Department's necessarily stringent security requirements, compounded by the complex requirement to link DII to legacy systems during transition; this link is required to maintain operational capability during rollout. A security improvement plan is in place.

> **PAC Conclusion (11): the Department currently has an undesirable record on data security when it should be amongst the best in Government. As well as completing the DII Programme without further delay, the Department should implement the other recommendations made in the Burton Report and, in particular, should make data security a priority for all its personnel, including through the use of robust disciplinary measures.**

23.   The Department accepts this recommendation and also fully accepted all 51 recommendations of the Burton Report. It has formed a dedicated team to ensure their implementation and by the end of March 2009, 43 of the recommendations are expected to have been achieved. The other eight are primarily focussed on embedding the long-term policy and cultural change.

24.   The Department has delivered an awareness and education campaign; 20,000 laptops have been encrypted; an information risk policy and Information Charter has been established; roles and responsibilities for Information Asset Owners have been identified; existing Data Protection Officer roles have been re-invigorated; and mandatory Computer Based Training on Protecting Information has been developed. Guidance on the disciplinary or administrative action that should be considered in the event of personnel committing a security breach has been re-issued.

25.   The DII concept allows for users to logon at any site worldwide, thereby addressing some of the data handling challenges, which the MOD faces.

Second Report

Department of Health

The National Programme for IT in the NHS: progress since 2006

1. The Department of Health (the Department) welcomes the Second Report of the Public Accounts Committee into the National Programme for IT in the NHS in England. The report acknowledges that many of the Programme's systems have been delivered successfully. The Department regrets that the deployment of IT systems to support acute hospitals through the NHS Care Records Service has taken longer than anticipated. However the Department agrees that care should be taken to deploy only products that are fit for purpose. The approach already being taken puts quality first and ensures the full involvement of the local trust in decisions to go live when the product and the trust are both ready.

> **PAC Conclusion (1): recent progress in deploying the new care records systems has been very disappointing, with just six deployments in total during the first five months of 2008–09. The completion date of 2014–15, four years later than originally planned, was forecast before the termination of Fujitsu's contract and must now be in doubt. The arrangements for the South have still not been resolved. The Department and the NHS are working with suppliers and should update the deployment timetables. Given the level of interest in the Programme, the Department should publish an annual report of progress against the timetables and revised forecasts. The report should include updates on actions to resolve the major technical problems with care records systems that are causing serious operational difficulties for Trusts.**

2. The Department accepts this recommendation. Whilst many of the Programme's systems have been delivered successfully, it is regrettable that progress has been slower than anticipated with the NHS Care Record Service at a local trust level. Some progress is being made and the Department continues to work closely with suppliers to ensure that software is fit for purpose before deployment. This approach ensures that quality takes priority over target dates before go-live and ensures that trusts are fully involved in the testing and sign-off of products.

3. The Department agrees the need to revise and publish new deployment timetables. However, precise go-live dates will always depend on quality and readiness criteria being met before deployment in healthcare settings.

4. The Department will consider the recommendation to publish an annual report of progress against the timetables and revised forecasts. This may, from 2009-10, take the form of a single document combining the Annual Report and the Annual Benefits Statement.

> **PAC Conclusion (2): by the end of 2008 the Lorenzo care records software had still not gone live throughout a single Acute Trust. Given the continuing delays and history of missed deadlines, there must be grounds for serious concern as to whether Lorenzo can be deployed in a reasonable timescale and in a form that brings demonstrable benefits to users and patients. Even so, pushing ahead with the implementation of Lorenzo before Trusts or the system are ready would only serve to damage the Programme. Future plans for deployment across the North, Midlands and East should therefore only follow successful deployment and testing in the three early adopter Trusts. This will mean that lessons can be learned before any decision is taken to begin a general rollout.**

5.   The Department accepts this recommendation, which reflects the current approach. The plan is for Lorenzo to be deployed and tested successfully in the three early adopter sites and for lessons to be learned before any decision is made on national implementation. Although not deployed fully throughout an acute trust by the end of 2008, the Lorenzo software was being used for clinical processes in the South Birmingham and Morecambe Bay Early Adopter sites as part of the process to deliver software to bring benefits for patients, clinicians and administrators.

