

HM Treasury

e-business strategy

October 2000

1. Strategy Statement

- This is the Treasury's summary e-business strategy. It sets out how the Treasury is contributing to the development of the Knowledge Economy and to the development of efficient, citizen-centred public services using the methods of the information age, and how it is using e-business methods to support its own business.
- The Treasury's overall aim is **“to raise the rate of sustainable growth, and achieve rising prosperity, through creating economic and employment opportunities for all”**. The opportunities provided by information and communications technology (ICT) are central to achieving this objective.

Developing the knowledge economy...

- The Treasury shares an objective with DTI of increasing the productivity of the economy. While this objective is being taken forward in a number of ways, there is a strong recognition that ICT offers unprecedented opportunities for modernisation throughout the economy. The Government has a goal of making Britain the best country for e-commerce by 2002.
 - The 2000 Budget contained a series of measures to help promote e-commerce amongst small firms. This included a £60 million package to help small and medium sized enterprises understand what getting on-line means for their business, helping them actually get on-line, and helping them get the right services once they are on-line.
 - The Budget also introduced 100 percent first year capital allowances until 2003 for investment by small enterprises in ICT assets. This will help small businesses make capital investment in computers and other e-commerce equipment.
 - The Spending Review 2000 (SR2000) introduced yet further measures.
 - The DTI was allocated an additional £190 million over the period 2001-2004 for the Small Business Service to develop the gateway to provide high quality information and advice to businesses, both on-line and through a call centre. This funding is on top of £20 million from the £60 million Budget package mentioned above, and £10 million from the Invest to Save budget.
 - DfEE was allocated significant funding to promote ICT skills through a broad range of projects – and in September the PM announced that DfEE would be spending an additional £1 billion on ICT in schools. The UK's future competitiveness and the avoidance of a “digital divide” depends on ensuring that everyone has the opportunity to gain the ICT skills they need.
- **The Treasury will continue to consider measures to ensure that Britain's firms remain competitive and are fully able to exploit the opportunities offered by e-commerce.**
- The Treasury also has the responsibility for the legislative framework for **financial services regulation**. The policy that we have adopted is that for firms and consumers to reap the benefits offered by e-commerce, regulation must be technology neutral.

- We have ensured that there are no requirements in the new Financial Services and Market Act that might hinder the ability of the Financial Services Authority to communicate with firms electronically.
- In our negotiations on financial service directives and policy within the **European Union** we have supported the country of origin approach adopted in the e-commerce Directive. We believe that to achieve a single retail financial services market, there is the need to apply consistent, technology neutral rules to similar financial services, no matter how they are sold.
- The Treasury is involved in taking forward recommendations in the PIU report **e-commerce@itsbest** relevant to financial services. We are undertaking an “e-commerce impact assessment” to review the opportunities, threats and barriers in the financial services sector.

Improving Public Services...

- The digital revolution presents the Government with a major opportunity to transform the way in which the public sector delivers services to the public and to business. The Treasury has a key interest in ensuring that this opportunity is used to improve value for money in public services and deliver efficiency gains. The Treasury's role in this respect complements that of the e-Envoy, who is responsible for leading the drive to put all Government services on line by 2005.
- The Treasury pursues this role in several ways...
 - In SR2000, the Treasury worked with other government departments to develop Public Service Agreements (PSAs) that are a lever for ensuring that public resources bring the intended results. The PSAs focus on the key improvements to be delivered. More detailed Service Delivery Agreements (SDAs) are being developed for publication this Autumn which will set out how the improvements will be delivered. The Treasury's work goes beyond the headline level into individual programmes, challenging traditional assumptions about the delivery of services. An essential aspect of this is ensuring that departments use the potential of ICT to realise the potential efficiency gains on offer, and provide higher quality more customer-focused services.
 - In SR2000, the Treasury worked closely with the e-Envoy's office and DTI on a Cross-Cutting Review of the Knowledge Economy. This considered how best to meet the Government's key goals of: making Britain the best country for e-commerce by 2002; putting all government services on-line by 2005; and achieving universal internet access by 2005. Among its conclusions are:
 - The development of a list of government services which are a priority for going on-line. These have been funded as part of SR2000 and are key stepping stones to the 2005 e-government target.
 - The “dual-key” responsibility. A ring-fenced allocation for other government e-service delivery projects has been made in SR2000. Funds can only be drawn down if the e-Envoy advises the Chief Secretary to the Treasury that a Department's programme is of sufficient quality to release funding and is consistent with the Department's e-business plan.
- The work of the Cross-Cutting review went forward to inform the work of the Performance and Innovation Unit's on electronic service delivery. The report: *Electronic Government Services for the 21st Century* sets out a comprehensive strategy for realising the full potential of

electronic service delivery. The Treasury will be taking the lead in carrying forward a number of its conclusions.

- The 1998 Comprehensive Spending Review allocated £2.7 billion to a Capital Modernisation Fund over three financial years 1999-2002 to channel funds to additional innovative projects that improve key services or public infrastructure. £658 million has been allocated to ICT projects. Examples include:
 - £30 million to fund better joining up of the criminal justice system;
 - £18 million for DfEE to develop an IT system to match jobseekers to employers on-line;
 - £1.1 million to pump-prime various e-commerce procurement initiatives across Government
- The Invest to Save Budget allocates funds to projects that improve the efficiency and effectiveness of public services through partnership between public sector bodies working together to deliver services. 33 projects were allocated £120 million over the three financial years 1999-2002. A further £210 million has now been provided to extend the programme. ICT plays a central element in many Invest to Save projects.
- The Office of Government Commerce, an Office of the Treasury, came into being on 1 April 2000. OGC's target is to deliver savings in Government procurement by 2002-03, and benefits arising through e-procurement will be a key component.
- **The Treasury will play a key future role in monitoring the performance of departments against the PSAs and SDAs, and in working with the e-Envoy's Office to provide resources for well-planned e-government projects.**

Supporting the Treasury's own business...

- The Treasury is committed to having the right tools and the right skills to do its job effectively. Information technology has been a key tool for many years.
- Our main role is in developing policy and advising Ministers on raising economic performance.

Communicating with the citizen and with business

- We do however have an important public face in providing information to the citizen and businesses on our policies, in dealing with their requests for information, and in responding to their letters and e-mails commenting on government policy. We have taken a lead in promoting greater openness and transparency through the Code for Fiscal Stability, the Pre-Budget consultation and the monetary policy framework and are starting to prepare for the implementation of the prospective Freedom of Information Act.
 - **By early 2001 we will have redeveloped our website to make it more accessible and more customer-focussed;**
 - **We will link it into the UK Online citizens' portal;**
 - **As part of our preparation for Freedom of Information, we will develop a departmental publications scheme linked to our Information Asset Register;**
 - **We are planning an integrated approach to the provision of a range of creative services to the Treasury, including design, editorial and photographic services**

to produce publications that are more accessible to the public and to business;

- **We are planning to upgrade our Public Enquiry Unit call logging system to provide better performance management of the number and type of calls and better guidance for our customers;**
- We have a well-established electronic correspondence handling system for managing correspondence from the public. **We are planning to improve this and to introduce a more structured system for logging and managing e-mails from the public.**

Modern policy making

- In developing policy, the Treasury needs the widest possible access to information and expertise.
 - All Treasury staff have external e-mail addresses and direct access to the internet from their desktops. **By January 2001 we will have upgraded our Office system to the latest standards to make it as robust and easy to use as possible, and to allow easy exchange of documents with other organisations.**
- We have a well-established electronic document management system. The Treasury has now reached the stage where electronic record keeping is seen as the norm. It is providing visible benefits in making access to information more flexible.
 - **As part of the Office system development, we will have upgraded the electronic document management system across the Treasury by January 2001 to make it much easier to use.**
 - **We are developing a strategy for underpinning the document management system with electronic records management capabilities to enable us to meet the cross-government 2004 target.**
 - We have produced guidance on how best to manage information electronically and to get the best out of our electronic filing system. **We will be working on ensuring that all key documents are promptly filed in the system.**
- Managing and using information effectively is more than just keeping a good audit trail.
 - **We have joined the Knowledge Network – a project to bring together policy information in a central database and facilitate its use across government and more widely.**
 - **We are raising the profile of good knowledge management across the Treasury and highlighting our current areas of best practice.**
 - **We are carrying out a pilot within our Public Services Directorate to assess the benefits to using professional information managers as part of our policy teams.**
 - **In 2000 we redesigned our intranet to make it the main way in which information is published internally. We will continue to keep the structure of the intranet under review and promote its use for collaborative working.**
 - **In 2001, we will invest in a high quality search tool to provide a single access point to information in our electronic document management system, our intranet, the GSI, and sites of particular Treasury interest on the internet.**
- The Government Secure Intranet (GSI) website provides enormous opportunities to make communication across departmental boundaries much easier. We are already using it to

share information, for example about the management of public spending, across the government community. **We will promote the use of the GSI across the Treasury and adapt our working practices to use its capabilities.**

Supporting the business

- The Treasury has a range of specialist information systems serving specific needs. These include the Treasury Economic Model; a model to provide tax-benefit simulations; the public expenditure database system; a system for managing the operation of the Consolidated Fund, the National Loans Fund and related activities; and Finance and Personnel systems.
- All major business processes in the Treasury are computerised and have been for many years. We are committed to investing in new systems to ensure we have the right tools for the job.
 - **We introduced a new public expenditure database system in 1999.**
 - **We are introducing a new personnel database system in 2000.**
 - **Projects are underway to replace the Financial management system and the system which manages the Consolidated Fund etc.**
 - **We are currently procuring a new system to produce commercial-style accounts for the whole of the public sector.**
- Increasingly, these separate systems will be delivered to the people who need access through web-browser interfaces so that they integrate seamlessly with our other business applications.
- A number of other business processes are currently carried out using the standard office system in a free-form way. **We will review these in 2001 to ensure that we carry them out in the most effective manner.**
- We currently transact electronically more than 90% of standard goods by volume through the Government Procurement Card that was pioneered by the Office of Government Commerce and through on-line ordering from the desktop of stationery, IT equipment and travel.
 - **We are on course to meet a target to make all payments to suppliers by electronic transfer by the end of 2000.**
 - **We will participate fully in joint procurement projects.**
- **In all our IT related activities we will operate in line with best practice**

Supporting our people

- Information Age government is not just, or even mainly, about technology, but about making sure that people delivering public services have the skills they need and the awareness of what new tools and ways of working can deliver to make change happen for the better, and the environment and culture in which they can pool their knowledge effectively.
 - The Treasury will be moving to a refurbished Treasury building in 2002. **We are starting now to plan how the space in the new building will be laid out and will be working with colleagues from across the organisation and with pilot groups to ensure that the layout of the refurbished building and the technology in it complement each other.**
- Effective training in information management and information technology is vital.

- We have made a significant investment in training on our new office system. Every member of staff has had the opportunity for a minimum of two days training.
- **By December 2000 we will have reviewed the information management components of all our internal training programmes.**
- **In November 2000 we will be piloting a multi-disciplinary information management taskforce to work intensively with Treasury business units to help them benchmark their information management practices and use of IT and spread best practice.**
- It is important that we provide good information to our staff about issues affecting the Treasury. Good signposting is the key to avoiding information overload. **In early 2001 we will appoint a communications manager to produce a daily Treasury Bulletin for internal publication on the intranet.**
- **To improve our internal networking, by January 2001, we will have implemented a new on-line Office Directory system.**
- We place a high priority on providing technology to help people with disabilities to work effectively. **We will continue to give this due emphasis.**
- A number of disabled users are currently making use of voice recognition software. **We are about to start a pilot to see if voice recognition technology, in its current state of development, offers sufficient benefits to merit wider deployment, and to understand its impact on the working environment.**
- **In 2001 we will re-evaluate our remote working facilities with the aim of making access from afar as easy for authorised users as access from the desktop.**

Working in a joined-up way

- The Treasury shares many of its information needs with other government bodies.
 - The GSI provides an effective way of drawing on common sources of information, we will use it extensively and we will encourage its suppliers and other departments to make sure it supports a full range of services.
 - We also see potential in the shared development of applications that meet common needs: for example, Ministerial correspondence handling systems, office directories, and knowledge management systems.

We will work to develop shared solutions to meet our needs wherever it is sensible to do so.

2. The Treasury's role

2.1 Introduction

The Treasury's role is to deliver economic change and better public services. Our present aim and objectives were announced in 2000 in the context of the Spending Review 2000 (SR2000), and are set out in Annex A.

The Treasury has a strong focus on improving the **performance of the economy**. We are working to deliver our aim of increasing the sustainable rate of growth by improving the productivity of the economy in both the private and public sectors. This involves

- Creating a competitive environment for business.
- Making the UK the most attractive environment for business in Europe, removing obstacles to entrepreneurship and promoting the development and spread of new ideas. Recent Budgets have included a variety of measures on these themes and we continue to talk to businesses and to develop further ideas.
- developing the economy's skills base, especially through training and education. We have worked closely with DfEE and others on the mechanisms designed to ensure that better results are obtained.

Whilst this programme is taken forward by a number of initiatives, there is a growing recognition of the importance of new technology. Information Communication Technology (ICT) offers unprecedented opportunities for modernisation throughout the economy. Government has a role to play in promoting its use and in supporting firms and other organisations that wish to take advantage of the new technology.

A key part of our role is to encourage **delivery of better public services**. We have worked with Departments to develop Public Service Agreements (PSAs), which are a lever for ensuring that public resources bring the intended results. Our work goes beyond this "headline" level into individual programmes, challenging traditional assumptions about the delivery of services. Part of this is to ensure that departments rise to the challenge of the digital age, to realise the potential efficiency gains on offer, and to provide higher quality, more focussed services.

Much of our work on the public services does, therefore, involve analysis on how we are to deliver better results that underpin economic growth. In this area we work closely with the Cabinet Office, which plays a key role in the Modernising Government initiative. As part of SR2000, for example, we worked closely with the e-Envoy's office and the DTI on the Cross-Cutting Review of the Knowledge Economy, the results of which informed the work of the Performance and Innovation Unit on Electronic Service Delivery.

