

Review of the Future Digital Services Contract with Agilisys (Guernsey) Limited

January 2025

ACRONYMS	3
1 EXECUTIVE SUMMARY	4
2 INTRODUCTION AND RATIONALE FOR THE REVIEW	7
3 BACKGROUND	9
3.1 Political Approval	9
3.2 The Need to Transform States' IT	12
3.3 Defining Requirements	13
3.4 The Procurement Process	14
3.5 The Contract.....	16
3.6 IT Outsourcing and Staff Transition.....	18
4 PRINCIPAL REVIEW AREAS – FINDINGS.....	19
4.1 Major System Outages	19
4.2 The Revenue Service Programme.....	20
4.3 MyGov.....	21
4.4 Day-to-day IT Support	25
5 ASSOCIATED FINDINGS.....	28
5.1 Pillar 3	28
5.2 Review of the 2019 Policy Letter	28
5.3 Financial Information	31
6 CONCLUSIONS	32
7 RECOMMENDATIONS FOR FUTURE ACTION	37
7.1 Appendix 1 – Terms of Reference for the Agilisys Contract Review	39
7.2 Appendix 2 – States of Guernsey IT Expenditure 2020 -2022	41
7.3 Appendix 3 – Agilisys Response	44
7.4 Appendix 4 – Policy & Resources Committee Response	48

Acronyms

Agilisys	Agilisys (Guernsey) Limited
BAU	Business As Usual
ETWH	Edward T Wheadon House
FDS	Future Digital Services
ICF	Intelligent Client Function
ISS	Information Systems and Services
IT	Information Technology
KPI	Key Performance Indicator
MSA	Master Service Agreement
MTFP	Medium Term Financial Plan
PwC	Price Waterhouse Coopers
P&RC	Policy & Resources Committee
SAP	System Applications and Products
SCFH	Sir Charles Frossard House
SLA	Service Level Agreement
SMC	Scrutiny Management Committee
SoG	States of Guernsey
SPU	States Property Unit
The States	States of Deliberation

1 Executive Summary

In 2016 the States of Guernsey (States) decided to investigate outsourcing its internal IT management, technical support and development. This led to Expressions of Interest being sought with a view to outsourcing IT provision. This ultimately resulted in the signing of a £200m, 10-year contract with Agilisys (Guernsey) Limited (Agilisys) in 2019. In November of that year, Agilisys took on responsibility for the management and on-going development of most of the States of the Guernsey IT Estate.

Subsequently, as a result of concerns being raised by some of those within the public sector, politicians, and then others more widely after the major IT outages of 2022/23, the Scrutiny Management Committee (SMC) decided to undertake a review of the effectiveness of the Agilisys contract. The aim was to produce a report, complete with recommendations to the Policy & Resources Committee (P&RC) to inform future action. Section 2 of this review sets out the rationale in more detail, as well as detailing the process undertaken.

Evidence within a Scrutiny review is gathered in various ways including by direct submissions, targeted interviews, examining documentation and detailed questioning of selected witnesses.

Section 3 provides a comprehensive background to the decision-making process that led up to the signing of the contract, including a review of the States' debate of the Future Digital Services Policy Letter, which took place in June 2019.

Of necessity, due to the scale of the IT estate encompassed within the contract, the Review Panel (the Panel) chose to focus on four main areas, namely the major system outages in late 2022 and early 2023, the implementation of the IT elements of the Revenue Service transformation programme, the implementation of the IT elements of the MyGov transformation programme, and the provision of day-to-day IT support. Section 4 gives an analysis of the Panel's findings in each of these areas, whilst Section 5 consists of the Panel's findings in cross-cutting and associated areas.

The principal findings of the Panel were that the implications of entering the 10-year partnership with Agilisys were not fully understood. The scale of the work required was underestimated and, most crucially, the level and volume of retained technical expertise within the public sector needed to effectively manage and oversee the contract with Agilisys was totally inadequate. This lack of retained internal resource and, arguably, capability meant that adequate and effective oversight and monitoring of the contract was not in place from the beginning and throughout at least the first three years of the contract's operation. This deficit in management and effective public sector staff oversight led to significant problems, leading to programme implementation delays and money being wasted. The governance structures put in place may have looked appropriate on paper, but it is clear from a review of the notes produced in the programme management meetings that the level of effective challenge provided to Agilisys was, in the opinion of the Panel, insufficient in certain areas.

It is not uncommon for large-scale public sector IT programmes to run into difficulties. However, serious mistakes were made on the programmes reviewed. It was not realised early enough that the large programmes reviewed were encountering major difficulties, leading to the required technical solutions not being completed within either the allocated time or budget. Furthermore, Agilisys experienced difficulties in delivering some of the requested software developments, and these delays impacted, in some cases significantly, on the overall costs of the ongoing programmes reviewed.

The capabilities and experience of some of the staff supplied by Agilisys was questioned by some public sector staff working on the programmes reviewed. Agilisys senior staff have admitted that high staff turnover existed in this area at that time and that they had difficulty in recruiting and retaining suitably qualified development staff. In the MyGov programme it was also clear that not enough work was undertaken by the States early enough in the process to produce a sufficiently detailed Statement of Work that would enable the software development required by Agilisys to be produced efficiently and effectively. The absence of this important building block meant that the final programme had a limited chance of ultimate success. In the opinion of the Panel this lack of effectively defined requirements can be mitigated only if those running these programmes have the skills, experience, and expertise to run agile change effectively. This lack of suitably skilled internal resource meant that effective oversight of this type was not available to mitigate the lack of suitably detailed technical requirements.

It is the view of the Panel that during the period reviewed, both the public sector and Agilisys made some decisions which are difficult to subsequently justify and defend. However, it is important to make clear that the change in leadership within both Agilisys and the public sector in late 2022, led to the Panel observing significant recent improvements in contract and programme management.

Finally, Section 6 provides the Panel's full conclusions, leading to its recommendations in Section 7. These recommendations fall into five main areas and are as follows:

- **Recommendation 1 - Leadership**

The Panel believes it is essential that a credible, qualified, and empowered Chief Information Officer (CIO) or equivalent is put in place to guide and execute major strategic IT decisions. The role holder will need proven experience of working in a large, highly complex, multi-vendor and multi-technology estate, with a strong focus on the disciplines needed to run a fit-for-purpose environment including service management, vendor/contract control, information and cyber security, and robust IT Governance. Moreover, given the digital ambitions of the States, the role holder should also have a proven track record of delivering large-scale transformational change, including strategy design and execution along with comprehensive project/programme management and oversight. The addition of a CIO will also allow the public sector to more effectively challenge the supplier in terms of advice provided on core technologies and pricing. The Panel believes that if key decisions are made correctly, this will lead to improved outcomes, security and resilience. Analysis of some of the technical decisions made since the start of the Agilisys contract reveals that significant efficiencies could have been achieved with more informed technical decision making. This move is essential if the contract is to deliver on some of the improvements that were anticipated in 2019 when it was signed.

- **Recommendation 2 - Strategy**

The basis of this recommendation is to put in place a clear strategy for future action. The Panel found no evidence that a coherent IT strategy and target operating model for IT laying out the target enterprise architecture, and a set of principles to guide how changes are made covering topics such as hosting and security is currently, or has been previously, in place within the organisation. Key decisions on the overarching technical architecture need to be taken before decisions are made at application level to avoid significant additional costs being unnecessarily

incurred by the States. This work is the first step which needs to be taken, working closely with the chosen technology partner, but not being led by them. It is the requirements of the States which should be paramount when making these decisions. Unless this step is accomplished, the Panel believes it is likely that sub-optimal decisions will continue to be made leading to sub-optimal outcomes.

- **Recommendation 3 - Investment**

Once a credible CIO and a coherent IT strategy has been put in place, it is then essential to ensure appropriate investment is available to deliver the target operating model. Significant investment during 2020 to 2022 has already been made on the Agilisys contract and the associated spending on major IT programmes (see Appendix 2) and technology upgrades, but the results of this investment have, in some areas, been disappointing and do not represent value for money. The delivery of the revised IT Strategy and Operating Model could materially change the specific roles and responsibilities between the States and the outsourced partner; thus it will be necessary to review the existing contract and, if necessary, renegotiate the overall cost with the supplier.