6.   The Department is already taking the approach in the recommendation to ensure that the implementation of Lorenzo occurs only when trusts and the IT system are both ready.

> **PAC Conclusion (3): the planned approach to deploy elements of the clinical functionality of Lorenzo (release 1) ahead of the patient administration system (release 2) is untested, and therefore poses a higher risk than previous deployments under the Programme. The Department and the NHS should undertake a thorough assessment of whether this approach to deployment will work in practice. No Trust other than the three early adopters should be invited to take the first release of Lorenzo until it is certain that release 1 and release 2 will work effectively together.**

7.   The Department's approach with the three Release 1 Early Adopter sites has been to ensure that the Release 1 software and the existing Patient Administration System are thoroughly tried and tested together. Release 2 contains both clinical and Patient Administration System functionality and will be a replacement system for Release 1. This will be a significant upgrade and will be tested and managed carefully.

8.   The Department's approach with the three Release 1 Early Adopter sites has been to ensure that the Release 1 software and the existing Patient Administration System are thoroughly tried and tested together. Release 2 contains both clinical and Patient Administration System functionality and will be a replacement system for Release 1. This will be a significant upgrade and will be tested and managed carefully.

9.   Any specific issues for resolution will be identified as the Lorenzo releases are progressed and any new challenges are encountered. No trusts will be expected to take a Lorenzo Release until the functionality has been demonstrated to work in practice.

PAC Conclusion (4): of the four original Local Service Providers, two have left the Programme, and just two remain, both carrying large commitments. CSC is responsible for deploying care records systems to the whole of the North, Midlands and East after taking over Accenture's contracts. As well as deploying systems in London, BT is responsible for the N3 broadband network and the Spine.

In the light of the experience of Accenture's and Fujitsu's departures from the Programme, it is vitally important that the Department assesses BT's and CSC's capacity and capability to continue to meet their substantial commitments. The assessment should consider the impact on the strength of the Department's position of having only two suppliers responsible for the Programme's major components.

10.   The Department accepts this recommendation. The Department recognises the need to review suppliers' performance regularly for any signs of financial difficulties and has continually assessed the capability and capacity of its suppliers to deliver the Programme as part of its arrangements for supplier management. The contracts provide the Department with the right to undertake audits, including financial audits, and these have been carried out as appropriate. The contracts also permit action to be taken if a supplier's credit rating reduces. NHS Connecting for Health has, since 2004, engaged independent analysts specifically to monitor suppliers to identify emerging financial issues.

11.   The Programme's contracts have proved robust and protect the taxpayer through the principle of payment only on delivery. There are still two system suppliers for the NHS Care Records Service (iSOFT and Cerner) and two system integrators (Computer Sciences Corporation (CSC) and British Telecom (BT)).

12.   As a contingency, framework contracts were awarded to a range of companies last year to increase the number of potential suppliers to the Programme, thereby reducing the risk from supplier failure. Framework contracts were awarded to selected suppliers who can now compete for business if the need arises. These framework contracts are complementary to the existing suite of Programme contracts and provide contingency. The procurement exercise demonstrated a high level of interest among suppliers in developing IT for the NHS.

PAC Conclusion (5): the termination of Fujitsu's contract has caused uncertainty among Trusts in the South and new deployments have stopped. One option being considered for new deployments is for Trusts to have a choice of either Lorenzo provided through CSC or the Millennium system provided through BT. There are, however, considerable problems with existing deployments of Millennium and serious concerns about the prospects for future deployments of Lorenzo.

Before the new arrangements for the South are finalised, the Department should assess whether it would be wise for Trusts in the South to adopt these systems. Should either of the Local Service Providers take on additional commitments relating to the South, the Department should take particular care to assess the implications of the extra workload for the quality of services to Trusts in the Local Service Providers' existing areas of responsibility.

