

# executive summary

- 1 The Government is now committing substantial sums of money to achieving the introduction of electronic services delivery and the development of e-government. In addition to the normal investment and revenue spending by departments and agencies on the development of IT infrastructure and on Web sites and Intranets, an additional £1 billion is being invested over the next three years from April 2001 to boost central government organisations' presence on-line. As part of this effort the Department for Transport, Local Government and the Regions is providing £350 million to promote e-government innovations among 388 local authorities in England. These major investments reflect the target set by the Prime Minister in spring 2000 that all public services which can be transacted electronically should be available on line for citizens and firms in 2005. The momentum of the current effort represents a substantial change from the situation charted in our December 1999 report *Government on the Web*.
- 2 The recent NAO report *Better Public Services Through e-Government* (HC 704, Session 2001-02) examined progress in improving the management of IT projects across the public sector and the potential gains to be made from electronic service delivery. This report focuses specifically on how government organisations have changed the way that they plan and provide Internet-based services and interactions since 1999. We look at in-depth case studies of Internet-based services in two Whitehall departments, HM Customs and Excise and the Department for Transport, Local Government and the Regions. And we analyse central policy and initiatives undertaken principally by the Office of the e-Envoy.
- 3 HM Customs and Excise has an established record of interacting electronically with businesses using Electronic Data Interchange, particularly for import-export declarations and trade statistics. VAT returns and payments are handled both through paper-based and electronic systems - 90 per cent of repayment transactions representing 95 per cent by value and 10 per cent of payments, representing around 55 per cent by value are made by electronic transfer. Introducing Internet-based electronic methods for handling VAT returns was initially piloted in a small-scale way but is now available to all businesses. The Department has put in place broad plans for achieving a major transition of its businesses from paper-based to Web-based systems. These e-government plans are at an early stage. Implementation is budgeted to cost £150 million over three years and will require complex changes in how Customs and Excise operates. A new e-Operating Unit has now been established, reporting to an e-Board and is further developing and revising the detailed programme to support this investment. The Department is still developing a detailed business case to support this investment and it expects a 'balanced scorecard' of benefits around customer service, effectiveness and cost efficiencies. A major risk of the the programme is take-up. Specific market research on which future services will be based has been started. Success will hinge on being able to persuade small and medium enterprises to adopt electronic methods of interacting with Customs and Excise.

- 4 In marketing its future online services to its customer base the department throughout 2000 and 2001 offered a basic website with little interactive or transactional content some of which was out of date. Web traffic data for [www.hmce.gov.uk](http://www.hmce.gov.uk) during this period has grown in line with normal trends and suggest a relatively strong demand for electronic information. A renewed site actually developed in 2000 was not implemented until the end of 2001 because the Department was engaged in rolling-out a new IT desk-top infrastructure. The new Web site (available at both [www.hmce.gov.uk](http://www.hmce.gov.uk) and [www.customs.gov.uk](http://www.customs.gov.uk)) now represents its information and services on-line in a more structured way. Customs and Excise see this as a first step to achieving its wider ambitions. The Department is implementing a programme of further web site enhancement. Customer feedback on the new site has been positive.
- 5 The Department for Transport, Local Government and the Regions (DTLR) supervises a large number of executive agencies and non-departmental public bodies, whose electronic government plans fall outside our scope here. The Department's centre is a knowledge-based organisation developing government policy across a wide area covering transport, housing, planning, cities and communities, local and regional government and health and safety. It has a developed Web site which has been among the best used of central government sites for several years, plus an Intranet and a strategy for expanding electronic publication in systematic and innovative ways. It has put in place strong management for the Web functions and grown usage on its site well. However, the site needs to be continuously developed for the future. It especially delivers little information in interactive or personalised ways, compared with some private sector content aggregators.
- 6 The department also sponsors local government and controls a programme to encourage the 388 English local authorities to develop their e-government policies. It will deliver a substantial amount of public money to each council by 2004, as well as funding innovative projects and partnerships. The DTLR has modelled its programme closely on procedures adopted at the central level by the Office of the e-Envoy. Local authorities have been asked to complete implementing Electronic Government statements setting out their plans, and these have been scrutinised. A 'Best Value Performance Indicator' has been drawn up by the department which requires local authorities to count their services and those which are available electronically.
- 7 As yet the department have little information available about the existing state of development of local authority Internet-based services and the chosen performance indicator will provide little useful increment. In a census of local Web sites undertaken for this study in November 2001 the average local authority in England was found to be delivering just over a quarter of the basic features and facilities which are readily achievable on-line at the present time, with county councils the best performing group. Provision of information for citizens was patchy but links to other organisations were poor. However, some transactional features are spreading, reflecting the emphasis of existing government policy. We conclude that, DTLR's performance indicators cannot clearly measure improvements in the electronic availability of local authority services, or assure their take up or value for money.