The Treasury still retains its traditional role as controller of public resources. However since the early 1990s we have progressively taken a more strategic role, rather than monitoring and controlling individual decisions. Government Departments are now given much greater power and responsibility to manage within a prudent framework, which includes Departmental Expenditure Limits, PSAs and Service Delivery Agreements (SDAs). The PSAs were published as part of SR2000, and focus on the key improvements in services. They explain what will be delivered. The SDAs will be published this autumn, and will set out how departments will deliver these improvements. Increasingly the delivery mechanism will include some form of electronic service.

A new element of the resource management framework is provided by the **Office of Government Commerce (OGC)**. The OGC came into being on 1 April 2000 as a separate Office of the Treasury.

OGC's target is to help Departments deliver savings of £1 billion through better procurement, much of which will be generated by the use of e-procurement. It will make a substantial contribution to our better public services objective. Given that the OGC's objectives are much more focussed, and its business is of a different character from the rest of the Treasury it is managed as a separate entity. (For this reason, OGC's e-business strategy is presented separately within the body of this document at Annex B).

The e-business strategy of the Treasury's only Agency, the Debt Management Office, is presented at Annex C.

2.2 The Treasury's wider role

Whilst much of this strategy is concerned with the measures that we as a department must take to support e-business initiatives within government, to concentrate solely upon this is to ignore the Treasury's wider role. We also have a role in the promotion of e-commerce throughout the economy, and an interest in the adoption of e-business techniques within the public sector. In this section, further details will be given of what we are doing to encourage these objectives.

One of the Government's goals is to have 1.5 million SMEs online by 2002 (a target which we have already exceeded); and 1 million SMEs actually trading online by 2002. The **2000 Budget** contained a series of measures to help promote e-commerce amongst small firms. The key one was a package of £60 million to help SMEs understand what getting online means for their business; to help SMEs to get online; and to help them get the right services once they are online.

The Government also introduced 100 per cent first year capital allowances for investment by small enterprises in information communication technology assets until 2003. This measure will help small businesses to make capital investment in computers and other e-commerce equipment.

Yet more measures were announced in **SR2000**. The DTI, for example, was allocated funding of an additional £190 million over the period 2001-2004 for the Small Business Service, which is to develop the gateway to provide high quality information and advice to all businesses, both online and through a call centre. This funding is on top of £20 million from the £60 million Budget package mentioned above, and £10 million from the Invest to Save budget. Key to the future competitiveness of the UK, and preventing the emergence of a digital divide, is ensuring that everyone has the opportunity to gain the ICT skills they need. In order to achieve this goal, DfEE were allocated a substantial sum of money to promote ICT skills through a broad range of projects. And in September the PM announced that DfEE would be spending an additional £1 billion on ICT in schools.

The requirement to improve our economic performance means that the Treasury will continue to consider measures to ensure that Britain's firms remain competitive and are fully able exploit the opportunities offered by e-commerce.

The Treasury also has responsibility for the legislative framework for **financial services regulation**. The policy we have adopted here is that for firms and consumers to reap the benefits offered by e-commerce, regulation must be technology neutral. This is reflected our approach to the secondary legislation accompanying the new Financial Services and Markets Act (FSMA), in particular the proposed financial promotions order on which a consultation paper has just been released. **We have also ensured that there are no requirements in the FSMA that may hinder the ability of the Financial Services Authority to communicate with firms, and to receive regulatory information from firms, electronically.**

The Treasury leads in negotiating financial services directives and policy in the European Union. In our negotiations on financial services we have supported the country of origin approach adopted in

the E-commerce Directive and are pressing for the Directive to apply to all financial services i.e. to have the current derogations for some forms of insurance and UCITS removed. As outlined in the Treasury paper "Completing a Dynamic Single European Market in Financial Services" we believe to achieve a single retail financial services market there is the need to apply consistent, technology neutral conduct of business and consumer protection rules to similar financial services regardless of how they are sold. And to encourage in parallel the development of consumer redress mechanisms and better informed consumers.

The Treasury is also involved in taking forward with the E-Envoy's office, recommendations relevant to financial services in the PIU report **e-commerce@itsbest** that was released in November 1999. Along with other departments who have responsibility for particular industry sectors, the Treasury is undertaking an "e-commerce impact assessment" to review the opportunities, threats and barriers in the financial services sector.

The digital revolution presents the Government with a major opportunity to transform the way in which the **public sector delivers services to the public and to business**. The Treasury has a key interest in ensuring that this opportunity is used to improve value for money in public services and deliver efficiency gains. The Treasury's role in this respect complements that of the e-Envoy, who is responsible for leading the drive to put all Government services on line by 2005. There are a number of ways in which we have pursued this role.

We have done a number of things to ensure the better delivery of public services. As part of SR2000, the Treasury took the lead in the **Cross-Cutting Review of the Knowledge economy**. The review considered how best to develop Britain's knowledge economy and move towards the government's goals of making Britain the best country for e-commerce by 2002; putting all government services on-line by 2005; and achieving universal access to the Internet by 2005. The main focus was on information age government, on promoting ICT skills throughout the economy, and on the promotion of the knowledge economy. There were a number of conclusions emerging from the review.

- A list of priority government services was identified. These priority services are to be funded as part of SR2000 and are key parts of the programme for delivering the 2005 target.
- The "dual key" responsibility. A ringfenced allocation for other government electronic service delivery projects has been made in SR2000. Funds can only be drawn down if and when the e- Envoy advises the Chief Secretary to the Treasury that a Department's programme is of sufficient quality to release funding and is consistent with the Department's e-business plan. The Chief Secretary will want to be satisfied that the Department has plans in place to realise efficiency gains from the service.
- There will be new targets for electronic tendering. By 2001, 50 per cent of central government civil tenders will be sent and received electronically; by 2002 all such tenders will be sent and received electronically. This builds on the existing electronic procurement target that 90 per cent of low value purchases will be undertaken electronically by April 2001.
- There will be a simplified system of pricing and licensing for government information. Government Trading Funds, which trade information, will improve their pricing and dissemination policies.

Much of the work of the Cross-Cutting Review went forward to inform the work of the Performance and Innovation Unit on electronic service delivery. The conclusions of this project are contained in the report **Electronic Government Services for the 21st Century**. The objectives of the report were to set out a comprehensive strategy for realising the full potential of electronic service delivery. The strategy required change in three broad areas: ensuring that government electronic service delivery

is driven by the use that citizens make of it; opening the electronic delivery of government services to the private and voluntary sectors; and putting in place new incentives, levers and institutional structures to make sure that the transformation happens.

The report contains a number of conclusions. Those in which the Treasury is in the lead, or is a key player are:

- *Conclusion 18.* Early examples of the provision of the provision of government services by third parties (such as tax self-assessment or change of address service) should be allowed to develop. HMT and the e-Envoy should adopt a very light touch, but monitor them to ensure that equitable and efficient outcomes are achieved (from October 2000).
- *Conclusion 19.* HMT should chair a working party of the relevant authorities (OFT, DTI, HMT, HMSO, others) to agree the long-term framework for the interactive govt. information market (by December 2000).
- *Conclusion 21.* The e-Envoy and HM Treasury should carry out a review of all public sector electronic offerings in 2005 to determine whether continued public sector involvement is necessary, and if so what form it should take.
- *Conclusion 25.* The Office of the e-Envoy should use its dual key responsibility (with the Treasury) to ensure that new investment in ESD is used effectively. Release of funding should be conditional on satisfaction that plans put forward support the government's wider objectives for e-government and that departments have robust plans for realising efficiency gains.
- *Conclusion 27.* All SDAs should include clear targets for the priority services to be brought online: dates for full implementation; milestones, setting out what should be delivered by interim dates; and, as far as possible, a list of services they should join up with, when and how.
- *Conclusion 41.* The e-Envoy and HMT should agree arrangements to establish a research function to gather and disseminate online data on ESD and e-government by autumn 2000 and the function should be in place by March 2001.

Structures and procedures have now been established within the Treasury to ensure that the conclusions of the report are taken forward.

The Comprehensive Spending Review established a **Capital Modernisation Fund** (CMF) to channel funds to additional innovative projects that improve key services or public infrastructure. The Capital Modernisation Fund is allocated by the Treasury on a competitive basis, determined in part by Departmental Investment Strategies. A number of the successful projects will promote e-business within the public sector. Examples from round One are:

- £30 million to fund cross-departmental linkages between the criminal justice departments in the form of a central challenge fund;
- £18 million to provide resources for Department for education and employment to develop a sophisticated IT system to match jobseekers to employers online
- £1.1 million to pump-prime various e-commerce procurement initiatives across Government.

In total, over the three financial years 1999-2002, the CMF is worth £2.7 billion, of which £658 million has been allocated to ICT projects.

The **Invest to Save Budget** allocates funds to projects that improve the efficiency and effectiveness of public services through partnership between public sector bodies working together to deliver

services. Following the first bidding round, 33 such projects were allocated a total of £120 million over three years from 1999-2000. A further £210 million for the next three years is being allocated to extend the programme. Some examples of the use of this budget to fund Information Age Government projects are

- Scottish Legal Database. A pilot project creating a database enabling electronic access within the public sector to civil and criminal legislation, statutory instruments, case law and guidance and policy documents. The project will considerably reduce the time taken to retrieve and analyse legal information. In the longer run, the system will be extended to the private sector.
- Electronic links between the Valuation Office and local authorities. The project will test the technical and operational feasibility of transferring non-domestic rates and council tax information between the Valuation Office and local authorities via the Internet.

Conclusions.

The Treasury will continue to consider measures to ensure that Britain's firms remain competitive and are fully able exploit the opportunities offered by e-commerce.

The Treasury will play a key future role in monitoring the performance of departments against PSAs and SDAs, and in working with the e-Envoy's Office to provide resources for well-planned e-government projects

2.3 IS in the Treasury

The work of the Treasury depends to an extent upon the skill and knowledge of its **staff**. Historically our people have employed analytical methods that relied largely on experience and common sense. In an effort to improve our output we are working to identify and disseminate best practice within our organisation. Our emphasis is on evidence-based policy making and on ensuring that all the advice which we provide is "joined up" - that is, taking account of all the implications. We are now looking to promote more active knowledge sharing by exploiting the benefits of modern Knowledge Management techniques.

We also recognise that we need to provide the right tools for the job if we are to make the most effective use of our staff. Nowadays this means having effective and efficient **Information Systems**.

The Treasury has been an advanced user of IT since the 1960s. In the 1960s, 1970s and 1980s IT mainly gave us specialist applications to support specific functions (e.g. the Treasury Economic Model). Since 1990 every Treasury staff member has had access to a fully networked office system.

Our office system has been recognised for several years as one of our most important tools. It allows our people to share information easily, facilitating networking. It has significantly increased the speed with which we can do business - a crucial Treasury need - and has increased our efficiency.

We have been at the forefront within central government of adopting new technology. We have had universal internal e-mail since the early 1990s and it has been our main way of sharing information

internally since 1994. Everyone in the Treasury has had external e-mail capabilities since 1995 and more recently we have connected to the Government Secure Internet to allow secure e-mail communication with other government organisations. In 1996, we were the first central government department to introduce a department-wide electronic filing system. In 1999 we provided everyone with access to the World Wide Web from their desktops. And from 1999, Treasury staff have been able to log onto the system securely from afar, opening up the potential for more flexible and effective working patterns.

We have minimised development time and risk by using largely off-the-shelf solutions for our main office system. We carried out a major system upgrade in 1996 and are now in the middle of our next major enhancement. We continue to use specialist applications in specific business areas, working with private sector software companies where necessary to develop what is required.

So what of the future? What is our **vision of e-business** within the Treasury? It is clear that our major strategic requirement is to continue to develop our information systems to maintain our support for the business needs of the department and the needs of our staff who have to use the systems. But we do wish to participate in all e-government initiatives, such as the UK Online Citizen portal. To ensure that the Treasury remains fully integrated into the developing system of "joined-up" government, we will provide the appropriate infrastructure to enable this to take place. But above all we will pursue our traditional role so as to encourage e-business in improving the performance of the economy and in the delivery of better public services.

3. e-business in the Treasury

3.1 What is an e-business strategy?

Much that is written about e-business is concerned with the more effective and efficient delivery of services to the general public or to business. Often these services are delivered in new and innovative ways, using the Internet or perhaps emerging technologies such as WAP phones or digital TV. For most commercial organisations there is little problem in identifying appropriate services and determining their potential for electronic delivery. Much the same can be said of the large citizen facing public sector organisations such as the Inland Revenue or the Benefits Agency. But this is not the case for the Treasury. Most of our business is in the nature of government to government, and we do very little in the way of services to the general public. So what does e-business mean for us?

The clue lies in the Modernising Government agenda. In the original White Paper a number of priority areas were identified. Increasingly Information Age Government has emphasised these areas, which are the use of new technology to:

- Provide services that are accessible and are built around the needs of the citizen and of business. Before we can do this, we need to be able to identify how these two stakeholder groups communicate with us and what they expect from us.
- Produce better policy making by using information more effectively. Information comes from our staff, from our corporate memory, from reference works and from external individuals and bodies. These information flows must be made as effective as possible. We also need to obtain the best modern tools for analysing information and presenting our conclusions.
- Provide more effective and efficient ways of supporting the Department's business. The need to provide information systems that meet the business needs of the department, which are robust and reliable, and which are secure.
- Provide public servants with the tools and skills to work more effectively. All our systems must be easy to use and contain clear signposting to the appropriate information sources. We must meet the information needs of colleagues who wish to work in a more flexible manner, perhaps remotely. We must meet the needs of colleagues with disabilities. Finally all our staff must have the skills they need to manage information effectively.
- Support cross departmental and joined up ways of working. In particular we must be fully integrated any other form of electronic "joined-up" government, such as the GSI, to enable rapid communication within government and the sharing of information.