13.   The Department accepts this recommendation. Assessments of capability and capacity are key features in determining the future arrangements for the provisions of services in the South, following the termination of the contract with Fujitsu. Both BT and CSC will have to demonstrate their capacity and capability, and be subject to independent evaluation, to deliver across the wider area. However, the Department has not yet contracted with either of these suppliers and other options are not yet closed.

14.   No decisions have yet been made on the placing of the contracts for the South beyond protecting the position of those sites that had previously deployed systems from Fujitsu.

> **PAC Conclusion (6): the Programme is not providing value for money at present because there have been few successful deployments of the Millennium system and none of Lorenzo in any Acute Trust. Trusts cannot be expected to take on the burden of deploying care records systems that do not work effectively. Unless the position on care records system deployments improves appreciably in the very near future (ie within the next six months), the Department should assess the financial case for allowing Trusts to put forward applications for central funding for alternative systems compatible with the objectives of the Programme.**

15.   The Department agrees some of the principles behind this recommendation, in particular that trusts should not be expected to deploy care records systems that do not work effectively. However, it does not accept that the Programme is not providing value for money at present. Many elements of the Programme have been delivered and are working successfully and the principle of payment on delivery has provided protection for the taxpayer for items that are late.

16.   The Department remains confident in the potential of both Cerner's Millennium and iSOFT's Lorenzo to work effectively once development and testing have been completed. Trusts will not be expected to take the systems until they work effectively and they will be involved fully in the sign-off processes that lead to the implementation going live. Lorenzo will be tested fully in the early adopter sites before national implementation begins. In London, an improvement programme for Millennium has been completed successfully in the Royal Free Hospital, resulting in the approval by the NHS of a resumption of deployments to acute trusts across London.

17.   Although the Department does not agree the six-month timetable, it does agree that the position on the deployment of care records systems needs to improve appreciably over the coming months and it also agrees the principle of checkpoints as part of firm contract management. The Department has agreed to publish an annual report on progress. As the first of these will not be available until after the end of the 2009-10 financial year, the Department proposes to provide the Committee with a note on progress on the deployment of the care records service by the end of 2009.

> **PAC Conclusion (7): despite our previous recommendation, the estimate of £3.6 billion for the Programme's local costs remains unreliable. The Department intends to collect some better data as part of the process of producing the next benefits statement for the Programme. In the light of that exercise, the Department should publish a revised, more accurate estimate for local costs and, thereby, for the cost of the Programme as a whole.**

18.   The Department accepts the need for an accurate estimate of local costs. In line with the devolved governance structure of the Programme, local costs are managed by a hierarchy of local boards. Previous approaches to collate the information in an effective manner have proved unsuccessful. The Department will consult on how best to meet the Committee's recommendations in reporting local costs and benefits without introducing an overly complex procedure into the NHS.

> **PAC Conclusion (8): the Department hopes that the Programme will deliver benefits in the form of both financial savings and improvements in patient care and safety. In March 2008, the Department published the first benefits statement for the Programme, for 2006–07, predicting total benefits over 10 years of over £1 billion. There is, however, a lot of work to do within the NHS to realise and measure the benefits.**
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> **Convincing NHS staff of the benefits will be key to securing their support for the Programme, and the credibility of the figures in the benefits statement would be considerably enhanced if they were audited. We consider future benefits statements should be subject to audit by the Comptroller and Auditor General. The Department should also review achievements under the Programme so that lessons can be identified and shared where products and services are working well.**

19.   The Department accepts this recommendation. The first Annual Statement of Costs and Benefits (for 2006-07) prompted questions about the local costs element of the expenditure and the ability to measure benefits satisfactorily. It is acknowledged that progress in resolving these matters has been difficult and a fresh approach will be developed for 2009-10 (alongside the Annual Report) to determine how best to establish a reliable base for capturing the benefits of the National Programme.