- 8 The Office of the e-Envoy is the key central agency responsible for e-government. It is a policy-oriented organisation which runs a number of important campaigns, and which has also sought to encourage central (and local) agencies to develop their electronic services by a number of centrally-run projects and initiatives. The 2001 launch of [www.ukonline.gov.uk](http://www.ukonline.gov.uk) as the government portal site has been the centrepiece of a substantial programme of campaign spending and infrastructure investment. The results so far have been mixed. The initial UK Online site was poorly designed and the transition from a previously well-used finder site ([www.open.gov.uk](http://www.open.gov.uk)) was not smooth. A site redesign in 2002 and changes in the contractual arrangements may help improve matters.
- 9 The Government Gateway is a second major project, designed to provide a central authentication service for government agencies to allow them to transact with businesses or citizens on-line for matters requiring confidentiality and reliable identification of users. There are a number of lessons which the Office needs to draw from the pilot projects using the Gateway through most of 2001. In particular given the substantial investment in the Gateway it will be important that a wide range of government departments use the technology.
- 10 The e-Envoy's Office also runs the programme designed to ensure that all central government agencies meet the Prime Minister's target for electronically available services by 2005. Its approach involves asking departments to prepare e-Business Strategy documents, roughly every six months. The Office then comments on these strategies and gives advice. The Office's control of funding approval gives it limited leverage on departmental plans. The only performance indicator currently in place to monitor progress up to 2005 asks departments to count their services and how many are deliverable electronically. Since all services count for one, no matter how large or small the volume of transactions may be, the current index generates results which are limited to the number of services offered not their use. Despite this, the 2005 target regime has been a useful incentive to encourage departments to offer services electronically. The next step will be to develop the target so that departments focus attention up to and beyond 2005 on the take-up of services delivered electronically.
- 11 The Office has relatively little up to date and good quality information about the development of central government on the Web. It has made limited progress on the recommendations of the Public Accounts Committee in 2000 that it should collect and publish systematic information on the development of government Web traffic, the take-up of electronic services, or the condition of government Web sites; and in developing a methodology for justifying expenditure on Web provision. A census of all central government sites undertaken for this study shows some area of considerable progress on basic features since 1999, and a few transactional capabilities developing. But there has been little progress yet on more sophisticated electronic publishing or interactive features. A second study undertaken of the usage of central departments' Web sites shows that there are marked variations between departments in the extent to which their Web traffic has grown, assessed against the background expansion of Internet usage in the UK.

# Recommendations

## On central policy-making we recommend that:

- The Office of e-Envoy should review its targets regime so as to incorporate explicitly requirements for departments and agencies to grow the usage of their Web sites and the take-up of their electronic services over time. Service priorities within the blanket 2005 target should be formally specified and published.
- The Office of the e-Envoy should put in place an information base that meets the Public Accounts Committee's 2000 recommendations. It must be able to identify the value-added achieved both by the Office's centrally run campaigns and projects and by the efforts of departments and agencies to develop their e-government policies and electronic service delivery. This information regime should focus on actual usage and take-up of electronic services.