Finally we need to ensure that we conform to any government **standards** and meet government **targets**. In particular we need to ensure that

- All newly created records should be electronically stored and retrieved by 2004.
- Our website is developed in accordance with the government's standards.
- The Treasury's records meet the standards required for accountability, public records and freedom of information purposes.

Apart from a few specialist areas, **policy analysis** lies at the heart of the Treasury's business. Much of this work is creative, and so is not susceptible to rigorous standardisation. But there are a number of business processes and skills common to any policy analysis. These are obtaining and analysing information, communicating with others both inside and outside the Treasury, casework handling, economic forecasting and processing financial information. Any information systems must support the

needs of our people to perform this type of work. It is unlikely that this emphasis on policy analysis will change in the immediate future and so the needs of this type of work must be reflected in the strategy.

3.2 Our Strategic Requirements

The Treasury's current IS Strategy was completed in the spring of 1999, and accepted by the Treasury Management Board in July 1999. It was an attempt to harness recent developments in information systems and in information technology to further support the Treasury's business needs and to take forward a number of government-wide initiatives, such as those outlined in the Modernising Government White Paper. It provided us with a strategic direction for the development of our information systems, and gave out a programme of work for the period 1999-2001.

In the 1999 document we stated that our primary requirement was **the need to make sure that the Treasury's information systems are continuously improved to maintain their support for the business needs of the department and the needs of colleagues who have to use these systems**. It is clear that this still remains as our primary requirement.

A major input to the 1999 strategy was a large-scale study by an outside consultancy of our user needs. We have not set up such a large consultation exercise this year. But we do have an ongoing programme of consultation with our users. The results of this programme, comments made by colleagues and our experience with our existing IT systems highlight similar underlying strategic needs to those identified in the 1999 document.

External business drivers also moulded some of our strategic requirements in 1999. Many of those laid out in the IS Strategy arose from the needs of the Modernising Government agenda. The analysis in section 3.1 leads us to believe that those of today are broadly similar to those stated earlier.

We have not therefore attempted a fundamental review of our strategic requirements. But next year will be different. We will have a clearer idea of what we want from the Refurbished Treasury Building project. We will have subjected our IT Services to a Better Quality Services Review. In 2001 we will be in a much better position to re-evaluate what we require from our Information Services.

There have however been small changes. During the past year, for example, it has become clear that Knowledge Management now offers substantially more benefits than were evident in 1999. We have therefore slightly modified the **strategic requirements** for our future information systems.

The Treasury's Strategic Information Requirements

1. Having quick and easy access to the widest possible range of external information sources to support monitoring and policy development.
2. Being able to access our own corporate memory easily to help us to learn from past experience and being able to share knowledge more effectively.
3. Being fully integrated into the developing system of electronic "joined-up" government to enable rapid communication within government and the sharing of information.
4. Having reliable ways of communicating quickly with organisations around the world and being able to do business electronically.
5. Having the best modern tools for analysing information and presenting our conclusions.
6. Having easy ways of publishing information electronically to benefit from the speed, cost-effectiveness and accessibility of this method of publication.
7. Providing key corporate information for staff in an easily accessible, well-signposted and up-to-date way.
8. Managing better the flows of information that underpin our key business processes to improve our efficiency and provide good audit trails.
9. Meeting the information needs of colleagues who wish to work in a more flexible manner, both within and outside the office.
10. Meeting the information needs of colleagues with disabilities.
11. Meeting the Government's milestone that all newly created records should be electronically stored and retrieved by 2004.
12. Ensuring the Treasury's records meet the standards required for accountability, public records and freedom of information purposes.
13. Storing our important and sensitive information in ways that guarantee its security.
14. Providing information systems, which are highly robust and reliable.
15. Providing information systems that are easy to use.
16. Ensuring that Treasury staff have the skills they need to manage information effectively.

All in all, the Treasury is committed to having **the right tools and the right skills to do its job effectively**. The developments that we will be taking forward to meet these requirements are detailed in the rest of this document.

4. Delivering Services to the citizen and to business

4.1 Introduction

The Treasury is not of course a major day-to-day deliverer of customer facing services. Our major role is in helping establish a framework within which departments can best achieve their Information Age objectives. But there are a small number of ways in which we provide services to the citizen and to business. These are:

- Ministerial Correspondence
- The Public Enquiry Unit
- Publishing (including our public website)

Our needs in this area are addressed by a number of strategic requirements.

The Treasury's Strategic Information Requirements

3. Being fully integrated into the developing system of electronic "joined-up" government to enable rapid communication within government and the sharing of information.
4. Having reliable ways of communicating quickly with organisations around the world and being able to do business electronically.
6. Having easy ways of publishing information electronically to benefit from the speed, cost-effectiveness and accessibility of this method of publication.

4.2 Ministerial Correspondence

MINCOM is the Treasury's electronic handling system for all correspondence addressed to Treasury Ministers. The system was developed during 1997 and 1998. Full roll out to all teams within the Treasury, Inland Revenue and HM Customs and Excise was completed by Spring 1999. This involved training for approx 400 drafting officials within the Treasury.

The system records and tracks all correspondence received by Treasury Ministers. All Ministerial correspondence is scanned to MINCOM and is charged to officials electronically. The system allows individual officials and teams to monitor their correspondence caseload and prioritise tasks to meet deadlines. The Ministerial Correspondence Unit is able to quickly identify delays in cases and chase late replies.

The roll out of the system, together with other moves to increase the profile and importance attached to Ministerial correspondence, has led to some improvement in the departments' performance against targets in these cases. The system allows for specific management reports on performance to be obtained for Ministers and senior officials. The process of allocating cases to drafting officials has been significantly improved in terms of speed since the introduction of the system.

There are direct email access routes into the Treasury available to the public. There is a Ministers' email box that goes directly to the Ministerial Correspondence Unit and a general enquiry box going directly to the Public Enquiry Unit. Although MINCOM can handle such electronic correspondence now, we are shortly to discuss the best way of improving internal processes to deal more effectively with email correspondence.

We are now looking at ways to replace MINCOM with a more general case handling system. A short study undertaken in 1999 suggested that we would do better to wait until we had moved to a Microsoft platform and better tools were available to us. Since then Custom and Excise have started to look at replacing their system - the CHASE project. Their requirement is similar to ours, as is their technical architecture. We plan to return to this towards the end of the year, in the light of our move to Microsoft Office, our move to Panagon and in the light of how Customs get on, with a view to producing an options study by the end of the financial year. We will also be talking to Inland Revenue and we may be looking further afield within government. In broad terms, we feel that the requirement for this sort of thing must be fairly common across the central policy departments.

A similar system to MINCOM is used for the handling of Parliamentary Questions. This has been in place within the Treasury since 1996. It allows PQs to be charged to drafting officials and for draft responses to be submitted to Parliamentary Unit electronically.

<p>Conclusion. We are planning to improve the way we handle correspondence from the public and to introduce a more structured system for logging and managing emails.</p>
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4.3 The Public Enquiry Unit

The Public Enquiry Unit (PEU) is HM Treasury's small call centre, answering telephone enquiries from members of the public, businesses and other government departments and agencies for Treasury information or publications.

Increasingly, the PEU is receiving and answering enquiries received by e-mail. The e-mail address is on the Treasury's website, is widely available through links on other sites and is also published on HMT press releases and hard copies of HMT publications. Policies and service standards for dealing with emails are currently being developed jointly with the Ministerial Correspondence Unit.

Future developments include posting on our website a list of answers to the most frequently asked questions. Already the Treasury Internet site provides some information for which people might otherwise need to use the phone. It also has many of the publications that are requested frequently.

Early indications are that increased use of the Internet is having an impact on the PEU with users viewing online or downloading publications. However, we are also handling large numbers of e-mails requests rather than telephone requests for hard copies of publications thus increasing the overall number of enquiries processed. This increased use of the Internet is clearly a good thing in terms of making public access to information from HM Treasury easier.

The PEU are looking to upgrade their telephone call logging system at the moment. Any new system will provide better performance measurement of the number and type of calls and better guidance for our customers. It would also provide statistics on such things as callers' areas of interest as well as measuring the turnover of calls handled. The PEU will also be installing a Post Office program that

will provide an address when given a postcode. This will help us to keep an audit trail of calls processed and eventually enable the automatic printing of address labels for sending out requested hard copies of publications (regardless whether the request is received by telephone or e-mail).

At the moment PEU are consulting with Telecoms on the specification for this new system. It is thought that the system will cost about £20,000 and which we are aiming to have fully implemented by April 2001.

<p>Conclusion: We are looking to upgrade our Public Enquiry Unit call logging system to provide better performance and management of the number and type of calls and better guidance for our customers.</p>

4.4 Publishing

The Treasury has a target to publish all material electronically, and all publications which go via the Publishing Unit (PU) are published electronically as well as on paper. Some material currently bypasses the PU, however, and it is therefore difficult to ensure full compliance. In due course, however, all material should be channelled via the PU. The Publishing Unit is responsible for the Treasury's website which offers access to most publications. The site has 50,000 hits per day. We are looking at ways in which to develop e-mail, web conferencing and cameras to get messages across more effectively. As demand for traditional delivery channels falls we plan to increase the amount of material available electronically while continuing to satisfy residual demand for hard copies so long as it exists.

The distribution of press notices is currently done by an email subscription list and via our Internet site as soon as they are issued, as well as by the Central Office of Information. There are also email lists for various publications (e.g. the monthly comparison of independent forecasts) as well as a hard copy mailing list. The press officers deal with individual media queries, meetings and press briefings that currently could not be delivered effectively online.

We are looking at ways in which we can further use email to get our messages across more effectively. Under consideration are operational notes and press notices to specialist groups and targeted members of the press. There may also be other options to examine in the future, such as the possibilities offered by videoconference and web cameras. Any new equipment will incur a cost, and there will be training expenses too. It is possible though that new technology may in the long run reduce subscription charges.

There is a strategy project currently underway covering Treasury publishing, electronic and print, corporate identity and a new website with the aim of producing better documents – either on paper or electronically - which are more easily accessible to the public and business. As part of this process, we have placed an OJEC advert inviting expressions of interest for the provision of a range of creative services to the Treasury, including design, editorial, and photographic services for example.

Finally, as part of our preparation for Freedom of Information, we will develop a departmental publications scheme linked to our Information Asset Register.

Conclusion. We are planning an integrated approach to the provision of a range of creative services to the Treasury, including design, editorial, and photographic services so as to produce documents that are more accessible to the public and business.

4.5 The website

The Publishing Unit is responsible for the Treasury's website site, which offers access to many of our publications such as Budget documents and press notices. These are available on the site as soon as is possible after release. The site currently has around 3,500 visitors (50,000 hits) per day - this increases to 50,000 visitors (1 million hits) around Budget time.

A first step in our Publishing strategy was the production of a **Website Consultation Report** by Bates Interactive. It concluded that the HMT website must become a conduit to informing and educating wider audiences on what HMT is and what it does. Also important is information on how the Treasury is structured and how it fulfils its role at the heart of the nation's economic life, so reflecting the wide range of Treasury responsibilities. Additionally the website must become a fast and effective way of meeting the information needs of both specialist and generalist audiences.

The report contained research on the profile of **customers** using the website. The primary group of users were the following:

- Businesses. They need information about HMT policy. This might be on topics as diverse as what are the Chancellor's latest initiatives on SMEs, what is happening with the Euro or what are the rules on tendering for government services.
- Journalists in the UK. This is a key intermediary group for dissemination of information about HMT. They use the site on a regular basis and are primarily concerned with press notices and speeches. They require fast access to updated information for story research.
- Citizens. They need information about topics in a personal and easy to understand manner. They often do not understand the traditional HMT functions and need much better signposting to the information they require. Often a misunderstanding of the functions of the Treasury means that their needs are best met by offerings on other government websites. Any navigation cues should mimic a citizen's queries when they approach the site. A good indication of what these might be will be obtained from the work of the Public Enquiry Unit.
- Other Government Organisations. Officials from these organisations, and indeed from overseas governments and institutions (such as the UN and the World Bank) need to keep in touch with what HMT is doing.

Other important groups of users are

- Academics and students. They have a primary interest in research.
- Young people. They often use the site to obtain basic descriptive information for completing assignments.
- Overseas visitors. A difficult group to categorise or for whom to identify requirements.

The key **recommendations** of the report were that:

- HMT should adopt a modern, authoritative design using key visual symbols, including the HMT crest, red budget box, images of people sharing and talking, and layered images of

money and coinage. The website design will be the most public extension of the "HMT" brand. In due course, the look and feel of treasury documents published off-line and that of the website will be consistent with a new house-style.

- HMT should implement an information architecture system that promotes dual pathways for users to find information. One pathway mimics the structure and output of the treasury. The other pathway allows for users with no prior knowledge of HMT, it is organised by topics of public interest. Implementing this solution will enable HMT to proactively manage users' online expectations and needs.
- HMT should implement an Embargo Publishing System to facilitate publishing of restricted documents and to allow documents to be published outside office hours. The Embargo Publishing system would have certain limitations and only support limited functionality due to security restrictions.
- HMT implement a native search engine on the HMT website, which searches only those document on the HMT Website.

Clearly, the site must also conform to the published government guidelines. For example, it must be workable and attractive on a variety of target machines, and must also be "disability friendly". The site will also be linked with the UK Online Citizens' portal.

The report also suggested new ways of publishing to the Internet site. Aside from the existing legacy information, new content could be thought of as falling into one of two categories

- Hard content. These are documents and publications arising from our normal business activities. Increasingly, these will be produced using Microsoft Word.
- Soft content. These are descriptions, navigational cues and persuasive writing specific to the website.