- **Recommendation 4 - Expert advice**

The Panel recommends the establishment of an IT Advisory Board populated with both IT industry and business expertise, primarily to assist political decision making and also provide support to the CIO or equivalent in setting the correct IT strategy moving forward. This Board should be integrated into future governance arrangements to ensure the States' Committees can apply appropriate scrutiny over both business-as-usual IT and change projects. This Board is not intended as a decision-making or design authority, however recent events have shown that decisions made on strategic IT matters have often been flawed. The Panel considers that this can be mitigated by the provision of independent and credible advice to those charged with making these decisions. The absence of this advice has, in the opinion of the Panel, been a significant contributory factor in the mistakes which have been made. The Panel would also recommend that this IT Advisory Board is integrated into the wider governance arrangements put in place to manage the Agilisys contract moving forward. It is clear that an absence of technical expertise on the States side of the table leads to an advantage for any supplier. In the future the government should have access to high level business and technology advice when negotiating and overseeing a contract of this magnitude or when consideration is given to the appointment of senior technical staff.

- **Recommendation 5 - Management**

The final recommendation of the Panel is that supplier management needs and specialist IT contract management needs to be improved to oversee an outsourcing contract of this nature. The commercial, procurement, legal and treasury functions all need to work closely and effectively together with the technology and change functions to operationalise the potential benefits associated with information technology initiatives. This is particularly important for large development projects which leverage time and material-based contracts with suppliers which, with the right oversight and governance, can deliver change in an effective way. This will enable improved and quicker decision making on technology programmes and projects and avoid public money being wasted. In the course of this review, concerns were raised regarding

the appropriateness of the governance processes in place to ensure that all payments made to Agilisys were justified and correct.

There are three appendices to this review which relate to the Terms of Reference for the Review, IT Expenditure, and the response from Agilisys.

2 Introduction and Rationale for the Review

In 2019, when the States agreed to sign a contract worth around £200 million over 10 years with Agilisys for an all-encompassing IT services agreement, it was with the intention that the public sector could look forward to a much-improved use of technology generally, as well as the successful implementation of various technology-related programmes. The contract included almost all day-to-day IT support and Business as Usual, but it did not cover all of the expenditure needed to implement major IT-enabled government programmes such as MyGov.

From the start of the contract in November 2019, some degree of concern over the partnership with Agilisys was apparent. Some local technology suppliers were unhappy with the new commercial attitude being displayed by the company which resulted in a number of existing contracts being renegotiated or cancelled. A small number of public sector staff were also quick to voice their concerns over specific services being delivered by Agilisys. In early 2020 the then Chief Executive of the States of Guernsey said:

“This programme is ambitious, but it is right to aim high if we’re going to deliver transformation and the ambitions of public service reform. I want the experience of using public services to be quick, easy and hassle-free. I want our service users to know our teams are putting them first. I want to do that in as efficient and cost-effective a way as possible”¹

In addition, users of some specific IT services across the public sector began to raise concerns with politicians about the IT support arrangements that were being provided under the new contract. Throughout 2020, these complaints grew louder as dissatisfaction became more widespread. Political pressure to address these concerns intensified following the General Election on 7th October 2020.

In early 2020 Guernsey entered into a COVID pandemic lockdown. Some of the effort from Agilisys and its partners was redirected towards assisting staff to work effectively from home. This work, supported by local technology supplier Resolution IT, was commended at that time. The creation of COVID-specific applications such as the work done to support vaccine passports by Agilisys was also praised by senior public sector staff and politicians, who specifically praised Agilisys’ ability to step up and deliver the COVID supporting applications quickly. Inevitably, this work had some impact on the ability of the supplier to carry out other work at that time.

¹ <https://www.gov.gg/smartg>

However, it became clear once the world started to emerge from the pandemic and the focus returned to normal business, that some public sector staff continued to be unhappy with the quality and timeliness of the support provided by Agilisys. Concerns arose regarding day-to-day IT support as well as the support provided to transformational programmes. These complaints were increasingly heard in public via States members, the media and the wider public who passed them on to the Scrutiny Management Committee. This led to the SMC considering this area for review and subsequently deciding to investigate specific areas of the performance of the contract with Agilisys. The Panel focused on undertaking a review to investigate concerns. The focus would be to produce recommendations to the Policy & Resources Committee (P&RC) for future action.

It was quickly determined that the SMC needed greater technology expertise on its Panel to enable the analysis of the significant amount of technical information which would need to be considered. To this end, four additional members with current industry knowledge were identified to join the Panel, bringing extensive IT knowledge and experience. The political representation on the Panel was SMC President Deputy Yvonne Burford and SMC Member Deputy John Dyke. The additional Panel members were Mr John Davison, Ms Camilla Smillie, Mr Mike Ozanne and Ms Anita Kilby.

Further, given the scale and complexity of the services covered by the Agilisys contract, it was necessary to narrow the focus of the review in order to ensure the scope was manageable. The Panel therefore decided to principally investigate four specific areas: the major system outages in late 2022 and early 2023, the implementation of the IT elements of the Revenue Service transformation programme, the implementation of the IT elements of the MyGov transformation programme, and the provision of day-to-day IT support. The MyGov and Revenue Service areas were chosen because of their scale and importance in the transformation of Government IT services.

As the major system outage incidents were already subject to a specific and detailed independent report by PwC for the P&RC the Panel was careful not to repeat this work instead focusing on the findings of that report to inform its conclusions.

At the start of the Agilisys Review, (the review) the SMC sought feedback on the services provided by Agilisys locally through a Call for Evidence process. This is a stage of the Scrutiny review process in which respondents submit their experiences and opinions. As would be expected, the majority of the feedback came from people who were impacted by the Agilisys contract including politicians, public servants, former public servants, former Agilisys staff and local IT services companies. In summary, much of the feedback was negative but it must be noted that people generally do not take the time to respond to such calls for evidence with positive experiences.

The Panel reviewed the States contract with Agilisys and undertook an evaluation of the responses supplied following the Call for Evidence in order to assess where the main areas of concern lay. It also conducted and evaluated a significant number of interviews with relevant staff from the public sector, Agilisys, and other relevant external agencies. This was followed up by an extended process which afforded Agilisys and P&RC an opportunity to comment on the factual accuracy of the draft review. The Panel agreed to append final comments from Agilisys (see Appendix 3) and the Policy & Resources Committee (Appendix 4).

The main body of work for this complex review was undertaken between mid-2022 and mid-2024. It is important to state early in this document that in the time this review has been ongoing, the States,

through the P&RC, has undertaken a significant amount of work which may address some of the findings of the review. During the latter stages of the review, in early 2024, the Panel engaged with the P&RC to provisionally share some of its findings. This was to ensure that the work being undertaken by the P&RC to address ongoing issues had the opportunity to benefit from the review process. It should also be explained that, by necessity, the review concentrates on certain areas of the contract around which there was most concern. There has been work undertaken by the supplier since the inception of the contract which the Panel has not reviewed and therefore cannot comment upon.

3 Background

3.1 Political Approval

In June 2019, the then P&RC presented its policy letter to the States on Future Digital Services (FDS) which sought to authorise the P&RC to enter into a ten-year contract with Agilisys for the delivery of States' IT Services. This was to include Agilisys providing and maintaining the States IT infrastructure and support services, providing technology support for agreed transformational initiatives and delivering a programme of approved economic development initiatives.

It was argued during the debate in the Assembly that the States had finally recognised the importance of technology as an enabler for its efficiency ambitions and that, not only are effective IT services required for the day-to-day delivery of public service functions, but digital transformation is a critical component of the States' ambitions to modernise public services and to achieve the savings required through Public Service Reform. It was also argued that technology would have a crucial role to play in facilitating States policy, from enabling and informing major policy change to building an environment which stimulates the Island's economy.

The policy letter explained that the existing IT services were subject to a number of constraints which limited the role they could play in meeting the States' strategic goals. It was also explained that the organisation's IT infrastructure had been built over many years and had developed organically to meet the needs of the service areas. It had, however, limited interoperability and relied on ageing systems. It was argued that there was limited capacity and expertise to efficiently resource major IT programmes across the organisation and to swiftly progress the multiple IT-enabled projects and programmes which the States had prioritised.

In his opening remarks the then President of the P&RC, Deputy St Pier stated:

"The proposed Future Digital Services programme, which is set out in this policy letter is evidence-based, it is essential and it is ambitious. But, critically, also it is achievable."

