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**HEALTH AND SAFETY EXECUTIVE  
The HSE Board**

**IT System for Managing Research and Support Contracts**

**A Paper by John Ewins**

**Advisor(s): Phil Conway**

**Cleared by Patrick McDonald on 28.11.06**

**Issue**

1. Whether to purchase a replacement for the current ageing, unsupported and inadequate systems currently in use for procurement and management of research and scientific support.

**Timing**

2. There is some urgency if we wish to secure the Upside software at the current discounted price. The risk of existing systems failing is increasing and REFIT's ability to fix problems with them is decreasing with time.

**Recommendation**

3. Based on the attached business case HSE should go ahead and purchase the Upside software as soon as possible. If we sign a contract with Upside in the next few weeks we should be able to put the system into operation by late summer 2007.

**Background**

4. HSE's science budget of circa £39m per annum is spent on a wide range of research and support projects, with just over 75% going to HSL and the remainder to extra-mural suppliers. Existing systems (including individual behaviour, management practices and IT support) do not enable us to manage this budget effectively and our 2004/05 accounts were criticised by the NAO for the poor audit trail and failure to adhere to the new approach to 'accruals'. Internally the systems make it difficult if not impossible to provide reliable projections of spend against profile or to assemble a complete picture of the research portfolio and the budgetary commitment it implies. Substantial extra manual effort is being expended trying to deal with these shortcomings
5. The TSD/Herald replacement project to rationalise and improve the IT systems that support research contract management has been underway for 4-5 years. For the last two years, governance has been on PRINCE lines with a project board including FOD, PEFD, BEU, HSL and REFIT and a wider 'user group'. More recently other work has started to improve management of research and this includes:

- a) A suite of projects to improve governance and management of research, particularly that on reactive support work by HSL;
  - b) Proposals to simplify the way we pay HSL, e.g. reducing the number of separate 'contracts' for research and support at HSL;
6. Progress is unlikely without better discipline by all those involved in sponsoring, approving, procuring and managing research and support projects. The projects under 5(a) are key to this but they will falter without good, reliable management information – current systems cannot provide this. There are four IT systems, TSD (dealing with Framework contractors), Herald (for HSL and extra-mural research), SWAN (to consolidate financial data) and PROMIS (dealing with approval of research and support bids and linking to the projects directory). These do not provide a complete picture as none of them hold management information on spend and progress with reactive support work at HSL – we rely on data from HSL here. Some of these systems are old and now 'unsupported'. REFIT cannot guarantee to keep them going or to fix problems if and when they arise.
7. The simplification mentioned at 5(b) has the potential to reduce significantly the number of separate contracts for research and support, perhaps by more than half. But this will not take away the need for management information about the separate projects within those broader budget lines, an issue central to improving control of reactive support work according to the projects under 5(a). None of the existing HSE systems can provide this information (apart from us relying on HSL's own data – something the NAO might consider unacceptable).

### **Options for a replacement IT system**

8. The TSD/Herald replacement project has explored a wide range of options for replacement before concluding that a commercial off-the-shelf (COTS) package from Upside offers the best VFM solution. This would replace all the above existing systems as well as the separate system used by NSD (known as B&Q) for managing levy-funded research and support (circa £3.5m per annum). Representatives of the main user community were instrumental in the choice of Upside following user group demonstrations of the various options and nearly all support the project's conclusion.
9. This issue came up at the Board discussions in Edinburgh in June. At that time we were exploring cheaper alternatives to the Upside package and said we would advise the Board of the outcome. We have not found any workable, cheaper option. The revised business case (see annex) describes the options examined, option E being the Upside solution. All the viable options, i.e. those capable of delivering minimum requirements, have broadly similar costs over three years. The cheaper alternative mentioned in June (option G, a development of the current systems) became more costly once firm estimates were obtained from REFIT and the Steel Construction Institute (who developed PROMIS). The three year comparison with Upside suggested a saving of only £20k (or approx 3%). This and the other options for managing with existing systems have significant disadvantages, not least the increased technical and contractual risks with hybrid solutions that BEU would be very reluctant to endorse.
10. More recently, the new management team at HSL has decided they probably need to acquire project management software to improve their flow of management information and enable them to become more competitive in external markets. In the last few

weeks we have been working with Karen Russ (HSL Director, Technical Programmes) and her team to investigate the potential for a joint solution that would meet both HSE and HSL needs. We concluded that this is not viable and runs the risk of producing something that suits nobody. Furthermore HSL are some way off being able to specify their needs accurately and so a joint approach would introduce further, significant delays. We are confident any new project management software they introduce can 'talk' to Upside and so minimise the likelihood of double keying at HSL.

### **Argument**

11. The business case for Upside remains sound. There is a wide range of potential benefits from the software but most of these are difficult to quantify in advance of implementing the system. Since the science budget problems early in 2006 there has been a major increase in effort to understand, interpret and reconcile the different databases and spreadsheets – an estimate of the current human resource costs for this work and the additional costs that Herald breakdown would impose is included in annex 2 of the business case. Nonetheless, even using a conservative approach to the benefits the NPV (net present value) should turn positive in the fourth year of operation. Further benefits and savings are now a possibility because we believe the package could also be used for some non-research contract management tasks (identified in the Fundamental Review as needing attention). The main candidates for using Upside are communications delivery services, legal services and learning and development – together these involve contracts worth about £20m. We are currently exploring the possibilities with those responsible for managing these contracts.
12. BEU have confirmed that money for Upside is still available in the 06/07 IT budget. Ideally we would defer a decision on this software until our relationship with HSL and the contractual links that underpin it had become clearer and the full effect of any other changes flowing from the Fundamental Review were known. Realistically this would mean putting off the decision about research commissioning software for another 6-9 months. Upside would probably still emerge as the best VFM option. Postponing the decision extends the period of operating on 'a wing and a prayer' with Herald, the introduction of Outlook will make TSD more difficult to operate effectively and we would delay the prospect of improved management information for reactive support work.

### **Consultation**

13. The project board includes representatives of all major users and stakeholders in the system including science coordinators, project officers, NSD, CSU, PU2, HSL, FMT, BEU and REFIT and has endorsed the choice of Upside as a replacement system. Communications Directorate have been consulted about presentational issues and PEFD about the financial implications.

### **Presentation**

14. There are no external presentational issues. A decision to spend over £500k on software could create internal presentational challenges at a time of cut backs on staffing budgets. This would need careful handling and CD support will be sought.

## **Costs and Benefits**

15. Costs are listed below and in more detail in the business case. The major benefits are sustainable IT systems, greater visibility and improved financial monitoring of science budget expenditure. The business case describes benefits in more detail.

## **Financial/Resource Implications for HSE**

16. The cost of the system is £586k over three years. One-off costs are within BSD's IT budget. Future years' costs (e.g. for maintenance) will need to be found by diverting funds from IT project costs or from efficiency savings on the IT budget. Further details are provided in the business case.

## **Environmental Implications**

17. N/A

## **Other Implications**

18. N/A

## **Action**

19. The Board is asked to consider and endorse the recommendation to purchase the Upside software.