The Bates Interactive report envisages the use of Panagon Web Publisher (PWP) to put most information on the website. (Panagon is an electronic document management system widely used throughout the Treasury. PWP is a software package that takes standard word-processed documents and converts them into a web-friendly format.) A variety of PWP templates would be produced, addressing both hard and soft content. But whilst this makes the mechanism of publishing on the web easier, it does not guarantee that what is published will be suited to the web. Writing for the web requires skills different from those employed when the final document is intended to be published on paper. Bates Interactive recommend, therefore, that HMT set up a programme of training on the principles of writing for the web. Failing that, HMT should consider whether to employ specialist copywriters.

There are other important issues

- The review and authorisation of new content. This includes issues such as who reviews and approves graphics and multimedia files that reinforce any messages and when are legal/technical staff brought in to approve any new content.
- The currency of the existing content. How are daily deployments of new content scheduled, and are there old, out of date or unpopular pages on the site?
- Auditability. Can we track changes to various types of content, and is it possible to roll back to an earlier version.

Bates Interactive propose a shared workplace for testing, review, version control, storage etc. This will act as a cordon sanitaire between the authors and the web. Authors will put their content into the

workplace, and the publishing unit will release it onto the web, all using some form of workflow software

Conclusions:

By early 2001 we will have redeveloped our website to make it more accessible and customer focussed.

We will link it into the UK Online Citizen's Portal

5. Supporting Policy Work

5.1 Introduction

Much of the work of the Treasury is to do with policy analysis. Indeed nearly half of our staff could be regarded as specialists in this field. All require the right skills and tools for the job. They need to be able to communicate with others. They need to be able to obtain and analyse information, and to have access to the best tools for presenting their conclusions.

The continuing importance of this work within the Treasury is reflected by the fact that a number of our key strategic requirements are concerned with this general area:

Strategic Requirements

2. Having quick and easy access to the widest possible range of external information sources to support monitoring and policy development.
3. Being able to access our own corporate memory easily to help us to learn from past experience.
4. Being fully integrated into the developing system of electronic "joined-up" government to enable rapid communication within government and the sharing of information.
5. Having reliable ways of communicating quickly with organisations around the world and being able to do business electronically.
6. Having the best modern tools for analysing information and presenting our conclusions.

5.2 Communicating

We have already done much to boost our capability to communicate effectively:

- everyone uses email
- the GSI and the Internet on the desktop
- new videoconferencing facilities

We are also in the middle of Build Version 6, which gives everyone a standard software package based on Microsoft Office, and so makes the interchange of documents with those in other departments much easier. This will be completed by January 2001.

During the coming year the IT staff will be continually monitoring the existing services to ensure that the level of service offered to the rest of the Treasury is effective, reliable and robust. We have also just appointed a new editor for our Intranet and the GSI. One of his tasks will be to ensure that all parts of the Treasury avail themselves of the opportunity offered by the GSI for doing business electronically.

Conclusions.

By January 2001 we will have upgraded our Office system to the latest standards to make it as robust and as easy to use as possible, and to allow easy exchange of documents with other organisations

We will promote the use of the GSI across the Treasury and adapt our working practices to use its capabilities.

5.3 Information and Our Corporate Memory

The Treasury is an early adopter of the management of electronic documents and records, and this is at the heart of its IT Strategy. The department already has a well-established Electronic Document Management system in place. As part of our Office system development, we are now in the process of releasing a new version of the product called Panagon, which offers a much more user-friendly interface and more efficient processes. The performance of this system will be assessed over the coming months.

We are looking to select an Electronic Record Management product in 2001. This will add extra functionality to Panagon, help us in the longer-term management of our records, and meet departmental and regulatory/legislative requirements.

Our Electronic Document management System is accompanied by a Treasury Management Board approved policy, which defines clearly the responsibilities across the Treasury for creating and managing our departmental records, and by arrangements for ensuring the policy is followed. The effectiveness of this policy will be assessed over the coming months. We will also be issuing new best practice on how to manage information electronically. It will include guidance on setting up cross cutting folders to assist shared working between teams and on the storage of emails.

In order to enhance the effectiveness of its policy-making capability, the Treasury wishes to

- start to build in Panagon a generally accessible library of key information, including all "post-mortems" or "histories" which are written of important policy issues;
- investigate how the "story" might more easily be read from the Electronic Record.

We will be encouraging teams to keep knowledge pools of key documents on NetOasis, our intranet. For audit and accountability purposes, a copy should be retained in Panagon. Our new software tool, Panagon Web Publisher, will make the publication and management of material from Panagon onto NetOasis much easier. But we have still to work out how it might best be deployed throughout the department. Our NetOasis editor will champion it in 2000-2001.

The Treasury will plan for the coming **Freedom of Information Act**. The Act should apply to the Treasury in early 2002 and the department needs to ensure that it is prepared for greater openness. The IS will develop a departmental implementation plan for Freedom of Information. This will include a set of procedures, including the handling of appeals, and a workflow and tracking system. To ensure that everyone is fully aware of the consequences of this greater openness, the plan will include a programme of publicity, guidance and awareness training.

Conclusions

As part of the Office system development, we will have upgraded the electronic document management system across the Treasury by 2001 to make it much easier to use.

We are developing a strategy for underpinning the document management system with electronic records management capabilities to enable us to meet the cross-government 2004 target.

We will be working to ensure that all key documents are promptly filed in the system

5.4 Knowledge Management

Clearly Panagon is seen as forming an integral part of any Knowledge Management proposals. It already contains a substantial amount of information that is available to be mined so as to provide input to a policy analysis process. But Knowledge Management is more than this.

Some thinking has already taken place in the Treasury on the adoption of a wider Knowledge Management programme. Knowledge Management is about using information effectively and ensuring that teams within the Treasury maximize the benefits that can be obtained from our investment in IT, its information systems and the Library services.

A pilot study is about to begin in the department's Public Services Directorate with their recruitment of a dedicated Information Manager. The responsibilities of this post will be to work with all the teams in the Directorate to:

- facilitate and promote information and knowledge sharing;
- participate in project teams;
- build a knowledge pool, initially focusing on the creation of three databases: child statistics, the labour market and best practice. In effect this will be a gateway to external information sources and largely comprise of links to documents on the internet;
- build a database of outside contacts;
- promote the sharing of best practice

The results of this pilot exercise will be reviewed and an assessment made of the lessons learned. The wider objective will be to embed KM throughout the organization.

Through its membership of the Committee of Departmental Librarians, and in partnership with the Centre for Management and Policy Studies, the Library will seek to expand its contribution in support of evidence-based policy and decision-making.

Conclusions.

We are raising the profile of good knowledge management across the Treasury and highlighting our areas of best practice

We are carrying out a pilot in our Public Services Directorate to assess the benefits in using professional information officers as part of our policy teams.

5.5 Knowledge Network project

The Knowledge Network aims to provide a central database of briefing material and of facts and figures formed from a network of individual Departmental systems. The Treasury plans to build its own system, which will link into and contribute to the wider network. The project as a whole is led by the Cabinet Office, with the database being made available to departments via the GSI. Initially, the database will contain

- lines to take on Government policy
- policy briefings
- a system to provide statistical information broken down to local and regional levels

The system will also contain a powerful search engine, which will allow users to get individualised briefings. Thus search on 'e-commerce', say, will provide all the government lines to take on e-commerce, regardless of which departments provided the briefings. The system will be available on people's desktops and remotely, 24 hours a day, 7 days a week.

Phase 1 of the project was launched in the new year and consisted of five pilots involving ten departments. The Treasury was involved with Pilot 2 - Regionalised Facts and Figures - which aimed to investigate the way in which the Knowledge Network could enhance the handling, presentation and dissemination of local and regional knowledge. This pilot finished in May 2000. All the pilots have now been successfully completed and been externally reviewed.

The first stage of phase 2 of the project will put in place the basic infrastructure to ensure that departments can have access to the briefing database. Also included will be the 'Parliamentary Clerks Network', a new online resource for parliamentary sections. This work is targeted for the Autumn of 2000. A project board has been formed to oversee the implementation of phase 2 within the Treasury. Given the wide potential use of the database, members of the board have been drawn from across the department.

Further stages in phase 2 of the project will provide a programme to promulgate Knowledge Management and to ensure that its principles take root in the Civil Service. This later work will continue until July 2002.

Conclusion. We have joined the Knowledge Network – a project to bring together policy information in a central database and facilitate its use across government and more widely.

5.6 Having the right tools

We continue to ensure that all staff in the Treasury have the most effective and efficient tools for analysis and for presenting their conclusions. We are in the process of moving to Microsoft Office,

which will make the task of distributing documents and of making presentations to other organisations somewhat easier. A small group within the IS team has been set up to monitor emerging technology and to make recommendations as to its usefulness within the Treasury.

A new version of our intranet, **NetOasis**, was launched in May 2000. The site was redesigned to give a much more modern look and feel, the content was restructured and reorganised, and the signposting of key information was greatly improved. It is now the main way in which information, both policy documents and corporate information, is published internally. A new post of NetOasis editor was created to take forward this agenda. The editor will continue to keep the structure of the intranet under review and promote its use for collaborative working.

A new software tool, Panagon Web Publisher, has been purchased to make the publication and management of material on NetOasis much easier. It automatically converts word-processed documents stored in Panagon, our electronic document management system, into a form suitable for placing on the web. It has been piloted with Office Notices and other material. During the rest of this year and next year, the NetOasis editor will champion the use of Panagon Web Publisher as the best mechanism for publication to web-based systems, thus making it easier for everyone to place information on NetOasis.

In these days of information overload, being able to locate the right piece of information is often extremely difficult. Our current systems in the Treasury provide only adequate searching facilities. A search of Panagon, for example, is sometimes extremely slow and offers unfocussed and incomplete results. We will therefore introduce a new **Search Engine** into the Treasury in 2001. It will give users the ability to find and retrieve specific items of information in a much more effective and efficient manner. It will cover Panagon, NetOasis, the GSI and sites on the Internet, all via a single user-friendly access point.

Keeping up to date with new and relevant information is sometimes even more difficult. Our search engine should be able to alert users of the arrival of new items of information in new data sources. To prevent them from being overwhelmed, the search engine should have an effective filtering mechanism that only retrieves items of particular interest.

Conclusions:

In 2000 we redesigned our intranet to make it the main way in which information is published internally. We will continue to keep the structure of the intranet under review and promote its use for collaborative working.

In 2001, we will invest in a high quality search tool to provide a single access point for the location of information on our Electronic Document Management System, our intranet, the GSI and sites on the Internet.

6. Supporting the business

6.1 The Treasury Corporate plan

The Treasury's new objective's for 2001-2004 were published as part of the 2000 Spending Review and are given in Annex A. These objectives focus on the outcomes that the Treasury is trying to achieve - our overall aim and the objectives and key targets for economic change and better public services. In order to achieve these objectives, we need to have a systematic approach to the management of the department. The **Treasury Corporate Plan** contains the measures that we need to take to help us do this. The present version contains a change programme for 2000-2001. Important components in this programme are a list of strategic targets for monitoring purposes and key success factors which describe the things that have to be done to attain our objectives. Much of this change programme impacts upon the provision of information services. All the consequent developments are described within this strategy.

6.2 Specialist Systems

As well as those information systems that support the strategic change outlined in the Corporate Plan, we do have a number of specialist computer developments which support the ongoing needs of particular parts of the Treasury, or particular business processes. The main ones are:

- systems for streamlining the processing of Ministerial correspondence and Parliamentary Questions. (described in section 4)
- the Treasury database and the Treasury economic model;
- the IGOTM tax-benefit model;
- the public expenditure database and FIS system;
- the Treasury Accounting System (TACSYS) for managing the Consolidated Fund etc;
- the FAMIS financial management information system;
- a personnel information system;
- Whole of Government Accounts (WGA)
- Procurement

A number of other business processes are currently carried out using the standard office system in a free form-form way. **We will review these in 2001 to ensure that we carry them out in the most effective manner.**

Clearly the Treasury develops such systems to satisfy its overarching requirement - that of ensuring **that the Treasury's information systems are continuously improved to maintain their support for the business needs of the department and the needs of colleagues who have to use these systems.**

Increasingly, these separate systems will be delivered to the people who need access through web-browser interfaces so that they integrate seamlessly with our other business applications. There are

however a number of other strategic requirements to be borne in mind when new systems are developed.

The Treasury's Strategic Information Requirements

3. Being fully integrated into the developing system of electronic "joined-up" government to enable rapid communication within government and the sharing of information.
4. Having reliable ways of communicating quickly with organisations around the world and being able to do business electronically.
8. Managing better the flows of information that underpin our key business processes to improve our efficiency and provide good audit trails.
13. Storing our important and sensitive information in ways that guarantee its security.
14. Providing information systems, which are highly robust and reliable.
15. Providing information systems that are easy to use.

6.3 Best Practice

Providing systems that are not only highly robust and reliable, but do what they are intended to do, demands the use of good project management methods. In the past we have followed the principles of the PRINCE methodology to manage our projects. We will continue to do so. But we will now take on board the lessons of the Cabinet Office report **Successful IT: Modernising Government in Action**. To ensure compliance with these standards all staff who are involved with projects will be offered comprehensive training in up to date project management methods.

6.4 TES Database and Treasury Macroeconomic Model

TES Database

The Treasury Economic Service (TES) database allows access to a wide range of economic time series provided by the ONS, IMF and OECD. The database is used extensively to provide inputs for the Treasury model, briefing material on a variety of economic statistics and for internal research.

The largest part of the series is supplied by the ONS, who transfer data to the Treasury each night via a dedicated link, which are then automatically used to update the database. The series include those on the ONS publications Blue and Pink books, Economic trends, Financial Statistics, Monthly Digest of statistics and the United Kingdom Economic Accounts.

The data from the IMF is received via CDs each month. It comprises international balance of payments and international financial statistics for all countries and is processed and added to the database. This data is provided free as we are a government agency.

The data from the OECD for the countries within the organisation arrives via zipped e-mail files. Each month we receive the main economic indicators and trade data, each quarter the labour statistics and quarterly national accounts, and each year the annual national accounts. This data is also provided free.