He went on to say:

"This approach has been informed, frankly, by lessons from past IT projects, such as the implementation of the States' core business system, SAP, and the replacement of the old Social Security benefits IT system. The objective of this exercise was to design and develop a model that is fit for purpose for our long-term needs and which

can meet our changing demands. In other words, it has the flexibility we need to meet the changing demands not only of the Government but also of the community and our economy. It is not to import a solution but to co-design one that actually works for Guernsey.”

And also that:

“The Policy & Resources Committee is now seeking the States’ endorsement to enter a 10-year strategic partnership for the delivery and improvement of States’ IT services. This strategic partnership is the best solution to leverage the full breadth of the States’ and the partner skills and experience to transform digital services.”

Deputy Stephens, a member of the P&RC, stated:

“... it is important to emphasise that political committees will retain control over transformation or other project initiatives within their mandate. The FDS partner will increase committees’ ready access to resources and help to establish a cost-effective and flexible IT platform on which committees can build new systems or to which old systems can be transferred.”

Deputy Parkinson commented that:

“The drive of the overall FDS programme to make Government more efficient, more effective and more flexible is to be welcomed. Moving services online and reducing processes in Government will be good for businesses big and small; reducing the size of Government will help keep public spending under control. Keeping Government lean will help keep taxes low and it will also free up staff to work in the private sector.”

However, Deputy Soulsby struck a cautionary note:

“This policy letter does represent a step change in thought processes as far as that is concerned – where the key measurement of success cannot be savings to the bottom line. If it is it will fail like all other programmes before it. No, we have to be open and honest with ourselves and understand that if what we want is for the public sector to be run effectively and efficiently as possible on the back of the latest technology it will cost more. How much more will depend on how well the programme is managed, with P&R really needing to step up to the plate to properly scrutinise and ensure that all the promises being made will actually become a reality as well as working closely with the Principal Committees.”

This was followed up by Deputy Green, then the President of the SMC, who said:

“Part of the idea with the States contracting out services in this way is to transfer effectively some of the risk away from the public sector to the partner company. But

I cannot see much evidence of any strong financial penalty clauses or similar that will help ensure meaningful sharing of risk if things do not go to plan and if things are not ultimately successful. So it is not immediately clear how risk is being properly shared and transferred with the company. [...] It is in my view a risky endeavour. Agreeing the policy letter today is a relatively easy step but the successful implementation of this will require massive effort, significant resources and, as I say, fairly significant risk is intricately involved with this. We need to have confidence that the risks of failure have been effectively assessed and mitigated against."

The late Deputy Kuttelwascher, continued this theme, stating:

"... I would describe this as a big bang operation. It is doing everything all at once, and it is interesting ...there is a UK expert on government procurement on big bang projects, and the chance of a big bang project failing is very high and generally they do fail if only in part, but they never deliver quite what is expected."

Deputy Le Tocq, the lead member on Information Technology transformation for the P&RC at that time, in summing up on the debate stated:

"... this is one of the most significant, certainly the largest investment and underpins many of the other aspirations that we have as committees and as a States ... in terms of the project itself, certainly in my experience since I was first elected in 2000, this is the big one ... not just IT projects but in terms of delivering many and facilitating many of the other things that we want to do."

Despite some concerns being expressed, the policy letter was approved with twenty-seven votes in favour, three votes against, four abstentions and six members absent. A decision had therefore been made to enter into a partnership with Agilisys, a UK-based technology company, as the preferred Strategic Partner, by means of a 10-year contract for around £200 million with Agilisys Guernsey.

The partnership was intended to leverage the IT Partner's technical skills and experience to transform digital services across the organisation. Within this partnership, the States would retain control of overall IT strategy and technical standards and set the prioritisation of programmes and projects. Agilisys would be responsible for the delivery of day-to-day IT services, including the provision and maintenance of the technical infrastructure of the States. The contract stated that some of the responsibilities for critical infrastructure would only fully transfer when the existing hardware and applications were relocated to the new data centres.

Agilisys also took on responsibility for the management of the supply chain. This meant Agilisys would be responsible for gaining additional value by negotiating future IT support agreements. Agilisys was also awarded 'preferred supplier status' to provide some of the specific IT services needed to achieve the technology-enabled transformation ambitions of the States.

One of the principal drivers for change was the need to implement multiple large-scale public sector transformation programmes, including programmes to transform and redesign the structure of the public service. Fundamental to delivering these programmes, was the use of new and improved

technology to help change how services are designed, accessed and delivered. The services available within the proposed partnership were critical to achieving these reform ambitions and realising the desired improvements in customer satisfaction, staff engagement and value for money.

The relationship with Agilisys was intended to acknowledge the risks associated with a Strategic Partnership and to learn from previous examples of partnership and outsourcing by the States and other jurisdictions. The partnership emphasised strategic alignment and mutual goals and was intended to evolve and adapt to changing needs of the States. The retained IT team of six people to provide an internal IT resource within the States (known as the Intelligent Client Function (ICF)) was intended to provide service assurance and strategic direction. The team were responsible for the day-to-day management of the contract, with political oversight and overall control provided by the P&RC. The proposed Strategic Partnership included a detailed performance management regime, opportunities for review, and a comprehensive set of exit provisions within the contract.

The Strategic Partnership was also intended to deliver a wide range of benefits to the organisation and to protect the continuity of public service functions by mitigating the risks associated with ageing IT systems and complex support arrangements. This was to be done by upgrading the legacy systems and moving to purpose-built data hosting arrangements.

It was expected that this would speed up the realisation of benefits from projects, for example by supporting the automation of transactional processes to facilitate the release of public service posts within the organisational redesign project and ensure greater value for money from the IT spend of the States.

3.2 The Need to Transform States' IT

The decision to move to an outsourced model with Agilisys, in order to manage the States' IT resources was driven by several factors. It was understood within government that technological development was creating new opportunities, such as Artificial Intelligence and automation, mobile computing, and cloud-based computing, and that enhanced big data management could have the potential to greatly improve the services provided to customers, thus generating savings, and enabling more informed and flexible policy making.

The majority of the transformation programmes in the then Policy & Resource Plan and the Public Service Reform framework were enabled by technology. Technological development was required to deliver the programmes which had been commissioned to transform the Island's health and care services (the Partnership of Purpose) and its education and training services (the Transforming Education Programme) and perhaps, most importantly, to meet customer expectations for modern integrated online services. These conclusions led to the decision to consider working with a strategic technology partner, although it should be noted that not all these programmes were included in the eventual contract.

Effective and reliable digital services are critical to the functioning of government. Such services have the potential to enhance day-to-day functions and to enable significant policy change and operational transformation.

The Public Service Reform framework was seen as being enabled by technology and that to effectively deliver its priorities it would require core infrastructure to be modern and flexible, and services to be

digitalised. It sets out a ten-year plan to transform the management and delivery of public services to help achieve the priorities of the States, including major transformation programmes which would act as delivery vehicles for the outcomes set by the States.

It was believed that there would be significant benefits available to the States through the delivery of resilient, reliable and cost-effective day-to-day IT services.

The 2019 policy letter outlined that over the preceding few years, the States had invested heavily in an IT recovery and stabilisation programme to ensure that it had a comprehensive understanding of the organisation's technology dependencies and was able to address its weaknesses. This included the urgent technology upgrades required to support multiple critical systems, from the patient administration system in Health, through to the integrated learning environment used in Education. It was believed that the focus needed to change from stabilisation to proactive development. Systems were fragmented in nature. A report from Her Majesty's Inspectorate of Constabularies and Fire and Rescue services described the IT system as the worst it had seen.

The States' IT infrastructure as described in the 2019 policy letter was large and diverse. The infrastructure estate was supported by a combination of an in-house corporate IT function, Information Systems Services (ISS), and a number of specialist external providers. External suppliers were contracted to provide expertise, capacity and skills that could not be delivered in-house.

It was believed that a fundamental refocusing of the organisation's IT services would be necessary to successfully deliver IT-enabled benefits, moving from the original focus on maintaining existing services to a focus on delivering digital transformation. It was understood that this change would need to be accompanied by a significant investment in employees from across the public service to develop the capability and capacity to identify and drive benefits from technology.