> **PAC Conclusion (9): little clinical functionality has been deployed to date, with the result that the expectations of clinical staff have not been met. Deploying systems that offer good clinical functionality and clear benefits is essential if the support of NHS staff is to be secured. For all care records systems offered under the Programme, the Department and the NHS should set out clearly to NHS staff which elements of clinical functionality are included in existing releases of the software, which ones will be incorporated in the next planned releases and by what date, and which will be delivered over a longer timescale.**

20.   The Department accepts this recommendation. It is true that there is potential for greater clinical functionality to be deployed. For both Lorenzo and Millennium, full functionality is planned to be delivered over four releases. Some systems are already providing considerable clinical advantages (for example Picture Archiving and Communications Systems (PACS) which make X-rays and other images readily available to clinicians and the RiO system which has brought clinical benefits to mental health and community health trusts).

21. The Health Informatics Report, published in July 2008, acknowledged the 'clinical five' elements to be provided to deliver value to clinicians and patients:

- Patient Administration System (PAS) with integration with other systems and sophisticated reporting;

- Order Communications and Diagnostics Reporting (including all pathology and radiology tests and tests ordered in primary care);

- letters with coding (discharge summaries, clinic and Accident and Emergency letters);

- scheduling (for beds, tests, theatres etc); and

- e-Prescribing (including 'To Take Out' medicines).

22. The Department agrees the need to ensure that staff are aware of the content and timing of forthcoming releases. Clinicians are engaged in all aspects of the Programme. The Department will consider how best to ensure clinicians and other NHS staff are aware of the content of the new systems and when they will be delivered.

> **PAC Conclusion (10): the Department has taken action to engage clinicians and other NHS staff but there remains some way to go in securing their support for the Programme. To assess and demonstrate the impact of its efforts to secure support for the Programme, the Department should repeat its surveys of NHS staff at regular intervals (at least every year) and publish the results.**

23. The Department accepts this recommendation. The Department recognises the importance of the engagement of clinicians and other NHS staff and welcomes the Committee's acknowledgement of the work already undertaken. The Department did not conduct a survey of NHS staff in 2008 because it was conducting a review of Health Informatics on which it consulted widely, involving over 1400 stakeholders including patients, the public, clinicians and other front-line health and social care professionals from every NHS region in England.

24. The Department intends to keep under review its work to engage clinicians and other NHS staff and has already established a Clinical Leaders' Network, aiming to involve at least 60 senior practising clinicians within each Strategic Health Authority.

> **PAC Conclusion (11): patients and doctors have understandable concerns about data security. However extensive the Care Record Guarantee and other security provisions being put in place are, ultimately data security and confidentiality rely on the actions of individual members of NHS staff in handling care records and other patient data. To help provide assurance, the Department and the NHS should set out clearly the disciplinary sanctions that will apply in the event that staff breach security procedures, and they should report on their enforcement of them.**

25. The Department has already directed that NHS trusts should publish details of disciplinary outcomes in relation to confidentiality breaches and data losses in their annual reports. However, the Department does not accept that it would be appropriate or practicable to change the disciplinary sanctions that should be applied at a local level or to generalise on which sanctions should be applied as each case must be looked at fairly with all facts and any extenuating circumstances considered. Guidance has been issued by NHS Employers to clarify expectations that staff who breach security procedures should be disciplined appropriately.

26. As with other employers, NHS bodies must comply with the statutory dismissal and disciplinary procedures set out in the Employment Act 2002 and should adhere to the Advisory, Conciliation and Arbitration Service (ACAS) Code of Practice on disciplinary and grievance procedures. The law on unfair dismissal requires employers to act reasonably when dealing with disciplinary issues and the ACAS Code of Practice states that the core principles of reasonable behaviour include making sure that disciplinary action is not taken until the facts of the case have been established and that the action taken is reasonable in the circumstances.

27. All NHS trusts have documented disciplinary procedures in line with these legal and best practice requirements. The ACAS Code of Practice outlines appropriate sanctions including written warnings, final written warnings and dismissal.