All this data is published data, except perhaps for a small amount of the ONS data.

A small number of series from the IMF and the OECD are sent to the ONS via the dedicated link.

The current version of the database, which uses Interbase 5.6, was developed by FMI under a consultancy contract in 1996. The TES program is used to access the database. This was originally written by FMI but is now maintained by the Treasury. This enables the data to be browsed, transformed or provide output in various formats including the Treasury model. The latter is performed by a Fortran program Convert, written and maintained in house using Lahey FORTRAN.

Apart from the database software, there is no private sector involvement with the system. It is all fully computerised. Consideration is currently being given to the feasibility of linking database to the Treasury's Internet. The barriers to any such development is that all the data is supplied from outside the Treasury for its own use; the ONS, IMF and OECD all sell their data commercially so further distribution would not be possible without negotiating with these bodies. Also, at present the system requires software to be loaded on each users PC in order to access the database. Consideration is also being to the option of moving to another database system.

The use of the TES database is limited to those authorised to use it using the Treasury Oasis ID. However, as most of the data is published security is not an issue. The system does not communicate with the public or with business; if they require the data they have to contact the data suppliers directly or go to data suppliers such as Datastream.

The Treasury Macroeconomic Model

The Treasury model comprises a set of equations that are solved using software generically known as AMODEL. The solution software (and associated programs) was originally developed in house for mainframe computers in the early 1970's. A series of enhancements were completed in the early 1980's. More recently, the software has been adapted to run within the Windows operating system. The system is robust and performs well. There are currently no plans for further development of the software.

The Treasury has a statutory obligation under the terms of the 1975 Industry Act to keep an econometric model and to publish forecasts. The model and software are made available for public use under the terms of the same Act. New versions of the model, along with the historical data, are provided for public use annually.

The model is used internally for forecasting and simulation purposes. Forecasts, produced with the aid of the model, are published in the PBR and FSBR. However, access to the model data is restricted at Budget times by limiting the number of people who can use the server partition. This also effectively constrains the extent to which the data may be made available to other government departments.

6.5 IGOTM

The Inter-Governmental Tax Model (IGOTM) is a complex, micro-simulation model for calculating, on a static basis, the distributional effects of tax and benefit changes. It is used to provide internal policy advice to Treasury Ministers on the impact of tax and benefit changes on UK households. Results are published in the Red Book and other supporting documentation. Similar analysis is regularly published by non-government organisations such as the Institute for Fiscal Studies (IFS) who own and maintain a similar model, TAXBEN.

IGOTM is a SAS program, originally written by Amadeus, and now maintained by the Treasury. The model is also made available to other departments (Inland Revenue, Customs and Excise, ONS and the Scottish Executive). Although each department runs the model independently, the Treasury does at least once a year circulate new modules, parameters and costings via CDs or 3 1/2 inch disks. Regular meetings are held with these departments to ensure that other users are consistently using the same data and code.

The ONS derives the data used in the model from its annual Family Expenditure survey which are grossed up to reflect the household and employment structure of the UK population. New data sets are produced once a year and sent to the Treasury via CDs (as the amount of data is rather large e-mail is not really an option). The entire system is fully computerised.

IGOTM was developed in the mid-1980s and was rewritten from a mainframe model into a user-friendly PC based system in 1996.

Last year the IFS carried out a project to compare TAXBEN and IGOTM. This involved an audit of the algorithms within the models to ensure that they were consistent and up to date with the current tax and benefit system and to consider other common issues in tax and benefit modelling.

Beyond responding to the changes, which emerge in the light of the IFS audit, there is a significant program of extension and improvement for the model in hand:

- A new version of SAS, version 8, has just been released. This will make it very much easier to output tables from the model in HTML format, and provides ways of running SAS applications without the user having SAS on their PC.
- Incorporating Family Resources Survey data. The larger sample used by FRS would allow the model to use more timely annual data rather than the average of the past three years and ensure further consistency with the DSS analysis which solely uses the FRS in their tax-benefit model PSM.
- Sharing experience with other government departments through regular user meetings and seminars.
- Developing a stand-alone behavioural model of labour supply. Governmental interest in "making work pay" makes modelling the labour market impact of tax and benefit changes desirable.
- Treasury are currently working in conjunction with DSS (who have their own similar model) and with the other governmental users, to ensure consistency between PSM and IGOTM with the possibility of creating one tax-benefit model across government.

IGOTM is not made available to the general public or businesses. The model is designed primarily to answer specific questions in support of the Budget, the results are included in the Red Book, other supporting Budget material (made available on the Treasury's public Internet site) and in answer to Parliamentary Questions. The system is highly sensitive around budget times. The user has to

complete a password screen to get into the system, which is held in the Treasury on the user's individual machine, with a copy on a server, access to which is restricted to authorised users.

6.6 THE PUBLIC EXPENDITURE DATABASE AND FIS SYSTEM

The public expenditure database

The Treasury maintains a database of public expenditure outturns and plans/forecasts, at a detailed sub-programme level. The database holds annual data for up to nine years - five outturn years, latest estimates for the current years, and up to three forward years. The coverage is total public sector, including local authorities and public corporations.

Most data is supplied by Government departments. Some is input by staff within the Treasury, e.g. debt interest, net payments to EC institutions, the DEL Reserve. Treasury spending teams are involved in checking departmental data, in particular that plans data are consistent with overall control limits (e.g. Departmental Expenditure limits, running costs limits).

The public expenditure database is used to produce the detailed tables for the Supply Estimates, Parts II and III, and the cash plans tables for departmental reports. A comprehensive set of statistical analyses drawn from the database is published in Public Expenditure Statistical Analyses, alongside Supply Estimates. The database also supplies the starting data for the separate General Expenditure Monitoring System (GEMS), which is used to monitor spending on a monthly basis during the year. The database is also a data source for ONS for national accounts, although the primary source for public spending data for the quarterly national accounts is GEMS. And it is used to answer ad hoc enquiries (e.g. Parliamentary Questions) during the course of the year.

The database structure needs to develop to reflect changes in the accounting, budgeting and control regimes for public spending. The move to resource accounting and budgeting has involved a very substantial expansion of the size of the database, in order to hold full accruals data as well as cash data. The database was used to produce shadow Resource Estimates, which departments presented to their Parliamentary Committees in May for RAB Trigger Point 4.

Financial Information System

The Financial information System (FIS) is a core Treasury business IT system that provides a means to analyse and monitor public expenditure in support of the Treasury's objectives in respect of planning and control of public spending. The system handles the interchange of data between departments and Treasury during the maintenance and updating of the Treasury's public expenditure database and is used to interrogate and report from the database.

The present FIS was introduced in June 1999. It replaced a system first introduced some 10 years earlier, which ran on a mainframe and had a DOS front end, and as a consequence by the end of its life was not well integrated with the Treasury's office network, OASIS, introduced in 1995. The current system is an SQL application, which sits on a dedicated server, with a Windows front end, and an integrated interface with the Treasury's office network, OASIS. The system allows data input from departments to be fully electronic, with data arriving via email in one of three formats - on a text file, an Excel spreadsheet or in an Access database - and with some routine data checking automated.

The overall aim was to establish an extendible, flexible system capable of adapting to future changes in data collection, processing and/or output requirements, making use where possible of existing

software packages. The application was developed by Diagonal Solutions Ltd, and incorporates an off-the-shelf reporting package, Business Objects. It was developed over the period January 1998 to May 1999.

Maintaining and developing the system

FIS is supported through a contract with Diagonal Solutions Ltd. There have already been some major changes to the database environment from that current at the time that the original specification was put out to tender in 1997. One of these changes has been a large increase in the size of the database consequential on the move to resource accounting and budgeting.

A further development of the FIS application - a variant which will allow data capture through the Government Secure Intranet (GSI) rather than as at present through e-mail - was suggested by Diagonal Solutions. This would allow much of the validation to take place within departments rather than at HMT. Two options were put forward:

- placing the actual database on the GSI. This would allow departments to update the data in real time, but would require active components on the desktop, which might cause difficulties with some departmental security policies.
- placing a copy of the database on the GSI. The copy could then be downloaded, updated and sent to HMT. This would ease some security worries, but would mean that the central database would need updating at HMT.

Security concerns meant that this was not part of the system supplied in 1999. However a prototype has now been developed by Diagonal Solutions and is currently being evaluated by the Treasury.

At present Public Expenditure Statistical analyses (PESA) are published in Acrobat format on the public website. Although this makes the information available, it is not in the most useful format for further analysis. There are now proposals to publish key data series on the website in an easily accessible form, thus giving users the ability to download the data into appropriate software and perform their own analysis. This is being taken forward alongside the redevelopment of the Treasury's web site.

<p>Conclusion: We introduced a new public expenditure database system in 1999 which we are looking to develop further in 2000-2001</p>

6.7 TACSYS (Treasury ACcounting SYStem)

TACSYS is the system used to manage the operation of the Consolidated Fund, the National Loans Fund and related activities such as borrowing and lending, financing government departments' spending via the Supply system, cashflow forecasting and monitoring. It handles the Funds' processes which are partly regulated by law and generates the necessary data for the annual accounts and the detailed tables published in the Supplementary Statements.

Planning for the present TACSYS began in 1989. The intention was to replace a number of existing systems that were nearing the end of their useful life and to computerise for the first time other operations that were still done manually. At the time this was quite an ambitious project, so a prototyping approach was agreed.

The project proved to be wider in scope and more complex and timely to implement than originally envisaged. However, TACSYS has delivered the benefits anticipated at the outset. It is now beginning to show its age and planning has begun for future IT requirements.

A redevelopment project has been approved and work has now started (October 2000). It is likely that the solution to be implemented will provide linked systems that will cover three areas of Treasury work, although this is of course subject to the detailed outcome of the systems analysis and the structure of the bids received. The areas are:

- *Operations and accounting.* This is the core system. It handles transactions through the Consolidated Fund and National Loans Fund, and accounts for the flows. As a financial system there is a real need for robustness, accuracy, security and a comprehensive audit trail.
- *Forecasting/swing.* This will support work on forecasting government cashflows. It will also support the tracking of cash throughout the day to inform Debt Management Office's cash management operation (The Swing).
- *Supply and accounts management.* This area deals primarily with the issue of supply to departments; payments into and out of the Contingencies Fund; payments to the European Community; and payments by departments and others into the Consolidated Fund.

The agreed plan was drawn up on the basis that the new systems(s) would be operational in financial year 2002-03. An important part of the project will be to address the handling of input and output electronically.

Conclusion. A project is underway to replace the system which manages the Consolidated Fund, the National Loans Fund and related activities.

6.8 FAMIS

FAMIS is HMT's domestic accounting system. Its main features are

- Creation, logging and tracking of purchase orders. This follows the life of a purchase, from the creation and authorisation of a purchase order, through the receipt of purchases in goods inward, to the authorisation and payment of invoices.
- Payment of Invoices. These are paid by one of two methods
 - Cheque printing using a special secure printer
 - BACS payments sent down the line via a special black box

- Authorisation of purchases and the payment of invoices
- Cash and accruals accounting system
- Fixed assets module which can be used in conjunction with HARDCAT
- Producing management reports for the budget liaison officers and budget holders (who have access via the Treasury network).
- Interfacing with Corporate Applications. So, for example, ordering refreshments produces a purchase order
- Including the catalogue for Corporate Applications

The system runs using proprietary software CFACS (Version 7.3) produced by Cedardata. It is based on an Oracle v7 database and runs on an HP UNIX box.

DMO and OGC (for the present) use the system

New FAMIS

The current FAMIS system is 4/5 years old, showing its age and so we need to consider an alternative.

The requirements for a replacement system have been advertised in OJEC. Essentially it will have the same role but will have greater functionality and be web enabled allowing it to be accessed via an Intranet. (Note that access will be limited). The award of the final contract is targeted at taking place in April 2001, with a go live date in the final quarter of 2001.

<p>Conclusion. A project is underway to replace the Financial Management system.</p>

6.9 HR System (PSE)

The Department manages a database of personnel information that is used to support management on the development and monitoring of personnel policies, such as diversity.

In 1994, the Treasury implemented a system called ARGOSY purchased from the Chessington Computer Centre. Although the department had the option of using Chessington's bureau facilities, the software was installed on Treasury hardware.

In 1999 it was recognised that the existing ICL hardware and software was ageing. The hardware in particular was increasingly unreliable, and has limited the scope for implementing improvements in the software. This, taken with the demand for greater functionality, speed and flexibility in the inputting and extraction of data, led to a new user specification, and an invitation to tender for a new system. The contract was won by Rebus Software Ltd and their product PSE (PS Enterprise) will go live in October 2000.

The new system offers extra functionality, adding modules to deal with recruitment and training. The software will be released in an incremental fashion, with the whole package not being available until 2001. Indeed, one of the more interesting modules, 'Yourself', is not due to be released until 2001. This module will allow staff within the Treasury to update their own records from the desktop, and so is potentially of great benefit in ensuring the currency of the data and in making efficiency savings.

Conclusion. We are introducing a new personnel database system in 2000.
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6.10 Whole of Government Accounts

Whole of Government Accounts (WGA) will be commercial-style accounts covering the whole of the public sector - "Government" in its widest sense. The accounts will be prepared on an accruals rather than a cash basis, and using commercial accounting standards and practices adapted where necessary for the public sector context.

In the same way as commercial group accounts, WGA will treat Government as if it were a single (consolidated) entity by eliminating all significant transactions and amounts owned between public sector entities. This will be intended to present a "true and fair" view of the Government's activities.

The "Whole of Government" is taken to include the following types of body and any subsidiary of the body so designated by HMT:

- Central Government Departments
- Non-Departmental Public Bodies
- National Health Service Bodies
- Local Authorities
- Public Corporations
- Trading Funds

This could eventually result in an overall consolidation including information relating to in the region of 1700 or more separate entities. However each government Department will be responsible for producing a sub-consolidation of those bodies it has responsibility for. Therefore it is envisaged that the largest single consolidation will consist of 500 or so bodies, with the HMT project team producing the final consolidation of the 50 main departments.