3.3 Defining Requirements

The Future Digital Services (FDS) project was established to investigate the options for improving and consolidating the IT provision of the States and to recommend a solution. Based on the project's strategic framework and the IT requirements of the organisation, the then P&RC defined a project scope which covered three key pillars:

- Pillar 1: Business as Usual IT - the day-to-day service received by States IT users.
- Pillar 2: Change and Transformation - the technological enablement and acceleration of key change initiatives, including the provision of technological and advisory solutions required to enable the States' programme of Public Service Reform and major policy priorities.
- Pillar 3: Economic Development - the development of, or investment in, services within Guernsey in a manner to enhance its economy.

Linked to the three pillars, five specific objectives were established for the project:

1. Existing systems and services were to be provided to a consistent and sufficiently high quality so that end-users perceive them to 'just work' (Pillar 1).
2. The delivery of existing systems and services was to be done at a price point that delivered savings for the States (Pillar 1).

3. The States IT provision should enable identification and adoption of best practice, thus allowing the States to deliver Public Service Reform (Pillar 2).
4. The States IT provision should support the organisational reform necessary to deliver the £26m savings target set out in the MTFP (Pillar 2).
5. The States IT provision should be able to play a significant role in the States stimulation of the digital economy (Pillar 3).

The first step in the process was to establish a new model for service delivery. The model was intended to facilitate and direct all future change efforts and provide an optimum balance of benefits across the project's objectives. To identify this model, the P&RC commissioned an extensive development process informed by an evaluation of the needs of the States, with input from industry professionals.

This process included the use of policy initiatives from States Committees as case studies to assess the potential supplier's capability as well as the transformation planned in health and social care, in education, in criminal justice and in economic development.

From the outset of the FDS project, the P&RC recognised that the States would require the support of external suppliers to deliver some, if not all, of its digital services.

Based on this understanding and following an initial market sounding exercise conducted in late 2016, the P&RC chose to frame the development of a future model around a multi-round procurement process, the aim of which would be to assess the types of supplier relationship that would be feasible and desirable for the organisation, and to potentially select a provider to help the States realise its objectives.

The approach consisted of three main stages: preparation, solution design and bidder selection. The process included initial engagement with a large number of potential suppliers, including market leaders and local business representatives. Bids were assessed against their ability to deliver the aims of the FDS project, their compliance with technical criteria and service standards, and the value for money and affordability of the proposals.

As the organisation's experience of assessing complex technology proposals of this scale was limited, independent advice and quality assurance was provided by an arm of the Society of Information Technology Managers (SOCITM Advisory), who also supported the wider assurance reviews of the FDS project. The process was completed in April 2019 and is explained in detail in the following section.

3.4 The Procurement Process

In December 2016, the States invited Expressions of Interest (EoI) from across the IT service provision industry, both locally and in the UK, to ascertain how a technical partner agency could work effectively with the States to deliver public sector IT services. The EoI process sought to explore the level of interest and possibilities for an outsourced provision of IT, as well as a more mixed economy model. Following a positive response from industry, the programme to determine a potential Strategic partner to deliver IT services, was initiated.

Parallel to the externally focused procurement process, an internal option for operational improvement was also underway, known as the Internal Improvement Model. This was developed by an in-house team supported by independent consultants. This model was seen as demonstrating the

benefits available without a partnership and was intended to provide an alternative should the States choose not to award a contract to an external bidder. The internal bid was separated from the evaluation team by ethical walls to ensure independence and transparency. Following detailed review in line with the scrutiny of the external bidders who participated in the procurement process, this internal bid was discontinued as it was believed to be uncompetitive in terms of price and quality. It was concluded that it would be extremely time consuming, resource intensive and costly to bring the internal capability up to the required standard, whilst also retaining, rather than transferring, the risk profile of IT delivery to an outsourced or partnering model.

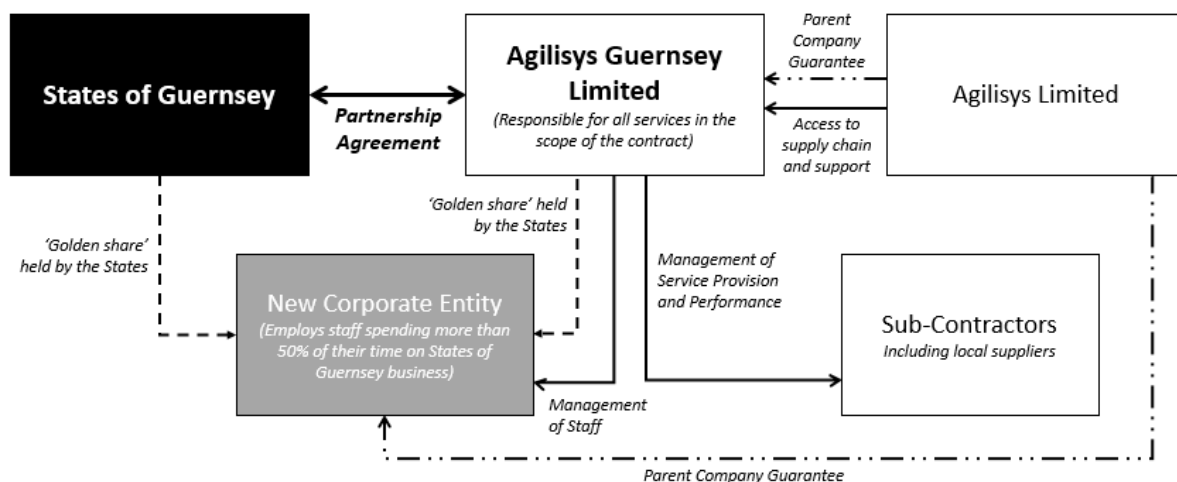
A long-term collaborative relationship with an external provider was therefore the preferred option. It was believed that this would provide time for the modernisation of the existing IT services and support the existing estate and infrastructure until transformation was complete.

Following a three-year procurement exercise from conception, Agilisys was confirmed as preferred bidder, and a further round of detailed negotiations took place. Halfway through that procurement period it became apparent that there were some weaknesses in the procurement, notably a lack of technical and commercial detail. The negotiations confirmed Agilisys as preferred bidder in June 2019 and the full contract was signed by the then Chief Executive in November of that year.

The 2019 Future Digital Services policy letter had confirmed that an ongoing process of due diligence had been carried out on Agilisys. This commenced with a series of checks during the participant selection stage of the procurement process in late 2017. It also included reference to site visits as part of the evaluation methodology which assessed aspects of the Partner's ability to deliver the services needed by the States.

The Policy Letter also confirmed that this due diligence had considered financial, legal, technical, governance and contractual matters (including all historic and current legal cases involving Agilisys). The financial due diligence was stated to include an analysis of Agilisys' audited accounts, assessment of both its current financial performance and the security held against its assets, and the credit reports associated with its group companies. The Policy Letter confirmed that no concerns were identified through the due diligence process.

The structure of the partnership with Agilisys is summarised in the diagram below²:

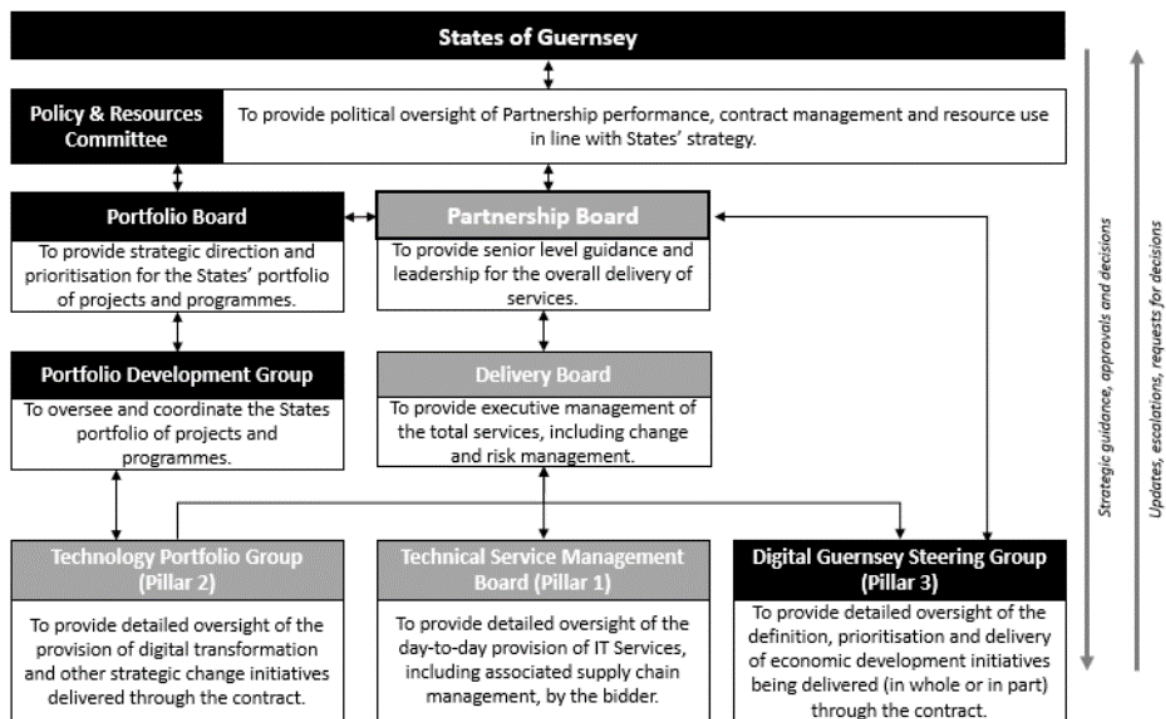


² Extract from the Future Digital Services Policy Letter, 30 April 2019

The partnership with Agilisys was for a ten-year term, with an option to extend by two years or up to four years if the States so decided. It was believed that a contract of this duration would ensure that new services could transition and embed. It would provide sufficient time for the States to benefit from the knowledge gained by Agilisys and from the economies of scale available to the company.

The length of the contract also allowed time for a future infrastructure refresh, and it was intended that flexibility would be built into the contract to ensure that the services provided by Agilisys continued to meet the needs of the States along with an option for termination should the partner fail to meet the requirements of the States.

The partner relationship is outlined in the diagram below³:



3.5 The Contract

The contract signed between the States and Agilisys was based upon the Crown Commercial Services Master Service Agreement (MSA). The contract was amended for the States by St James Chambers to ensure that it was fit for the project. It was designed to provide the States with the necessary protections and levers to incentivise good performance from its partner, whilst also having recourse to financial penalties and other remedies for failings and it contains some strong protections in a number of areas.

The contract made it clear that whilst Agilisys would support the development of IT strategy, the States would remain responsible for setting wider IT policies.

³ Extract from the Future Digital Services Policy Letter, 30 April 2019

The contract also included protections to ensure that the States had transparency and control over the relationship and direction of the partnership. Some of the important levers available to the States are listed below:

- Non-exclusivity: The States was not bound solely to Agilisys for the provision of all services contained within the contract in the event that Agilisys could not deliver to required time, quality, or cost.
- Benchmarking: The States could instruct a benchmarking exercise at any point after the thirtieth month of the contract to test the value provided by Agilisys services.
- Profit margin & open book pricing: The States agreed a limit of acceptable profitability and open book pricing. If Agilisys exceeded the acceptable profit margin, then the States could reclaim the excess. Agilisys was required to maintain an open book approach to its contractual operation.
- Indexation: The States inserted a clause which limits inflationary pressure on the contract (subject to certain caveats).
- Termination for convenience: The States had termination for convenience options which it could exercise. Termination for Convenience carried an obligation to compensate Agilisys if the right is exercised but such compensation is constrained.
- Exit: the exit provisions are particularly comprehensive and robust, covering contracts, certain personnel, assets, intellectual property, and co-operation with the States and/or any replacement contractor.
- KPIs: The States benefitted from a tiered range of KPIs which would become progressively more stringent, as the transformation and maturity of the estate progressed.
- Service credits: Agilisys would suffer financial service credits in the event of penalty thresholds being triggered due to poor performance or service failure as the transformation and maturity of the estate progressed.
- Other remedies – In the event of service failure or material breach the States could take other steps including the appointment of a remedial advisor.

The contract was for 10 years with an option to extend for up to a further 4 years, and was divided into three separate pillars as described in the previous section, namely:

- Pillar 1: Business as Usual provision of IT services including IT Transition and Transformation.
- Pillar 2: Public Service Reform (Transforming Transactional Business and Support Services)
- Pillar 3: Economic Development

The FDS contract was designed to deliver Pillar 1 in a sequence of events that would lead to the delivery of 'IT services that just work'. To achieve this the programme was designed in three discrete phases:

- The delivery of IT BAU services on an as is basis (until completion of the IT transformation programme) through the IT transition programme which transferred the services and staff over to the control of Agilisys.

- A two-year IT transformation across the entire States infrastructure based on enterprise-grade solutions. This was intended to allow the States to realise its ambition for delivery of Digital Service to be realised.
- The delivery of IT services in accordance with Service Level Agreements and Key Performance Indicators as detailed in Schedule 2.2, Performance Regime.

Agilisys was to be responsible for the operation or administration of almost all aspects of the IT service with the following exceptions:

- Various sensitive and specialist Committee *for* Home Affairs IT systems
- Retained client functions, e.g. Security and Procurement Policy.
- Work that was subsequently discovered to be undertaken by ‘the business’ rather than the IT service e.g. super-user administration functions.

The baseline contract had a value of c.£170m. In addition, £26.9m was allocated to transition and transformation of the IT environment.

A further £16.7m was released from capital funding for transformation under the Public Service Reform programme.

Of the baseline contract value of c.£170m over ten years:

- c.£101m was to be spent on the supply chain with a mixture of local and off-island organisations. Just over half of this amount (£52m) was forecast to be spent on-island with locally based partners. Money going off island was to be predominantly spent with enterprise software providers such as Microsoft or SAP, specialist Health and Social Care providers such as InterSystems, and hardware providers such as Dell or Hewlett Packard.
- c.£40m was on island costs including staff salaries, pension contributions, benefits, property charges etc.
- c.£29m of the cost was Agilisys services such as IT Managed Services, Service Desk support, and the supplier margin.

3.6 IT Outsourcing and Staff Transition

Under the FDS Programme, IT services and 58 of the States’ IT staff were transferred to Agilisys in November 2019, leaving, initially, six people in the retained IT function (ICF). At this point, all hardware outside of the Health & Social Care Local Area Network which had been replaced in 2018, became known as the Legacy Estate. Applications moving to the Transformed Estate reduced the legacy footprint.

The outsourcing programme included a Hosting and System Migration Workstream (Health & Social Care Local Area Network), which would transfer IT services from the Legacy Data Rooms into Agilisys Data Centres, providing improved capabilities over the Legacy Data Rooms, in particular relating to environmental control, power supply and overall resilience and reliability of the data centres. This was initially due to run for about 18 months to July 2021.

The division of responsibilities for the Legacy Estate was as follows:

- The networking and computer processing, hosting and IT services were to be managed by Agilisys.
- The data storage platform was to be managed by Agilisys.
- The management of the auxiliary power supply was retained by the States, but not clearly assigned to any party. (PwC was informed during their investigation, which is explained in detail in the section below, that auxiliary power was the responsibility of the States retained IT and facilities management staff prior to the Agilisys agreement.)

4 Principal Review Areas – Findings

4.1 Major System Outages

In February 2023, PricewaterhouseCoopers CI LLP (PwC) was engaged to conduct an independent review of the four data room service outages that occurred during the period between November 2022 and January 2023. This review⁴ has focused on identifying the factors leading to the incidents, reflecting on how they were responded to and managed, and understanding the impact of the disruption.

It is inevitable when IT users experience significant system outages that confidence in the provider of IT support is reduced and, it will take a period of consistent system availability for that confidence to return.

To understand the root cause of these catastrophic system failures, the Head of the Public Service commissioned PwC to investigate the outages. In summary it found that:

“Mission-critical components of the infrastructure equipment supporting the [in-house IT systems] were not maintained in accordance with manufacturer recommendations and generally accepted industry best practice.”

To understand how this could have happened it is necessary to look at how IT services were being delivered at that time. IT services for the States are delivered from several data centre locations and two new sites known as the ‘Transformed Estate’.

In Q3 2020, Agilisys provisioned two new data centres designed to provide a resilient platform for States IT services. A project was initiated to migrate applications from the Legacy Estate to the Transformed Estate (in simple terms from the old data centres to the new data centres).