PAC Conclusion (12): the Department does not have a full picture of data security across the NHS as Trusts and Strategic Health Authorities are required to report only the most serious incidents to the Department. The Department's view is that it is not practical for it to collect details of all security breaches but at present it can offer little reassurance about the nature and extent of lower-level breaches that may be taking place. Given the importance of data security to the success and reputation of the Programme, the Department should consider how greater assurance might be provided through regular reporting. The Department should also report annually on the level of 'serious untoward incidents', on any penalties that have been imposed on suppliers.

28. The Department recognises the concerns expressed in this recommendation. The Department takes all security incidents seriously and will consider the recommendation further including the implications of publishing annually a report of Serious Untoward Incidents. In respect of data loss, a Serious Untoward Incident is regarded as any event that involves the actual or potential loss of personal information that could lead to a significant impact on individuals.

29. In the context of the assurance that the Committee has recommended, it will be important to ensure that these reports distinguish between security incidents relating to systems and applications provided by the National Programme and other systems; as one of the purposes of the Programme is to provide a greater degree of security of data over and above that which exists currently in paper and local IT systems.

30. Whilst the Department only receives reports of significant security incidents, details of lower-level breaches are reported to the Strategic Health Authorities and published in NHS trusts' annual reports. The Departments accepts that Strategic Health Authorities must take all reasonable steps to provide greater assurance on data security and will direct them to publish, each quarter, details of data losses in their areas, including details of any disciplinary action taken.

> **PAC Conclusion (13): confidentiality agreements that the Department made with CSC in respect of two reviews of the delivery arrangements for Lorenzo are unacceptable because they obstruct parliamentary scrutiny of the Department's expenditure. The Department made open-ended confidentiality agreements in respect of these reviews, with the result that information will not be disclosed even after commercial confidentiality has lapsed with the passage of time. We believe this is improper. The Department should desist from entering into agreements of this kind.**

31.   The Department accepts this recommendation. The Department will aim to avoid this situation as far as possible. In this particular instance, the Department judged that the circumstances were unusual and there were good grounds for accepting confidentiality agreements, without which it would have been impossible to complete the reviews.

32.   The Department wished to engage independent analysts to review the work on Lorenzo, but had no contractual power to impose this on subcontractors of CSC. The parties agreed to the reviews provided that a binding confidentiality clause was included. This enabled an independent and objective assessment to be obtained leading to changes managed through a programme of improvements that would otherwise not have been possible.

Third Report

Department for Innovation, Skills and Universities

Skills for Life: progress in improving adult literacy and numeracy

1. The Department for Innovation, Universities and Skills (DIUS – the Department) and its predecessor, the Department for Education and Skills (DfES), has spent around £5 billion on Skills for Life courses between 2001 and 2008 and has made significant progress in tackling what has been a long-standing national problem. Since the launch of the Skills for Life strategy in 2001 over 5.7 million adults have improved their literacy, language and numeracy skills.

2. The Public Service Agreement (PSA) target for ensuring 2.25 million adults in England improve these skills and gain a first qualification by 2010 was met over two years early, in June 2008. Despite this real and significant progress to-date, there is still more to do. There are still too many people in England's working population who lack functional literacy, language and numeracy skills. Improving these skills is essential for everyday life, for work, for our nation's economy and for social inclusion.

3. On the basis of a report by the Controller and Auditor General[2], the Committee took evidence from the Department and the Learning and Skills Council (LSC) on their efforts to improve the literacy, language and numeracy skills of adults in England, focusing on the size of the problem, what is being achieved, what needs to be done and reaching more learners.