To achieve such a large consolidation for the first time, the project has been broken down into a series of milestones towards the eventual target of publishing the first audited set of WGA covering the financial year 2005/06. In the interim, the target is to publish accounts for central Government (departments plus NDPBs) for 2003/04, with dry runs in the two preceding years (2001/02 and 2002/03).

Although most of these bodies now produce accounts on an accruals basis, local authority accounting procedures and policies will need to be closer aligned to those of the rest of the public sector by the time they are included in the consolidation.

Public sector bodies have been free to procure their own hardware and software without any centrally imposed protocols or guidance. As such there is a wide range of accounting, finance and operating software currently in use. Therefore any software procured must be capable of importing data from any such existing systems.

The project is still in its early stages, but it is already clear that collecting the information electronically is essential. The project envisages a web-based application feeding a number of central servers. The GSI would be an attractive mechanism for the transport of the data, but it would have to be rolled out to the wider public sector. There is also a security constraint in that the collection of information from more sensitive sources would require secure transmission. Authorisation of the accounts might also entail the use of digital signatures.

<p>Conclusion. We are currently procuring a system to produce commercial-style accounts for the whole of the public sector.</p>
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6.11 Procurement

The Treasury Procurement Unit works closely with OGC and is involved with their electronic tendering and invoicing pilots.

In 1997 a target was announced that "90% of low value goods and services (by volume) be purchased electronically by 2001". In support of this target, the Government Procurement Card (GPC) was introduced in 1998. The Treasury was also one of the first users of the Government Procurement Card. This enables low value items to be purchased more efficiently and payments to be made to suppliers more quickly.

We have met a target to transact 90% of procurement of standard goods by volume by 2000, on the original definition of "electronic". These embryo systems have been operating in the Treasury for 2 years allowing users to order goods e.g. stationery and services e.g. travel. We are now about to embark on our first true e-Procurement stationery ordering system via the web. Payment will be via GPC and all re allocation of costs to our finance system for all GPC payments are now via software. It is planned to bring more of these facilities to Treasury staff in the near future. We are purchasing a new Finance system in the latter part of 2001, which will be web enabled. We will continue to keep an eye on OGC initiatives and we will adopt those that meet our business needs in a cost-effective manner. It is not cost effective for departments the size of Treasury to go out and buy expensive e-Procurement solutions on their own.

Treasury has the policy and capability to pay 100% of its suppliers by electronic transfer. Currently we are paying 86% in this manner, as there are still many suppliers who have difficulties in accepting payment by these means.

<p>Conclusions.</p>

<p>We are constantly improving our procurement systems to make them truly electronic and this process will continue.</p>
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We currently have the ability to make all payments to suppliers by electronic transfer.

We will participate fully in all joint electronic procurement projects

7. Supporting our people

7.1 Introduction

People are a key resource within the Treasury. The work of the Treasury depends to a large extent upon the skill and knowledge of its staff. But we do recognise that we need to provide the right tools for the job if we are to make the most effective use of our staff. Nowadays this means having effective and efficient Information Systems. But the tools are not sufficient in themselves. People need to be trained in the skills required to make the most of these tools. Output will be further increased whenever identify and disseminate best practice within our organisation. This section of the strategy explores the way in which we propose to achieve these objectives. Again the needs of our staff are addressed by a number of our strategic requirements.

The Treasury's Strategic Information Requirements

7. Providing key corporate information for staff in an easily accessible, well-signposted and up-to-date way.
8. Managing better the flows of information that underpin our key business processes to improve our efficiency and provide good audit trails.
9. Meeting the information needs of colleagues who wish to work in a more flexible manner, both within and outside the office.
10. Meeting the information needs of colleagues with disabilities.
15. Providing information systems that are easy to use.
16. Ensuring that Treasury staff have the skills they need to manage information effectively.

7.2 Refurbished Treasury Building Project

Since early this century, the Treasury has occupied the GOGGS building on the corner of Parliament Square. Over time it has seemed less fitted to the needs of a modern dynamic organisation, and in the past few years we have looked at ways to upgrade the accommodation.

An agreement for the refurbishment of the GOGGS building was signed in August 1999. Our Private Sector partner, Exchequer Partnership plc, will redevelop GOGGS and provide serviced accommodation for the Treasury at the Western end of the building for a period of 35 years. We would move into this accommodation by May 2002. When the building was being designed, the Treasury Management Board decided that open plan was to be the norm for everyone, but with plenty of smaller rooms available for small meetings and quiet work. With everyone being more mobile, the role of the supporting IT infrastructure is crucial. More than this, the redevelopment provides us with

an opportunity to radically rethink what technology we should employ, and provide the Treasury with state of art information services for the future.

In 2000-2001 the Treasury will be setting up a number of working groups to identify and manage the change process. One of these groups will contrite upon the provision of new technology. Another will set up a pilot group to evaluate many of these new ways of working, and to try out the new technology. The IS team will also carry out the preparatory work in the IT and telecommunications fields to ensure the West End of the GOGGS building has the appropriate infrastructure.

7.3 Helping people in their work

The Information Services team is always looking at ways to increase the involvement of the whole organisation in developing our information systems and to ensure that the systems remain relevant to the needs of all colleagues. The overall direction in which our systems develop is influenced by the deliberations of the Information Strategy Steering Committee whose membership is drawn from every directorate within the Treasury. Moreover, all major developments have user representation on the project board and are trialed with representative groups of users. But there is still the feeling that this might not be enough.

During the coming year, the IS team is to establish an **IS Taskforce** to examine our key business processes to see if there are ways in which the facilities of our office systems can be better used to facilitate the work of the department. A small group of specialists drawn from across the IS team aims to target individual teams within the Treasury. They will spend a short concentrated spell with each team examining its businesses processes used by the team and recommending how they might be better supported by our information systems.

To help individuals, the IS team are also running a series of monthly **IT Drop In Clinics**. In informal relaxed surroundings, for an hour or so a range of IS specialists will make themselves available to their customers. They will try to solve problems, attempt to address specific requirements and listen to and act on any suggestions and recommendations.

<p>Conclusion. In November 2000 we will be piloting a multi-disciplinary information management taskforce to work intensively with Treasury business units to help them benchmark their business practices and use of IT and spread best practice.</p>

7.4 Information needs at work

No one can do their job well unless they have adequate access to the Treasury's corporate information. This includes topics as diverse as the minutes of the Treasury Management Board, Office Notices, and the times of the minibus shuttle between our two buildings. In the past, this information was spread over a variety of different fora. People wasted time searching for the information they needed, with some in the end being unable to find what they were looking for. In 1999, the decision was made to concentrate the publication of all our corporate information on our

intranet, **NetOasis**. A new version of NetOasis was launched in May 2000, in which the signposting of key information was greatly improved.

In the past there was also a lack of consistency in broadcasting key corporate information from the centre. Sometimes it came via 'Message of the Day', sometimes on an Office Notice, occasionally in a broadcast email. As a result, some people missed the broadcast if they were away, and many people had a problem finding the information if they wished to retrieve it at a later date. In 2001 we will appoint a communications manager to develop a regular **Treasury Bulletin** (project name 'Cactus') for internal publication on the intranet.

One of our key developments for 2000 is the introduction of a new **Office Directory**. The Directory should enable quick and easy access to information on the work done by teams within the Treasury and on the people who work here. At present this information is kept in a variety of places. The data is often duplicated, and is sometimes inconsistent or out of date. An evaluation of the available directory software products was made in the second half of 1999. Very few 'off the shelf' packages were found to be currently available in the marketplace and only one of those appeared to meet our requirements. Unfortunately this package elicited somewhat negative comments from its sole public sector user. Clearly any new directory would therefore require a substantial development effort.

DfEE have now offered us their directory product. This will serve as a basis for our new Directory, but will require substantial tailoring. It will contain information on the work that is done by teams within the Treasury, by cross-cutting groups and on the people who work here. It will be web-enabled making it easily accessible from NetOasis. It will be linked to Microsoft Outlook, so that sending an email to individuals or groups identified within the directory is a 'one click' operation. Keeping the information up to date will be tackled by allowing individuals to update many of their own details.

Much of the information held in the Office Directory is the same that held in our new personnel system. To ensure that any new or changed personal details have to be entered only once, further work will take place in 2001 to align the two sets of data.

Conclusions.

In 2001 we will appoint a communications manager to produce a regular **Treasury Bulletin** for internal publication on the intranet

To improve our internal networking, by January 2001, we will have implemented a new on-line Office Directory system.

7.5 Helping Colleagues with Disabilities

A working group with representatives from the Personnel Management, Information Services and Accommodation Services meet regularly to see how technical products might best help those colleagues with disabilities. The Treasury has a small number of staff with disabilities and IS has been active in identifying and providing special equipment to help them. We have provided such things as a speech synthesiser and software for a blind member of staff, enhanced telephone facilities and other aids to help staff with hearing difficulties. For a partially deaf member of staff we identified a 'talking book', a portable device that could be used to help participation in meetings and other group activities. We have provided voice recognition software for staff who have difficulty in using a standard keyboard. We also hold a stock of non-standard mice and keyboards to help those who

have problems using the standard equipment. During the coming years we will continue to look for similar products that might be of use to colleagues that have a need for them.

<p>Conclusion. We place a high priority on providing technology to help people with disabilities work effectively. We will continue to give this due emphasis.</p>

7.6 New ways of working

The Treasury would like to promote more flexible ways of working. In the last few years we have developed a **Remote Working** facilities that allow access to OASIS from afar, so that secure remote working facilities are available for all colleagues with a business need. By July 2000, about 150 people had chosen to avail themselves of these facilities. The central facilities have been expanded to provide extra resilience in the system and to cater for the move to Build Version 6. Further developments will take place during 2001 to ensure that working remotely is as easy as working from the desktop.

Voice Recognition packages that allow voice input to a word processing programme, or which allow machine interpretation of voice commands, have been around for many years. The Treasury has usually looked at one or more from each generation of offerings. None have so far provided enough benefit to be used to a great extent.

The appearance of a new batch of improved packages has coincided with an increased level of interest from potential users in the department. These users either have a physical condition that makes using a keyboard difficult, or have a desire to improve their productivity by the use of an automated text-entry system. During 2000-2001 we will be running a pilot to see if any of these new packages are of sufficient benefit to be employed widely within the Treasury. We are especially interested to establish the way in which working with voice recognition is affected by its employment in open-plan accommodation.

Two fully operational **video conferencing** suites, one in each of our buildings, were set up in December 1999. Since its introduction the Treasury has linked up with a large number of departments and participated in a number of international meetings with UKREP in Brussels, the British embassy in Washington, finance ministries from the G7 member states and other bodies. In 2001 we will be evaluating its use and making recommendations as to how it could be employed even more profitably.

<p>Conclusions.</p>

<p>In 2001 we will re-evaluate our remote working facilities with the aim of making access from afar as easy for authorised users as access from the desktop.</p>

<p>We are about to set up a pilot to see if voice recognition technology, in its current state of development, offers sufficient benefits to merit wider deployment, and to understand its impact in the working environment.</p>

7.7 Best Practice

In 1999, the Treasury was recognised as an 'Investors in People' organisation. As part of this the Treasury has taken on board the need to improve and develop the sharing of 'best practice' throughout the organisation. In conjunction with others, the IS staff have produced a series of 'best practice' guides. These cover the use of e-mail, the use of the Internet, electronic records management, Data Protection and Information Security. All have been published on NetOasis. During 2000 and 2001 work will continue on producing a range of guidance. 'Knowledge Sharing' and 'The effective use of Remote Working' are likely to be topics for the near future.

7.8 Skills and Training

The Treasury offers a full range of training in its information systems to its entire staff. Most is available on an occasional basis, but for major projects a more concerted programme is put together. So when the Internet was made available on the desktop a special half-day course was attended by over 200 people. For our current upgrade of the desktop, BV6, everyone is offered a full day on the new software facilities, with extra training being available for those that need it.

We have started a skills audit of our professional IT staff and considered a number of frameworks within which we can develop their skills. We have yet to assess the skill levels of our business managers who need to specify, purchase and manage information systems. Similarly we have not made a formal study of what might be required by the general run of people who use these systems. This we will do later in the year as part of the CITU skills audit.

<p>Conclusion. By December 2000 we will have reviewed the information management components of all our internal training programmes.</p>

8. Cross-cutting projects

8.1 Role of the GSI

Being at the centre of Government, the Treasury has links with all departments and is inevitably involved in many cross cutting projects. We are looking at ways of using the GSI to communicate more effectively with departments. The Treasury has recently established a web site on the GSI and already publishes a good deal of information on it. Our aim is to publish information once and once only. Whether this is to our intranet, the GSI or our public Internet site will be determined by the target audience for the information. The mechanism for publication should as far as possible be the same. And all our staff have desktop access to all these information sources.

We have recently appointed someone as our GSI editor. The role is combined with that of NetOasis editor to give a unified approach to web publication. (The demands and priorities of our public site are somewhat different, and so editing this has been kept separate). The GSI editor will be responsible for managing both web sites, adopting common standards and a Treasury house style and advocating methods of publication. The editor is in the process of establishing a GSI editorial board. It will draw on representatives from across the Treasury and will be used to promote the use of the GSI.

An increasing number of directorates and teams from within the Treasury will be using the Treasury's web site on the GSI to communicate with departments. For example

- The Public Services Directorate publishes guidance for departments on public spending, estimates, PSAs and SDAs, and resource accounting and budgeting.
- The Treasury team who measure, monitor, explain and forecast the public finances in pursuit of the objective of maintaining sound public finances have plans to use the GSI.

But it shouldn't be thought that we are only seeking use the GSI for publishing information. In Section 6, we describe a pilot study in which mechanisms for updating the Public Expenditure Database directly by Departments via the GSI are being tested and evaluated. There are a number of other proposals for sharing information and data with departments, but given the newness of the GSI, many of them are still in the embryonic stage.