During 2022 and 2023, the Legacy Estate continued to deliver many production IT services to a large percentage of public sector staff. All components of the facilities and related infrastructure of the Transformed Estate in the new data centres are the responsibility of Agilisys. Responsibility for infrastructure services supporting the Legacy Estate, were the responsibility of the States. There was a lack of common understanding between States and Agilisys, and across subcontractor relationships, on the extent to which the services provided under the outsourcing arrangements were applicable to

⁴ <https://gov.gg/CHttpHandler.ashx?id=168677&p=0>

the Legacy Estate. The Agilisys SLA for contracted resolution of issues arising in the Legacy Estate is to do so as they would for other clients, but no financial penalties apply as this was the strongest level of support that any suppliers would offer. This is referred to as ‘commercial reasonable efforts’.

The key to understanding how this crisis happened lies in the waiver signed by the States in November 2021, removing the responsibility for “*providing support to maintain, manage and develop the IT Service Continuity Plan*” from Agilisys. This was done because a structured plan had not been provided to Agilisys by the States in line with the expectations outlined in the original contract. What this meant in practice was that no deep analysis or testing of business continuity failure risks across the States’ IT estate was undertaken. Unfortunately, the non-transformed estate ran many of the public sector’s critical IT services.

These incidents had a significant impact on the States and related stakeholders. At the recommendation of the Head of Public Service, the P&RC committed to a full review of the disruption. PwC was appointed to perform an independent review to identify the factors leading to the incident, to reflect on how the incident was responded to and managed, and to understand the impact of the disruption with a view to reducing the risk of future disruption. PwC worked with the States and relevant stakeholders to perform an analysis of the four incidents, to identify the contributing factors and to establish the root cause.

The PwC report confirmed that an air conditioning failure within one of the two Legacy Data Rooms led to the initial service outage. The failure of air conditioning was exacerbated by multiple failures of other technical controls in the Legacy Estate and their associated monitoring controls. These controls were designed to provide resilience and high availability but did not perform as expected. The service outages impacted not only the States’ services delivered directly by the Legacy Data facilities but also other States’ services which were dependent upon service components located within them.

While the replacement of the Legacy Estate had been a focus of the Future Digital Services programme (FDS), this had taken significantly longer than anticipated, and the FDS planning did not adequately consider the Legacy Estate beyond planning for its long-term replacement.

The Legacy Data facilities were not maintained to the same standard as that proposed for the equivalent facilities in the new Transformed Estate. This resulted in significant and inadvertent risk retention by the States, with a direct amplification effect caused by the cessation of fully managed, routine preventative maintenance. The absence of formal structures and documented procedures hindered recovery efforts, extended the outage period, and led to a greater impact on the availability of States services.

4.2 The Revenue Service Programme

The Revenue Service (RS) systems upgrade programme has now been underway for nearly a decade. It was clear ten years ago that the position was technically unsustainable, with the RS systems hosted and run from a technically obsolete IT environment.

Phase 1 of the programme started in 2014 with the aim of determining a suitable Target Operating Model to align both tax and social security systems. This work was completed within the agreed budget. Phase 2 of the programme was based on the production of an online corporate tax system. Phase 3 of the programme focused on updating the core revenue systems and providing online access

to the public. Agilisys became involved at the start of Phase 3 when their contract came in to force in November 2019.

The IT elements of the RS programme, prior to Agilisys involvement, had its own team of business analysts who had built up significant knowledge of the existing systems, and who had determined the requirements for Phase 3.

In the periods of build and test, the RS was responsible for testing and for checking the data update and the data export processes. Agilisys personnel were made available to support the RS. The delivery of Phase 3 of this programme was undertaken by a cross-functional team comprising people from the RS and from Agilisys, as well as business analysts and project management resources.

The supplier resources described in the Statement of Works for the IT elements of the RS Programme Phase 3 showed they were provided on a time and materials basis and would be charged monthly in arrears based on actual work completed, as evidenced in timesheets.

The contract stated that expenses would be charged by Agilisys at cost plus a 21% premium on development work. The development costs for the RS programme were in accordance with the policy set out in the overall agreement.

The supplier support for the automation applications development under the Statement of Works was planned to commence from the Go-Live date (the signature of the Statement of Works plus 1 month).

Charges would be calculated at 15% of the monthly service charges for the Statement of Works. This was planned to come into effect on the Go-Live of the system, on or after the signature of the Statement of Works plus 1 month, subject to customer dependencies having been fulfilled and Support Services having gone live. The Statement of Works was created with the RS Programme team who confirmed that the solution described in the Statement of Works was within the programme budget.

The supplier support charges were set out in the charges section and were in addition to the implementation budget. Should the objectives, services, scope, or charges change during the implementation of the Statement of Works, those changes would be approved through Change Control as required. RS staff confirmed that on some occasions the invoices detailing the costs incurred on a time and materials basis were provided later than expected. However, late invoices do not absolve the States from adequately monitoring the costs of projects.

RS staff confirmed that on some occasions the invoices detailing the costs incurred on a time and materials basis were provided later than expected. This links directly to recommendation five which outlines the need for the commercial, procurement, legal and treasury functions to work closely and effectively together with the technology and change functions to operationalise the potential benefits associated with information technology initiatives.

4.3 MyGov

MyGov⁵ is a programme of multiple projects that are all part of the Public Sector Reform programme (Transforming Transactional Business and Support Services), which commenced in 2013 and which was intended to allow the public to self-serve at a time and place convenient to them through an

⁵ MyGov Customer Hub: Change is Coming - States of Guernsey

online portal. The Public Service Reform programme was a ten-year plan to transform the organisation, management, and the delivery of services to customers. Its aim was to build a single public service organisation, one that worked in partnership with outside expertise, organising and delivering services centred on those who use them, and using money wisely and carefully.

It was intended to create an organisation designed around meeting community needs, rather than expecting the customer to adapt to the public service's internal procedures and structures. One which used technology and a 'one-stop, tell us once' approach, to make the States' services easier to access and use.

The programme was based on the belief that these services have the potential to enhance day-to-day functions and enable significant policy change and operational transformation. The public sector Reform programme had four overall priorities:

- Improving customer engagement and satisfaction.
- Delivering and demonstrating value for money.
- Improving staff engagement and satisfaction.
- Enhancing organisational performance and management.

The Front Office, known as the Customer Hub, was intended to form part of an integrated ecosystem of linked public services. The design of the Customer Hub was developed in conjunction with the Middle Office and the Strategic Core, to ensure an integrated solution that could be scaled and grown beyond the services within the initial MyGov scope.

Key to this transformation was the delivery of a new Organisational Target Operating Model, which in simple terms was an imagining of how public services would be delivered in the future.

This programme entered the public sphere in September 2019, when the P&RC approved an initial phase of funding of £8.9m for the Programme, from a maximum capital vote of £16.7m which had been approved by the States. This was referred to as Tranche 1 funding. This transformation programme, formerly known as the Transforming Transactional and Business Support Services Programme, was then renamed as the MyGov Programme.

On 29th June 2021, the MyGov Programme Steering Group gave its endorsement and commitment to this continued Programme of change, subject to the agreement of the P&RC. A detailed resource profile and plan was mapped out for the programme from June 2021 to June 2022 and specific assurance information was provided following requests from the P&RC. On 20th July 2021, the P&RC agreed to a further release of up to £7.8m up until June 2022, which was referred to as Tranche 2 funding.

The strategic benefits identified for the MyGov Programme were described in the public service reform process by the former Chief Executive as being a key enabler to deliver a reduction in costs, an increase in digital maturity across the organisation, and an improved customer experience for both internal and external customers.

This complex programme involved the digitalisation of large elements of the existing back-office administration. It involved creating a central Customer Hub to deal with queries received from the general public, supported by technology. It also encompassed a large number of staff moves between a number of States property locations, to create increasingly centralised functions, bringing together staff who were previously based in function-specific teams.

The Statement of Work produced for the MyGov programme outlined the approach and resources required to provide effective leadership, governance, and cross-programme support for the delivery projects via a core team. This team was jointly staffed by the public sector and Agilisys, with the aim of ensuring strong and consistent management and delivery across all active projects and workstreams. The governance structures put in place to oversee the management of the MyGov programme were extensive and, in principle, were in line with industry best practice.