> **PAC Conclusion (1): despite the Department spending £5 billion between 2001 and 2007 on trying to improve the levels of literacy and numeracy, England still has an unacceptably high number of people who cannot read, write and count adequately. The Department is attempting to tackle the legacy of decades of schooling, which did not equip enough young people with basic literacy and numeracy skills. In 2006–07, around 8% of pupils (51,000) left school without Level 1 (GCSE grade D–G) mathematics and 6% (39,000) without Level 1 English. These young people are likely to require remedial action later in life to address these skills deficiencies.**

4. The Department agrees that there are still too many people who lack functional literacy and numeracy skills. Since its launch in 2001 the Government's Skills for Life strategy has made significant progress in addressing this long-standing problem; over 5.7 million adults have improved their literacy, language or numeracy skills and 2.8 million have a received a national qualification.

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2   *Skills for Life: Progress in Improving Adult Literacy and Numeracy*, HC 482 (Session 2007–08)

5.   As recommended by the independent Leitch Review of Skills[3], DIUS is committed to the ambition of being a world leader in skills by 2020, benchmarked against the upper quartile of Organisation for Economic Co-operation and Development (OECD) countries. For Skills for Life this means ensuring that 95% of the working-age population possesses, as a minimum, functional levels of literacy and numeracy (defined as level 1 literacy and entry level 3 numeracy). On the way to achieving this ambition, the Department has a PSA target that between 2008 and 2011:

- 597,000 people of working age to have achieved a first level 1 or above literacy qualification; and

- 390,000 people of working age to have achieved a first entry level 3 or above numeracy qualification.

6.   On 9 March 2009, the Department published *Skills for Life: a refreshed strategy for a world class ambition*, setting out how DIUS and a wide range of partners will work together to achieve the 2011 PSA targets and create a platform for the 2020 ambition.

7.   To address the issue of young people leaving school without a grasp of the basics, new functional skills qualifications are being developed which will ensure that all young people develop and evidence their functional literacy and numeracy skills in school.

> **PAC Conclusion (2): even if the Department achieves its 2020 ambition, the nation's skills levels will only be raised to a level currently achieved by the top 25% of OECD member countries. The Department has a new objective to help 95% of the adult population of working age to achieve functional literacy and numeracy by 2020.**

8.   The Department's 2020 ambition was a recommendation from the independent Leitch Review of Skills. Leitch identified the world-class skills base the UK would need in order to secure prosperity and fairness in the new global economy. Achieving that ambition would put our nation's skills base on a par with the best in the world, benchmarked against the upper quartile of Organisation for Economic Co-operation and Development (OECD) countries.

> **PAC Conclusion (3): the Department has made far less progress in strengthening numeracy skills than literacy skills and still has an enormous amount to do to raise the skills of those with poor numeracy skills to a competent level. The Department has helped no more than 1 in 10 of those with numeracy skills below the level of a good GCSE. In developing its numeracy plan, it should focus on how to encourage greater participation, and how approaches to teaching can better meet the needs of those who do not respond to traditional methods of learning.**

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3   *Leitch review of skills: Prosperity for all in the global economy – world class skills*. Final report HM Treasury, 2006

9. Despite the progress made to date through the Skills for Life strategy, the Department agrees that more progress is needed on numeracy. The Department's refreshed Skills for Life strategy sets out a robust programme of activities to address the numeracy challenge, including actions to raise the demand for numeracy courses, to boost the teaching workforce and to improve the quality of numeracy provision.

10. The LSC launched a refreshed Get On marketing campaign for Skills for Life in March 2008, with a particular focus on raising demand for numeracy courses and challenging the culture that "it's ok to be bad at maths". So far, the campaign has generated over 20,000 calls and over 70,000 website hits. In 2009 the campaign will include a new strand targeted at black and minority ethnic audiences, and will also be extended to work with partners such as Jobcentre Plus and the Citizen's Advice Bureau to ensure that adults with numeracy needs can be engaged in a wider range of locations.

11. In addition, the Department will work with partners to launch a marketing campaign in 2009 aimed at raising employers' awareness of literacy and numeracy issues in the workplace, with a particular focus on the importance of numeracy.