The GSI provides an effective way of drawing on common sources of information, **we will use it extensively and we will encourage its suppliers and other departments to make sure it supports a full range of services.**

8.2 Other cross-cutting projects

We have been awarded funding of £75,000 under the 'Invest to Modernise' fund for a project to investigate how virtual teams might operate. Much of this consists of putting together the infrastructure for shared diaries and shared file access. We will be piloting the concept together with the Home Office to improve communications the Area Criminal Justice Strategy Committee coordinators.

We also see potential in the shared development of applications that meet departments' common needs. Examples that spring to mind include:

- Ministerial correspondence handling systems
- Office Directories
- Knowledge Management Systems

Thus, we are looking to upgrade our Ministerial Correspondence system and are talking to Customs and Excise who are also interested in replacing their system. We will be talking to other Government departments to see what they are doing. We have adopted the DfEE's Office Directory and gathered that other departments might be doing something similar. Finally we are linked into the Knowledge Network and many other Knowledge Management initiatives. We will work to develop shared solutions to meet our needs wherever it is sensible to do so.

<p>Conclusion: We will work to develop shared solutions to meet our needs wherever it is sensible to do so.</p>
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9. The Common Infrastructure

9.1 The OASIS System

Information systems have been used for many years in the Treasury. They have been recognised for several years as central to the effective performance of the whole organisation and virtually all our activities now rely on information technology;

OASIS is the Treasury's main Office IT system. Prior to the summer of 2000, the system was based around the Windows 95 operating system, the WordPerfect wordprocessor, the GroupWise email system and the Excel spreadsheet. When purchased, they were all considered to be the 'best of breed' in their own areas. We are now in the middle of rolling out Build Version 6 of Oasis, which is based around the Microsoft Office range of products.

When first installed in 1996, OASIS included an electronic document management component called SAROS. Since then a lot of work has been put into leveraging the maximum benefit from SAROS. We are now in a position where electronic document management is well established and the Treasury is now able to move forward to full electronic filing and electronic records management.

The Treasury's Intranet, NetOasis was developed a little later. Many teams within the Treasury use the site to publicise their activities. A new version of NetOasis was launched in May 2000 as the main mechanism for the publication of corporate information. The site was redesigned to give a much more modern look and feel, the content was restructured and reorganised, and the signposting of key information was greatly improved.

All Treasury staff have external e-mail addresses and access from their desktops to the government secure intranet and the world wide web. Access to the web is universal, and not - as in some organisations - based on the individual making a "business case". To be fully effective, everyone in the Treasury needs an awareness of the power of the Internet, and skills in using it. All staff have been offered appropriate training.

OASIS also provides us with other facilities

- the automation of key processes such as purchasing , managing conference room bookings etc., and with running the internal job market, advertising posts and external vacancies.
- secure remote-working facilities, allowing Treasury staff to log onto the system when away from the office.

Compared to many parts of government, our information systems are small scale and thus low risk. But we use IT intensively, and in using information systems to support policy analysis, we have a track record of innovation, which we aim to keep up in the future. A number of our strategic requirements do impact upon the way in which we manage our facilities.

The Treasury's Strategic Information Requirements

13. Storing our important and sensitive information in ways that guarantee its security.
14. Providing information systems, which are highly robust and reliable.
15. Providing information systems that are easy to use.

9.2 Developments

The Treasury is now in the middle of a major upgrade of the OASIS system, **Build Version 6 (BV6)**. The major components of this are

- the recently released Windows 2000 operating software
- Microsoft Office 2000 software.
- An upgrade to SAROS, now renamed Panagon

The main driver for this upgrade has been the need to move into line with the rest of central government in its choice of standard office software and to participate fully in the 'joined-up' thrust of the Modernising Government Agenda, and to gain the benefits of the extra stability and security that Windows 2000 will bring. Also Panagon comes with a much more user-friendly interface and is integrated into the Windows desktop in a way that its predecessor SAROS was not.

BV6 will be rolled out in an incremental fashion over a six-month period. The IS team were early adopters and the lessons they have learnt will be relayed to the benefit of the rest of the Treasury. We do feel that is not sufficient just to provide people with the right tools. It is essential to ensure that they can use the tools effectively. So we have invested significant sums in IT training for all staff. We have engaged a team of outside trainers from Parity Ltd to complete a training needs analysis and to deliver the appropriate training. Everyone converting onto BV6 is offered a minimum of one day's basic training, with extra training being offered to those that need it.

Further developments are to

- Carry out preparatory work in the IT and telecommunications field to ensure the smooth transition to the newly refurbished Treasury building
- Deliver appropriate safeguards within OASIS to meet the requirements of the Treasury's security policy and the wider Government requirements for the GSI
- Consolidate the systems and procedures for the remote working system

9.3 Benefits

It is difficult to measure the payoff from IT in an organisation like the Treasury where a lot of our work is analytical. But some key pointers are that compared to 10 years ago:

- we can respond much more quickly to issues;
- we can draw on a much wider set of information sources;
- we can work in much more flexible ways.

A useful comparison is with knowledge-based organisations in profit-making sectors such as management consultancies or law firms. While we have not done any formal "benchmarking", our feeling is that our information systems match up to what these bottom-line driven organisations find appropriate.

9.4 Business Continuity

In keeping with the strategic importance of our information systems, we keep detailed records of our system configuration, and all applications data is backed and kept in a remote location. (One copy is kept in a fireproof safe in GOGGS, our main building, but at the opposite end to the computer room; a further copy is kept in our other building, Allington Towers). In the event of the loss of our computer room, we would be able to recover our key systems within days.

In the past few years, however, we have all become more and more dependent upon our IT systems. Being able to recover our key systems within days may now be less acceptable. So we have embarked upon a risk analysis to identify the consequences of a loss of our office systems and the costs of providing quicker back-ups.

9.5 Security

In keeping with the high sensitivity of some of the material on our system we treat security as a very high priority. But the modern business needs of the Treasury require our systems to be connected to the outside world and in such a world there cannot be a 100% guarantee of security. We keep the risk under constant assessment, and take appropriate steps to manage it. We use a number of measures, drawing on the best advice available. For example, we sometimes engage IT security experts to try to “hack” into our own systems to tell how far they get and what weaknesses they can spot.

The IS team will continue to ensure that all aspects of IT in the Treasury take proper account of security considerations, so during the coming year, the team will

- Ensure that appropriate countermeasures are put in place to safeguard our operations in the new environment defined by Build Version 6 and our connection to the GSI.
- Produce plans to ensure that our security measures are in line with BS7799, the nationally agreed standard for IS Security.

9.6 Quality

In 1994 the Treasury IT team started to work towards achieving ISO 9001 certification. ISO 9001 provided a framework against which to develop improved service standards. It led to a fundamental review of the way in which operated and gave rise to major improvements in project management, configuration management, change control and documentation. Although there is much in ISO 9001 that is positive, there was a growing feeling that the standard was focussed on processes, rather than people. It did little to address other areas such as leadership, effective policy and strategy, good communication, building strong partnerships and effective resourcing - all of which are vital in providing information services of the highest quality. We are going to tackle these wider issues by means of the EFQM Excellence Model.

We will carry out our first diagnosis under the Excellence Model in the latter half of 2000. But we will not abandon all the positive aspects of ISO 9001. We will retain the key features of ISO 9001 - rigorous documentation and audit - for those areas where there are clear needs.

We continuously monitor our performance against targets in agreed SLAs. Any shortfalls are addressed by our Service Improvement Programme. We get further feedback on our performance

and on how customers see us via Collabrashare (the Treasury's bulletin board) and surveys. We have recently established a monthly programme of 'IT drop in hours', where our customers can come and talk to us about how they can use the system. All this feedback is used to improve the quality of the services.

Finally, we will prepare all our activities for a "Better Quality Services" review in the first half of 2001. As part of this review we will be looking at the sort of IT services the Treasury needs, the strengths and limitations of our present arrangements, and the experiences of other organisations.

9.7 Roles and responsibilities

Overall responsibility for the effectiveness of the Treasury's information systems rests with the Treasury management Board. An Information Strategy Steering Committee, on which all directorates are represented, provides more routine oversight of the Treasury's information systems. The Head of the Information Systems team has a key role in bringing together an understanding of the Treasury's business needs with knowledge of what technology makes possible.

The Treasury currently employs a team of about 50 people to provide support on IT. This may seem a relatively big unit given the size of the Treasury as a whole, but reflects the intensity with which we use IT, and our broad range of specialist systems.

The IT team currently has the following main responsibilities:

- working with colleagues across the Treasury to determine the kind of IT systems which meet our business needs (i.e. our IT strategy);
- building and maintaining the OASIS system;
- providing network and systems support;
- providing "help desk" support to colleagues across the Treasury to solve any problems quickly and help them get the best value out of their use of IT;
- establishing IT training programmes to meet the needs of colleagues across the Treasury and working with the private sector to deliver them;
- writing and maintaining small scale user applications;
- providing an "intelligent customer" capacity for the department in dealing with external suppliers.

A strength of the in-house operation is the flexibility it provides, and its value-for-money. We market tested it in 1995. There was one external bidder who was significantly more expensive than the in-house team. We will be carrying out a further review soon under the government's Better Quality Services programme.

We run a "mixed economy", working with the private sector where it makes sense. e.g. we have outsourced our routine desktop hardware maintenance and we see the in-house team as systems integrators rather than systems developers. All major applications developments are carried out in partnership with the private sector.

Annex A Treasury's Aims and Objectives

HM Treasury Aim

To raise the rate of sustainable growth, and achieve rising prosperity, through creating economic and employment opportunities for all.

Objectives and Performance Targets

1. *By 2004, to raise the trend rate of growth from the current estimate of 2.5%.*

Objective I: Maintaining a stable macroeconomic framework with low inflation.

2. *RPIX inflation to be kept at 2% per cent as specified in the Bank of England's remit.*

Objective II: Maintaining sound public finances in accordance with the Code for Fiscal Stability.

3. *Over the economic cycle, to maintain (a) public sector net debt below 40 per cent of GDP and (b) the current budget in balance or surplus.*

Objective III: Improving the quality and cost effectiveness of public services.

4. *Achieve an improvement in value for money in public services year by year.*

Objective IV: Increasing the productivity of the economy.

5. *To narrow the productivity gap with US, Germany, France, and Japan over the economic cycle. JOINT TARGET WITH DTI*

Objective V: Expanding economic and employment opportunities for all.

6. *An increase in employment over the economic cycle. JOINT TARGET WITH DFEE AND DSS*

Objective VI: Promoting a fair and efficient tax and benefit system with incentives to work, save and invest.

7. *Reduce the number of children in poverty by at least a quarter by 2004. JOINT TARGET WITH DSS.*

Objective VII: Achieving a high standard of regularity, propriety and accountability in public finance.

Objective VIII: securing an innovative, fair dealing, competitive and efficient market in financial services, while striking the right balance with regulation in the public interest

Objective IX: Promoting UK economic prospects by pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity, including especially protecting the most vulnerable.

9. *Increase the number of countries participating in the global economy on the basis of a system of internationally agreed and monitored codes and standards.*
10. *Relief of unsustainable debt by 2004 for all heavily-indebted poor countries (HIPC) committed to poverty reduction, building on the internationally agreed target that three quarters of eligible HIPCs reach decision point by end-2000. JOINT TARGET WITH DfID*

Value for Money

11. *By 2002, deliver ,1 billion of savings in Government procurement through the Office of Government Commerce.*

The Office of Government Commerce

e-business Strategy Statement

- The Office of Government Commerce (OGC) came into being on 1 April 2000 as a separate Office of the Treasury with the remit of improving the efficiency and effectiveness of the Government's £13 billion annual civil procurement budget. The OGC has been set up with the intention of becoming the Government's centre of excellence in procurement for up to 200 Government Departments, non-governmental bodies and agencies. In HMT's PSA, published as part of SR2000, OGC's target is to help Departments deliver savings of £1 billion through better procurement, including significantly increased levels of e-procurement.

- Since its inception the OGC's **key strategies** for the new organisation have been developed. These 10 key strategies are to:
 - realise OGC's vision by establishing and continuously developing OGC as a centre of excellence, with a highly motivated staff or suitably skilled and experienced practitioners;
 - help civil government departments secure value for money through the use of best practice techniques;
 - achieve value for money by catalysing the sharing and exchange of knowledge about government commercial activity;
 - drive forward improvements in the management of large, complex and/or novel projects involving the acquisition of third party goods, works and/or services;
 - catalyse and facilitate commercial relationships with suppliers and partners that generate value for money;
 - ensure that staff in central civil departments have the professionalism and skills to meet the needs of all aspects of government commerce in the 21st century;
 - implement and continue to develop a process for the strategic management of key suppliers so that value for money is gained from these relationships;
 - achieve effective competition for government business through simplified access to the government market place for suppliers;
 - realise a step change in efficiency by catalysing the use of e-procurement for government's inter-actions with its supply base;
 - support the wider public sector in the achievement of value for money

- These strategies are now being translated into joint OGC-Departmental action plans, and our e-business strategy will need to reflect the outcome of this process. As a young organisation which is still developing its detailed work programme and internal systems, OGC is well placed to incorporate e-business methods from the outset. At this stage our statement of strategy can only be provisional, and is expected to develop significantly over the coming year.

Supporting e-commerce...

- OGC's objective for e-Commerce is to realise a step change in efficiency by catalysing the use of e-procurement for Government's interactions with its supply base. To do this we will:

- support targets on e-tendering as announced in the most recent UK Online Annual report;
 - promote wider use of the Government Procurement Card;
 - provide Departments with tools for assessing achievement in e-procurement of low value items;
 - support the wider government agenda of making the UK the best place to do e-business;
 - improve the procurement process;
 - reduce the burden of information on suppliers;
 - contribute to OGC's aim to save £1bn in value for money improvements.
- **The OGC will develop a base of knowledge to influence and encourage change in procurement practice.** Early work will include proof of concept in e-procurement through the use of pilots in electronic tendering and e-procurement, and research into financial models and best-fit business models for e-procurement.