The overall programme governance included oversight of project delivery teams via a Programme Co-Ordination Group (PCG), which oversaw the management of risks and issues, benefits realisation, and change control. The governance structure also provided programme-wide resources to support delivery workstreams, and a Programme Management and Risk Office (PMRO). The leadership and governance model also included a Programme Co-Ordination Group to provide oversight of project delivery teams and included a Benefits Board to have oversight of benefits realisation across the Programme, including both cashable and non-cashable benefits.

However, despite all these appropriate checks and balances being in place, problems quickly emerged. The MyGov workstream struggled to gain traction in several areas. It was clear from speaking to a number of officers involved in this programme, that many had had serious reservations from the start regarding both the practicality and usability of the proposed technical solution.

Additionally, it was felt by a number of public sector staff that the Agilisys programme team was too directive in its approach, specifically by driving too hard towards major change and savings objectives but with a tendency to ignore the practicalities of continuing to deliver public services. Following internal dialogue between customer and supplier a change was made, with Agilisys resolving to take a more enabling and supportive role in the programme allowing the programme leaders from States to implement the potential changes.

From early on the programme concerns existed around the choices made within the MyGov programme where differing views were put forward by public sector staff on whether savings were actually possible and sustainable. It was also clear from the Panel's interviews with staff involved at that time, that there was a reluctance from some senior public sector staff to implement solutions without the ability to opt out if they believed the options presented were likely to prove unworkable. The feedback to the Panel from public sector staff indicated that the needs of the customer, both the internal staff using the systems and the general public interacting with the systems, were not given sufficient weight when the systems were being conceived.

Discussions with public sector staff working on the programme indicated that the impact of decisions taken by the then Programme Steering Group could have been improved by more detailed scenario reporting. Decisions had been taken and then reversed because queries from staff could not be answered satisfactorily during the first year of the programme, wasting both time and money. It was clear that the level of detailed planning and scenario testing required to inspire staff confidence was not completed in advance of the implementation. Unsurprisingly, this meant that some staff had little confidence in the technical solutions being proposed.

A new Senior Responsible Officer (SRO) was appointed in November 2021, when there was still twenty weeks to go before the proposed MyGov go-live date in April 2022. The new SRO quickly realised that the situation, both in terms of digital and organisational progress, was not accurately portrayed in the Programme Board information.

In January 2022, there was also a change of Programme Director (PD). At that time, and after review of the project, the new SRO and PD realised there were no effective digital solutions in place and the project plan was therefore not deliverable. As a result, the launch date was delayed to June 2022. It was explained that despite multiple requests, the basic system documentation detailing the software development work that had been done, hadn't been provided by Agilisys.

It was intended that implementation of the Front Office and Customer Hub project element of the MyGov programme would start to deliver improved customer experience and release the agreed financial benefits shortly after implementation. However, despite a substantial portion of the budget having already being spent for work done on this project, the monthly Client Report from Agilisys dated July 2022 and supplied to the Panel noted that:

"The MyGov status has moved from Amber to Red, with further risks/issues raised in relation to the Customer Hub Project, and the deployment of Microsoft Dynamics to Customer Hub Phase 1 Services."

In response, the Programme Board agreed to reduce the scope of the Project at its meeting on the 27th July 2022. It was agreed that the governance arrangements for the wider MyGov Programme should be reviewed in order that the problems experienced in the delivery of this programme would be avoided in the future. At that time all projects within the MyGov programme were placed on hold.

By July 2022, of the £4.7m original budget released for the implementation of the MyGov Customer Hub project, £3.4m had been spent with Agilisys with no software solutions having been completed at that time.

The Customer Hub project was intended to bring services together and make efficiencies. Staff affected by the MyGov programme had been put through an intense process of interviews and job matching for positions in a structure that could not be effectively implemented due to the lack of the digital solution. It was made clear to the Panel by senior public sector staff involved in this project that they believed the project could not be completed within the remaining budget available and therefore a decision had needed to be made on how to proceed.

Following a recommendation by the PD to halt ongoing projects in July 2022, the decision was taken on 29th July 2022 by the Programme Board to pause and review that phase of the programme. The Programme Director requested that Agilisys compile a document which showed the point to which all the workstreams had progressed in their development. This was to include the original requirements, what had been built against those requirements and a gap analysis of what remained in order to complete that item.

The first iteration of this document that was supplied to programme staff did not contain adequate detail. When a more detailed version of this document was requested, an updated version was provided at the end of October 2022, three months after the original request. The programme staff believed that the document supplied at this time was still short on the required detail and this was reported to the Programme Board, in an attempt to explain the real extent of the problems which they believed existed.

It is felt by some of the senior public sector staff involved in managing the MyGov programme, that the quality of staff at the outset provided by Agilisys was variable, specifically they believed that some

did not have the relevant skills, or experience needed to deliver the transformation required. It was reported to the Panel that certain Agilisys employees who had been deemed incapable of fulfilling the software development work on the RS project, were subsequently transferred to the MyGov project.

The appointment of a new Programme Director and new senior Agilisys management based on Island, has improved the situation, and has brought additional relevant expertise. However, it was the view of a number of senior public sector staff working on these major programmes that the quality of the work provided by certain Agilisys staff was lower than expected.

It was explained by senior public sector staff working on these programmes at that time, that not enough detailed content outlining the proposed functionality was available to produce a sufficiently detailed Statement of Work for all elements on the MyGov programme, specifically to enable software development required, even at a high level. By the first quarter of 2023 there was still no appropriately detailed solution design document for the project, stating business requirements, that was fit for purpose. This approach to running and overseeing Agile programme developments⁶ was therefore at risk of failure. This may also have contributed to the very limited detailed customer and user involvement which was sought to inform the design of the proposed software with the result that many staff believed that the project was being driven top down rather than bottom up. Some staff involved with the project, believed this approach was a significant mistake. Once again relevant experience in terms of using Agile approaches would have identified this as a sub-optimal approach unlikely to succeed.

In summary, what this meant in practice was that it was difficult to measure the progress being made to deliver the required software, because no clear document existed to describe what was actually required. The development was intended to use Agile methodologies, and therefore it would be normal practice for extensive and regular consultation to take place between the customer and those developing the software. This does not appear to have happened. However, it should be acknowledged that COVID impacted this process and certainly limited the opportunities for face-to-face interaction. Nevertheless, the absence of consultation led to confusion from the developers about what was required and also limited the public sector's understanding of what progress was actually being made.

4.4 Day-to-day IT Support

The delivery of routine day-to-day IT services through the IT transition programme was set to be transferred to the control of Agilisys from the internal public sector teams in late 2019. Agilisys set up a new helpdesk service, based in the UK, to handle all IT support queries. Many of the existing IT support staff were transferred to Agilisys as part of this process, with the intention of enabling a smooth transition of IT support under the new arrangements.

⁶ Agile Software Development is a software development methodology that values flexibility, collaboration, and customer satisfaction. It is based on the Agile Manifesto, a set of principles for software development that prioritises customer collaboration and responding to change.

Many of the quoted comments in this section, (and in other places in the review more widely), were provided to the Panel through the Call for Evidence process and represent the opinion of those respondents.

From the many comments received it would appear that the volume and complexity of IT support that would be required had been underestimated. This understatement of the anticipated need was arguably a factor leading to complaints about the quality of IT support services. It is clear from our Call for Evidence that the change to an externally-provided IT service underestimated the level of unrecorded and unofficial support previously being provided by non-IT staff with specialist application knowledge working in business units directly within the public sector. An organisation of the scale and complexity of the States included staff whose role was partly to perform these functions in combination with their other activities. With the transfer to Agilisys, this support was either limited or removed, which led to an increase in support queries above the anticipated demand. In the final quarter of 2023, Agilisys was receiving around, 9,000 contacts per month – far more than their originally anticipated monthly demand of around 2,000.

Several of the Call for Evidence submissions referred to problems experienced with routine IT support queries. Many of the complaints concerned the limited knowledge of the support staff and the time it took for issues to be resolved, which in turn affected staff productivity. One of the initial workstreams undertaken by Agilisys involved the new laptop rollout. Laptops were rolled out to all States Committees and Deputies during late 2019 starting before the COVID pandemic and the subsequent lockdowns. The rollout of new laptops went relatively smoothly with a third party, being engaged to deliver the laptops and to provide basic training, but there were problems with access issues. This resulted in some staff who were working from home during COVID restrictions reporting to the review that they were not able to work with full functionality, or not work at all for several hours. Feedback included:

“The roll out of laptops and States of Guernsey increased Wi-Fi provision was positively received by most and has helped with work life balance and allowed the ability to work more efficiently. Staff benefitted from Resolution IT's excellent knowledge and efficient skills during the roll out with limited disruption.”