12. Through its national support programme, the Learning and Skills Improvement Service (LSIS) will continue to support providers to develop numeracy provision that is more flexible and engaging for learners. This includes new ways of delivering, making better use of technology, and embedding numeracy in other training programmes such as a vocational course or a course on managing personal finances.

> **PAC Conclusion (4): lack of up to date information on the skills of the population nationally, and by region, means that the Department cannot be sure that its programmes are equipping people with the skills that the UK economy needs to remain competitive. The Department should undertake a follow up to the 2003 Skills for Life survey, as soon as possible, in order to assess the impact of the Skills for Life programme on improving the United Kingdom's skills base.**

13. The Department recognises the importance of up-to-date information. Since the Skills for Strategy was launched in 2001, 2.8 million adults have achieved a national qualification in literacy, language or numeracy.

14. To provide comprehensive and up-to-date information, a new Skills for Life survey will be undertaken in 2010 to provide an up-to-date assessment of literacy and numeracy skill levels across England. The survey will report in 2011.

15. In addition, the Department will be participating in the OECD Programme for the International Assessment for Adult Competencies (PIAAC). This will enable comparisons over time on literacy and numeracy, using directly comparable measures to the previous international study in 1996. The PIAAC survey will report in early 2013.

> **PAC Conclusion (5): there are fewer numeracy teachers (under 6,100) than literacy teachers (over 9,300), although the Department plans to increase the number of numeracy teachers. To do so, it should adopt new approaches to recruitment, for example, targeting graduates of programmes with substantial maths content and increasing the availability of specialist training routes including distance learning.**

16.   The Department agrees that we need to boost the numeracy teaching workforce. To attract more people to become numeracy teachers, higher rate incentives are being offered to numeracy trainee teachers through the Further Education (FE) Bursary Scheme; £9,000 for numeracy teachers compared to £6,000 for literacy and language teachers. In order to retain more teachers, a 'Golden Hello' of £4,000 is payable to those who stay teaching a shortage subject for a second year, which rises to £5,000 for those training in numeracy.

17.   A recruitment campaign will be launched in early 2009 specifically targeted at attracting teachers to Science, Technology, Engineering and Mathematics (STEM) teaching in FE.

18.   Future development of training capacity, both for initial teacher training and the upgrading of the qualifications of existing teachers, will be reviewed by the Department, LSIS and Lifelong Learning UK to identify opportunities for existing numeracy teachers to upgrade and to cater for the needs of new entrants. Decisions will be made by April 2009 on how LSIS will develop this aspect of their Skills for Life Support Programme; what support will be provided through the network of Centres for Excellence in Teacher Training (CETTs) to improve the support for numeracy, literacy and English for speakers of other languages (ESOL) teachers; and the training of numeracy specialists through the National Centre for Excellence in the Teaching of Mathematics (NCETM).

> **PAC Conclusion (6): although potential learners come into contact with different public services, very few take up skills learning. This should improve in 2010 when all new benefits claimants will receive a skills assessment and those who have the need will be referred to skills coaching and training. The Department, the Learning and Skills Council and Jobcentre Plus will need to put in place clear and easily understood routes by which those eligible can access training. The Department should encourage other public services, such as health and housing, to promote training opportunities to improve basic skills for those adults with poor literacy, language or numeracy with whom they come into contact.**

19.   The Department agrees with these recommendations. The integration of employment and skills services will provide the opportunity for all jobseekers to get an assessment of their literacy, language and numeracy needs, and access to the support they need.

20.   The Department and the LSC are introducing a universal adult advancement and careers service which, together with new skills accounts, will provide a single gateway – whether face to face, by telephone, or online – through which people will be able to get advice and support on improving their literacy, language and numeracy skills. It will provide personalised support for individuals – including the low skilled – to help them develop their skills and secure and progress in sustainable employment. The service will work with other organisations to develop a joined up service providing help to overcome lifestyle concerns such as housing, employment rights, financial issues and childcare as well skills and jobs to address the broad needs of its customers.