Developing our knowledge base...

- Development of our ten Key Strategies has demonstrated that all will involve significant **information flows** within OGC and between OGC and external organizations. This information includes
- information from Departments on commercial activity and contracts
 - detailed information on expenditure and prices
 - information on major projects, including lessons learned
 - best practice guidance on procurement, contract and project management
 - information on collaborative procurement arrangements
 - information on OGC people, their skills and competencies
 - information on Department people within the procurement and project management professions
 - information about key suppliers – financial and performance on government contracts
 - case studies on Departmental experiences
- OGC wishes to develop an **open, knowledge sharing culture** and recognises the need for all information flowing in and out to be readily accessible and suitable for supporting analysis. Wherever possible, information will be captured, stored and communicated electronically. This work will be driven forward by a dedicated Knowledge Management team, which will maintain links with all Departments, key suppliers, as well as the Cabinet Office Knowledge Network programme.
- The development of an **Intranet** system covering the whole of OGC is already under way to ensure that all OGC people have electronic access to the same information. We further aim to use **GSI and GSI-linked extranets** to share appropriate information with the public sector Procurement community, including high-level OGC Best Practice guidance. Wherever possible we will use the Knowledge Network facilities. Internet links will be established with key suppliers for the exchange of information.

- Our knowledge base strategy will take account of requirements in the areas of Freedom of Information, Data Protection, and Electronic Public Records.

Making it all work...

- OGC's internal IT and other infrastructure will be developed to fully support the business objectives of the new organisation. For example, work is already underway to put in place a wide area IT network between OGC Fleetbank House and OGC's Agencies to support improved communications and access to information. From April 2001 OGC plans to introduce a more integrated internal structure, which will be connected electronically. Specific initiatives include:
 - providing new facilities for remote or mobile working by our staff, which are spread across 4 main locations and several regional offices;
 - introducing video-conference links between our main sites;
 - integrating our electronic information systems for financial accounting and human resources;
 - delivering internal communications through electronic means, including a weekly electronic brief for all staff;
 - redesigning and upgrading our external website to match the OGC's new structure;
 - defining an effective Electronic Records Management system.

DMO E-STRATEGY

1. Strategy Statement

1.1 The DMO is fully committed to the key aims of both the Modernising Government agenda, including e-government and that for reform of the civil service. It has an infrastructure and Business Plan in place to address these issues¹.

1.2 Specifically in respect of its internal e business capabilities the DMO is finalising an IT strategy paper to set out how the DMO plans to develop its IT capabilities to enable to DMO to further exploit the opportunities offered by IT and the internet to make information and services available to its customers.

2. DMO position relative to its customers

2.1 In general the DMO deals with sophisticated businesses operating in a highly developed electronically based environment, which they have developed in pursuit of their own commercial interests. The DMO is already closely involved in an electronic interface with these businesses – involving the flow of information into the DMO relating to prices and trading patterns, the processing of such data and publication electronically by the DMO of market data, including gilt prices.

2.2 In terms of facilitating the development of electronic relationships with these major commercial customers, the DMO's position cannot be one of prescription, but of partnership and encouragement (e.g. the current development of proposals for an electronic trading platform for the secondary gilts market (see paragraph 3c below)).

2.3 In its relations across its various customer relationships the DMO has been progressively enhancing its website and utilising electronic means for the transfer of information. In particular the DMO website is increasingly becoming the DMO's "shop window" where its main customers and members of the business and academic communities as well as interested members of the public expect to find information on the DMO's activities announcement and latest publications. As a matter of policy, the DMO includes an electronic version of every document it issues on its website at www.dmo.gov.uk

2.4 The DMO's website will soon include a link to the Government portal although the specialised nature of the DMO's customer relationships make it unlikely that the DMO website would become a regular point of entry to the wider services publicised on the Government Portal.

2.5 The key issue for the future will be the extent to which the DMO customers can transact with the DMO electronically. The main elements to this are:

- Two way flow of market data to and from the DMO;
- Ability of customers (GEMMs and cash counterparties) to bid electronically at gilt auctions and Treasury bill tenders;

¹ UK DMO Business Plan 2000-01

- E-connectivity between the DMO and its suppliers;

2.6 A separate issue in which the DMO may become involved relates to the opening up electronic participation in the gilts market by retail investors (both in terms of access to gilt auctions and the secondary gilt market). However, as a matter of policy HM Treasury does not market Government securities to retail investors through the DMO. This is primarily an issue for National Savings. The other main interface between with retail investors in gilts is through the Bank of England Registrar's Department who maintain the Register of gilt holdings and run the Bank of England Brokerage Service – a telephone based gilt sale and purchase facility. In addition gilt sale and purchase forms are available in Post Offices.

2.7 Separately those Gilt-edged Market Makers who specialise in retail trades (Winterflood and ICAP) provide direct services to retail investors (including the possibility of electronic purchases). Although at one remove the DMO can and does play a part in highlighting, through its website and its publications, the availability of such services.

2.8 A number of other GEMMs also offer an electronic dealing service in gilts to their wholesale clients. These are delivered over a number of electronic media including Bloomberg and the internet.

2.9 The critical areas of risk associated with the deliverability of an enhanced e strategy relate to:

- Safeguarding the integrity of the current operations. The DMO's trading relationship with the London financial markets has to be robust – the speed of the introduction of enhanced electronic systems has to take account of this importance.
- The quality and availability of sufficient DMO IT personnel (and financial) resources – in terms of developing the DMO's in house capability and IT architecture.
- Judgements made by the DMO and its main customers on the acceptability of e based transactions to safely and confidentially handle payments and receipts of very large financial transactions.
- Anti-money laundering requirements. These are highly relevant in relation to direct purchases of gilts or treasury bills by members of the public whether at auctions or on the secondary market via the bank of England Registrar's Department. The need to make relevant checks, especially of high value purchases, will necessarily inhibit the development of some of the more apparently straightforward options.

3. Business Options and tactics

DMO' customers

3.1 The DMO has a relatively small number of core customer relationships. In respect of its gilt market responsibilities these primarily involve direct working contact with the 17 financial institutions who act as Gilt-edged Market Makers (GEMMs) and the three companies who act as Gilt Inter Dealer Brokers (IDBs). In respect of its cash management responsibilities its major customer relationships are with a few dozen of cash market counterparties. Most of the customer–client relationship

(including participation at gilt auctions and treasury bill tenders) is telephone based, although a number of data exchanges - gilts prices, turnover etc are electronically based.

3.2 Other key customers are the dozens of institutions who comprise the major investors in UK gilts (fund managers for insurance companies and pension funds etc).

3.3 The DMO also has a close relationship with electronic newswire services who follow the gilts market and with other media (mainly broadsheet newspapers). The DMO routinely uses such links (eg Bloomberg) to communicate electronically with gilt market participants.

3.4 Institutionally the DMO has close working relationships with other parts of the public sector, in particular, HM Treasury, the National Investments and Loans Office, (NILO), the Commissioners for the reduction of the National Debt (CRND), the Bank of England, (including the separate Registrar's Department), the London Stock Exchange, the London Financial Futures and Options Exchange (LIFFE), and the Financial Services Authority, FSA, and the Office for National Statistics (ONS).

3.5 In its policy responsibilities the DMO has limited direct contact with members of the public, although rather more with academic bodies and students with a direct interest in the Government's gilt and cash management operations. Most of the interface between the gilts market and members of the public falls to the Bank of England Registrar's Department and this relationship offers the most scope for development in terms of future e strategy.

3.6 The DMO's other customer relationships are with its suppliers of office services: IT, recruitment, office equipment, printers etc.

3.7 Internationally the DMO's main customers are other Government debt management bodies, international economic organisations, financial institutions and students – who access the DMO primarily by e-mail.

3.8 Increasingly the point of contact for all these customers – outside the direct participation in the DMO's gilt and cash market operations – is being focussed on the internet.

4. Customer Relationship Management and channels of communication.

4.1 The DMO operates in a constant working relationship with its major customers – primarily by telephone, but opportunities offered by e techniques are already deployed particularly in the area of communication – electronic newswire messages, receipt and re-broadcast of trade data. Regular quarterly liaison meetings involving the reporting of the market environment in which the DMO and its customers operate are also held.

4.2 The DMO also advertises in selected daily newspapers of most interest to retail investors in gilts the details of forthcoming gilt auctions, including forms on which members of the public may apply. Application forms for the purchase and sale of gilts are also available to the public in Post Offices, and via the telephone to the Bank of England Registrars Department

4.3 In the medium term an electronic gilts registration facility could be set up to allow retail stockholders to make account and valuation queries. Operationally however, this would be a matter for the Bank of England Registrar's Department – but the DMO could provide information and access

to the facility. Progress here would depend crucially on the development of security systems to preserve the integrity of the register.

4.4 The scope for delivering early results in this area has begun with enhancement to the DMO website to include information directed at retail investors and web links to those GEMMs who specialise in retail investors. The Bank of England are also enhancing the part of their website dealing with Registrar's interface with retail of gilts. The DMO website includes a number of hyperlinks to other relevant websites (GEMMs, HM Treasury Bank of England etc) and more are planned (to the LSE and other regulatory bodies).

5. Programme Plan

a) Internal IT strategies

5.1 Operationally the focus of internal IT planning is being directed at:

- Converging on a common operating platform to enable a more integrated approach for all internal IT applications.
- Developing a fully shared, common, relational database across all systems with different application interfaces.
- Improving operational resilience, system security and data integrity.
- Linking operating systems with external interfaces to provide dynamic information, browser-accessed subject to appropriate firewalls and connectivity protocols. The current Internet structure is not integrated with existing DMO systems, leading to difficulties in updating information and communicating with external parties

b) Internal e commerce strategies

5.2 The DMO is committed to achieving the Government's targets for electronic procurement by 2002 and electronic records management by 2004.

- **Electronic procurement** – the DMO currently carries out the bulk of its procurement as part of wider HM Treasury procedures. HM Treasury is in the process of changing the stationery supplier, and when the new contract starts all DMO stationery purchases will be via the Internet (thereby accessing a higher discount).

The DMO also currently buys goods using credit cards; before we could be confident about more general internet purchasing we will need to be sure that our credit card details are secure. The majority of other purchases made are through the Treasury system; we fax them the details and they control the method of ordering so that we are unable to influence this.

- **Electronic records management.** The DMO is procuring an electronic document management system and is recruiting an information manager to progress a project plan for delivering the objective.

c) **Gilts secondary market – launch of an electronic trading platform**

5.3 This is a project where DMO policy has given rise to a need for an electronic trading platform for gilts. However implementation is primarily market, rather than DMO, driven. A joint DMO/GEMMA working group has been established to consider the best platform on which the proposed market could be provided. It is expected that the group will report and make a recommendation on platform providers by the end of October 2000. This should allow a supplier to be identified by the end of the calendar year. Given this, the new system is unlikely to be introduced before Summer 2001

d) **Gilts primary market - electronic bidding at auctions by GEMMs (Cash market – electronic bidding at tenders by counterparties).**

5.4 This would be a major exercise which would require a period of careful consultation with the market, in advance of the publication of any recommendations. It could potentially involve a significant restructuring of the Government's current debt issuance arrangements, in particular the relationship with the current structure of primary dealers (GEMMs). An in depth study of available electronic bidding systems would be required as would consideration of the structure of auctions themselves - including the nature of the bidding and degree of openness of price discovery in the auction.

6. **Investment case**

6.1 For the DMO the main consideration in proceeding with further investment in electronic technologies has to be gauged in terms of improving operational effectiveness in the Government securities markets. Operationally the key objectives will be to achieve:

- lower transaction costs;
- improve/speed up the Government debt selling process;
- increase participation and thereby,
- increase liquidity in debt markets

6.2 All of these should in principle help Government reduce the costs of servicing its debt (each basis point saving is worth approximately £3 million per annum).

6.3 Costs (extremely difficult to quantify at this stage) are almost exclusively associated with the necessary IT systems development and implementation. In so far as they relate to our customer relationships they will in turn reflect the nature of agreements reached with market participants about the extent to which further innovation is necessary.

7. **Risk Assessment**

7.1 Major risks are:

- The need not to jeopardise current market operations as a result of the premature implementation of enhanced electronic strategies.

- The stability and robustness of the IT systems introduced – need for back up to prevent collapse of the delivery of services;
- Security – very large sums of money are involved (particularly in the GEMM – DMO gilt transactions – running in to £100s of millions) members of the public will also need reassurance about integrity of systems for handling their investments
- The security dimension needs to comply in particular with anti-money laundering requirements
- A developed e strategy will place a very high responsibility on recruitment and retention of appropriately trained IT personnel to manage and develop the systems in place.

8. Institutional Framework

8.1 Progress on implementaton of e Government targets

- The DMO already makes all of its publications electronically available on its website, which also includes hyper-links to other websites of likely interest to investors in gilts.
- The DMO has in place a wide range of electronically based contacts with its major customers which it used to receive and disseminate information to the financial markets in which it operates.
- Connectivity of DMO website to Government portal imminent
- The DMO is committed (as part of HM Treasury) to 100% of procurement electronically by 2002 and is putting in place procedures to ensure 100% records management electronically by 2004

8.2 Roles and responsibilities

- Strategy co-ordinator (Steve Whiting appointed), liaising closely with Andrew Wasielewski (IT) and sponsored on DMO Executive Board by Chief Executive (Mike Williams)

8.3 Relationship of e strategy to DMO planning processes

- The priorities for the coming year to be addressed in the DMO business plan for 2001-02. An identified project to be kept under monthly review as part of DMO planning/risk management process.

8.4 Coordination

- Regular meetings with major customers, with Bank of England Registrar's Department (as potential facilitator of retail e Government initiatives in gilts market) and other central government agencies.