## On the Department for Transport, Local Government and the Regions we recommend that:

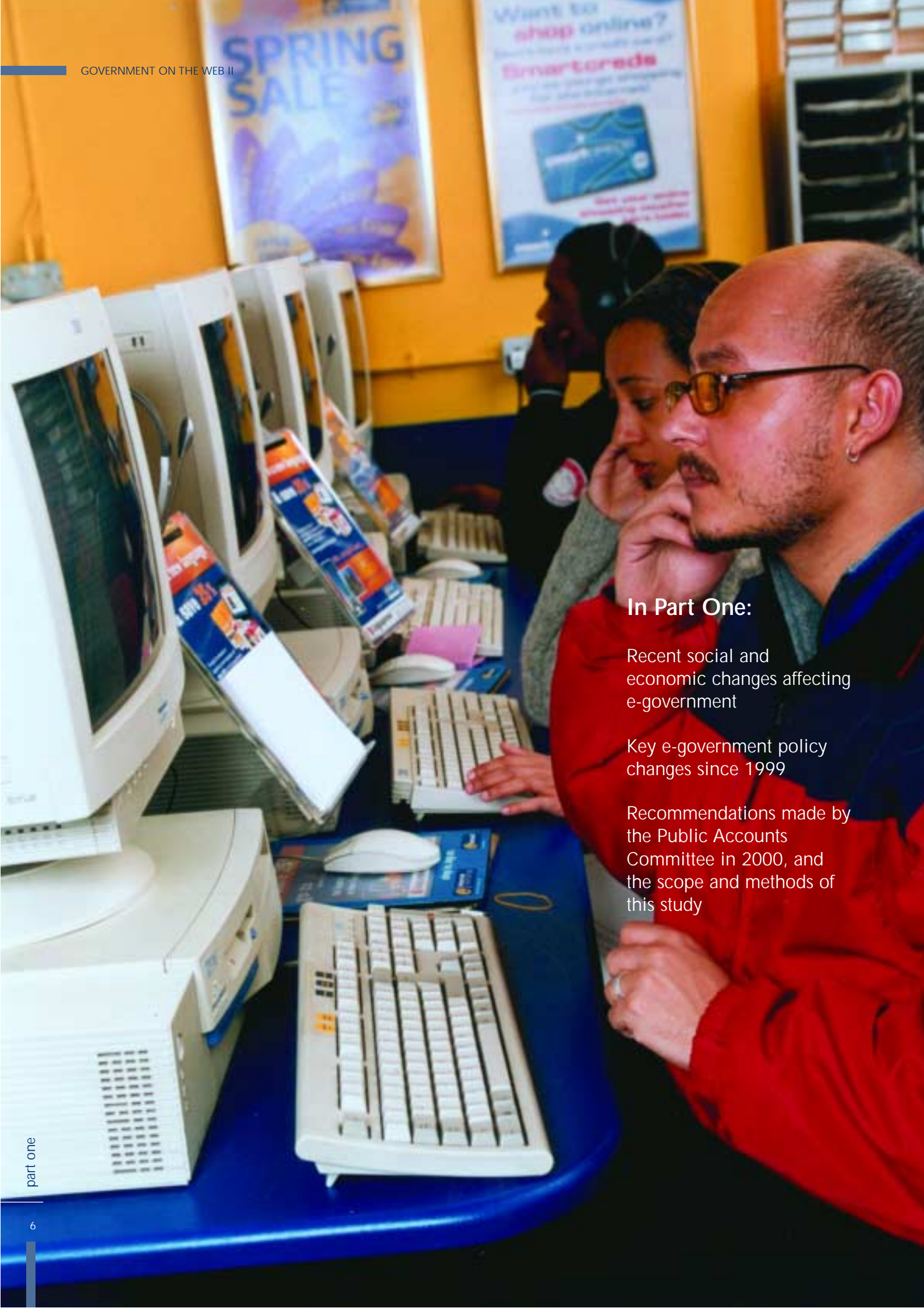
- The department should continue to assign a high priority to its Web site, including by investing in developing more interactive forms of electronic publishing.
- The department needs to strengthen its information base about the development of local government on the Web and of local electronic services. Its current main performance indicator in this area (called BVPI 157) is inadequate. After discussion with local government bodies the indicator should be replaced by one or more indicators based on measuring actual Web usage and the take-up of electronic services, and monitoring the development of local government Web sites. The department should prepare an 'end-of-term' report for Parliament showing what has been achieved by its programme to encourage e-local government.

## On HM Customs and Excise we recommend that:

- The department should continue to develop its recently modernised Web site. Web provision must be kept properly resourced and up to date. Good information services and analysis of users' existing Web behaviours will need to form an integral part of the department's e-business plans if it is to successfully develop electronic services.
- Any programme of the scale and significance similar to the Department's current e-business plans, and the transition to electronic handling, carry significant implementation risks. The department has introduced a risk management regime and the whole programme will operate within the OGC gateway review process. The department should continue its approach to handle e-business development in stages.

## For all public sector agencies, there are some useful lessons to be learned:

- As e-government and e-services policies mature, the focus of attention will tend to shift from simply providing access to services in electronic form to actively managing take-up and usage of these options by the public. All government sector agencies should put in place appropriate management information to regularly monitor usage of their Web sites and electronic services, and to 'play back' this information to the content providers and divisions responsible for originating Web materials and Internet services.
- Development of e-government is not just a matter of some big agencies implementing large-scale transactional facilities and the remainder operating basic Web sites. All public agencies need to pursue a balanced approach to developing electronic publishing and more interactive and more useful content for citizens and enterprises, alongside transactional facilities where appropriate.
- The type and range of electronic facilities expected on public sector Web sites will tend to grow over time. Our censuses of central agencies' and local authorities' Web sites (available on-line at [www.governmentontheweb.org](http://www.governmentontheweb.org)) provide helpful checklists of features that are currently feasible and show how widespread their use is at present in the public sector. Agencies should find it helpful to review how they are currently performing against these benchmarks.



## In Part One:

Recent social and economic changes affecting e-government

Key e-government policy changes since 1999

Recommendations made by the Public Accounts Committee in 2000, and the scope and methods of this study