21.   Government will continue to pursue opportunities to engage adults in Skills for Life when they come into contact with a range of public services. There are already good examples of this, for example through the integration of employment and skills services. The Department for Health (DH) will continue to promote Skills for Life through its Skilled for Health programme, building on the progress made so far in simultaneously addressing literacy, language and numeracy skills and health inequalities that are prevalent within traditionally disadvantaged communities.

22.   The Department will work with the Department for Culture, Media and Sports (DCMS) to support the widening of access to learning in libraries and the wider cultural and leisure sectors and the further opening up of spaces for self-organised learning groups such as the University of the Third Age. This will involve working with organisations and networks – including over 3,000 libraries in England – to encourage more partnerships with local providers to deliver increased informal and formal adult learning opportunities locally.

23.   The Department will work with Communities and Local Government (CLG) to explore how we can promote Skills for Life within the duty being placed on local authorities to undertake an assessment of the economic challenges facing their areas.

> **PAC Conclusion (7): only one in five offenders with very low levels of basic skills had enrolled on a course that would help them. This represents a major lost opportunity to help a sector of the population with substantial literacy and numeracy needs. The Prison Service should provide additional incentives to encourage more offenders to improve their basic skills and, through the Learning and Skills Council, should include more basic skills education on vocational courses and other prison activities, to make it more likely to appeal to offenders.**

24.   The Department agrees that more is needed to encourage offenders to improve their literacy, language and numeracy skills. The Department is working with the LSC and the National Offender Management Service to improve the screening and assessment processes that take place at the beginning of a custodial sentence. The joint ambition is to make sure those offenders most in need of learning and skills provision access it. In delivering learning to offenders in custody, the Department seeks to replicate – within the constraints of a custodial setting – the service available to a learner outside. Learning is not compulsory in the outside world, and neither is it compulsory in prisons.

25.   The Department agrees that those supervising offenders in custody (but also in the community) should continue to encourage offenders to address their literacy and numeracy needs, and the Department agrees with the Committee that it should continue to extend the reach of embedded delivery of basic skills into vocational learning and other prison regime activity where learning opportunities are presented.

26.   The LSC will introduce a new core curriculum for offender learning in August 2009, focused on employability and delivering literacy, language, numeracy preparation for work and vocational training.

> **PAC Conclusion (8): take up of Skills for Life courses through Train to Gain, the Government's main initiative to increase employer involvement in training, has been lower than expected. At the end of March 2008 there were 41,000 learners compared with an expected profile of 73,470. The Learning and Skills Council needs to improve the competency and capability of skills brokers through more dedicated training and support so that skills brokers are better placed to make the case to employers to secure their participation in skills training.**

27.   Over the last year there has been a marked increase in the uptake of Skills for Life courses in Train to Gain. The Department agrees that we need to continue and build on this progress. This is supported by new flexibilities introduced from the 2008-09 academic year for Skills for Life within Train to Gain which include making literacy, language and numeracy available at all levels (from entry level to level 2); enabling employees to take literacy and numeracy courses irrespective of their previous qualifications; and enabling employees to access literacy, language and numeracy training either as part of a vocational course or as separate, stand-alone courses.

28.   From April 2009 the Train to Gain skills brokerage service will form part of a new integrated brokerage service delivered by Business Link. The new service will support employers in identifying and addressing their Skills for Life needs. The 'standard' which all brokers need to have met or be working towards before they can practice will continue to require brokers to have a detailed knowledge of the Skills for Life offer and how it can be articulated to employers in the context of business improvement.

29.   The Regional Development Agency (RDA) will monitor the Skills for Life performance of the brokerage service. A key requirement will be that all skills brokers and training providers present the Skills for Life offer in their meeting with an employer if the organisational needs analysis highlights a business need for this support.

30.   Business Link will run a broker training programme in 2009, which will include training on Skills for Life. Through the Move On initiative, the LSIS will deliver seminars for Business Link brokers to help them develop their knowledge of and ability to support employers in relation to Skills for Life.

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