The change in approach and the need to log support tickets when requests were made was unpopular with some users, however there was a general theme in the evidence received that the new process took longer and was very convoluted. Feedback included:

“It is felt that there is a disconnect between operational context and priority. Tickets raised are often passed to multiple staff meaning issues become everyone's and no one's problem with no continuity of help to get an issue resolved.”

This theme that Agilisys' first line support staff were unfamiliar with some of the systems being supported was a consistent message from the Call for Evidence. However, it was presumably hoped that the new helpdesk facility staff would quickly gain additional knowledge on the range of systems being supported.

Another recurring theme in the feedback related to the support provided to new users. There were numerous issues stated in the Call for Evidence submissions regarding the time it took for new staff members to receive access to their IT equipment and the software and systems they required. This

again goes back to the issue of support and the length of time it sometimes took to resolve support issues. Feedback included:

“It can take weeks to equip new staff with appropriate equipment i.e. laptops and mobile phones and windows/SAP accounts, resulting in new staff spending their first days/weeks unable to fully participate and learn their role.”

P&RC responded to this point to say that a buffer stock of equipment is maintained on island at a pre-defined level which means that this type of delay should not happen in the future. The Panel is also aware that historically there were some delays occasioned by supply chain issues caused by the pandemic.

In addition, there were also training and support issues relating to new users who were not IT confident or competent but had no ready access to training or business-specific superusers to assist them. Once again, improving these services for new IT users would in the opinion of the Panel represent a significant opportunity to improve overall organisational efficiency. Feedback included:

“Some staff struggle with the new hardware and lack of user level support at the right level of knowledge, sometimes experiencing lack of empathy due to their limited IT skills which affects morale and makes them less likely to ask for assistance in future.”

In relation to these comments, the P&RC rightly notes that the role of the IT service provided by Agilisys does not include training staff in the use of the technology. However, a lack of training clearly disadvantaged some users in the earlier stages of the contract operation which meant that potential efficiencies were not achieved.

On a more positive note, some progress has been made with upgrading the inherited IT infrastructure, Office 365 has been successfully rolled out and phone systems have been updated. Provision of Wi-Fi is still problematic in some areas across the public sector estate, although work is in progress to upgrade provision.

Overall, the provision of the Agilisys IT help desk service was predicated on supporting a significantly lower level of demand. However, based on the responses to the Call for Evidence process, many users have been unhappy with the time taken to resolve what they see as routine IT support queries.

At this point, over four years into the ten-year contract it is clear that the level of demand for routine IT services was significantly underestimated by Agilisys. This raises queries around the level of research undertaken before the contract commenced. Discussions with Agilisys and public sector staff involved point to an initial lack of due diligence from the supplier combined with potentially incomplete information being provided to Agilisys.

However, as the contract has progressed, Agilisys has been able to manage routine IT support queries more effectively as is demonstrated by the overall reduction in support queries and the improvements in response and fix times.

5 Associated Findings

5.1 Pillar 3

The Panel requested evidence in relation to the effectiveness of the Future Digital Services (FDS) Pillar 3 Economic Development programme as set out in the Future Digital Services policy letter. The Committee for Economic Development advised that it could not say there has been direct GDP growth from the investment that has flowed into the Digital Greenhouse. However, the Committee stated that:

“the investment in our workforce, their soft skills in addition to the rise in new tech-focused ventures and engagement from established industry, means that we have every confidence that these inputs are a valuable asset to our economy and community”.

5.2 Review of the 2019 Policy Letter

As part of the review the Panel considered the 2019 policy letter in its context as the primary document on which the States’ decision to proceed was based. The policy letter was clearly optimistic about the gains that could be achieved via the partnership with Agilisys. However, the lack of a suitably detailed and documented strategy for the use of technology across the organisation meant that any benefits identified during the procurement process would not necessarily lead to the delivery of improved information technology solutions.

This lack of a suitably detailed and clearly defined strategy for the use of technology also meant that it was difficult to put a contract in place for specific deliverables. The policy letter notes *“that successful delivery and benefits realisation will require organisational and cultural change well beyond the proposed changes to IT service provision and leadership from both the States and senior public servants”*. However, the review could identify no mechanism put in place to achieve this aim and no evidence it has been achieved to date.

It was also clear during the review that the mechanisms put in place by politicians and public servants to measure the progress being made via the contractual relationship largely failed. The whole standard programme management methodology and apparatus failed to identify the very significant problems which had emerged early in the delivery phases of work. The decisions which were taken to halt or intervene on failing programmes and projects took too long. Partly this may have been due to the lack of resource in the ICF, however it is also clear that oversight responsibilities were not carried out effectively.

The 2019 policy letter states that *“the engagement with Agilisys will allow the States to de-risk its services”*. This quote shows a fundamental misunderstanding related to the proposed contract with Agilisys. The contract signed does nothing to “de-risk” the position of the States, it is the successful transformation of the legacy estate which provides that benefit. The review found no evidence that an appropriately detailed risk assessment was carried out before the contract was agreed. Information provided to the review suggested that the level of due diligence undertaken by potential suppliers was limited and the existing technical documentation in place before contract signature was poor. Any

supplier starting from this position would be uncertain what could be achieved, in what timescale, and at what cost once the contract was agreed.

Red flags should have been in place for any potential supplier who read the policy letter which included the following statement *“often these systems have had to be heavily customised which makes them very difficult to maintain or update and prevents services from being re-designed to meet changing customer needs”*. This statement suggests that the proposed strategy to procure industry standard solutions to replace these systems would likely suffer from migration delays, and user roll-out and adoption challenges as replacement systems are themselves adapted and customised in order to meet requirements. In this situation any potential benefits and savings risked being quickly eroded by the need to address this major issue.

The potential financial benefits for the Island identified in the policy letter specifically around *“the existing infrastructure and varied network of suppliers also prevents the organisation from effectively utilising its spend on IT to benefit the local economy”* are opaque. The Panel saw no evidence of an overall increase in IT spending with local companies as a result of the contract.

Though stated in the 2019 policy letter, the Panel saw little evidence that *“The States will retain control of the overall IT strategy, have final say in key procurement decisions and set and assure the service standards that Agilisys will need to meet. The States retains a team of IT experts under the direction of the Strategic Lead for Digital to manage the day-to-day provision of services”*. The significant lack of resources within the retained ICF made this objective unattainable and created a void which was often filled by resources from within Agilisys. Once again, the Panel found little evidence that as outlined in the policy letter *“States resource will work alongside, and learn from, the Partner to increase internal capability”*.

At the start of the project, the following four sourcing arrangements were considered as options:

Internal Improvement – In this option, the service solution would be delivered through internally-led efforts to enhance the current model of IT provision. Services would be provided by a combination of an internal delivery team and various external suppliers.

Service Delivery Partnership – This option would comprise a contract with an external partner to provide IT staffing resources only. Infrastructure provision would not be included within the partner’s responsibilities.

Strategic Partnership – In this case, a contract would be entered into with an external partner for the end-to-end provision of IT, including the provision of IT infrastructure. Within this relationship, the two parties would work together to reach common goals.

Joint Venture – This option would involve the creation of a Joint Venture with an external partner for both IT service support and the provision of IT infrastructure. The Joint Venture would include shared ownership, shared returns and risks, and shared governance.

The policy letter stated that *“whilst Agilisys will be responsible for the management and delivery of IT services, the States will retain control and continue to be responsible for the development of IT strategy, prioritising projects, and for defining service standards”*. However, the lack of resources

within the ICF made discharging this function effectively impossible. This team has increased over the life of the contract but continues, in the view of the Panel, to have insufficient resource and capability to undertake its intended role.

The policy letter outlines that the States retains the right to appoint an alternative supplier but in the view of the Panel it does not have the resources capable of effectively discharging this option.

Further red flags are also present in the 2019 policy letter with statements such as *“Evaluation of the Internal Improvement Model option, both internally and by SOCITM Advisory, however, showed that it would require considerable work and expense to before it could be implemented. It was determined that the proposed model would take approximately two years to implement any improvements to business as usual IT, which would cost £4.5m in staffing costs alone”*. This highlighted a major risk because if doing anything internally was estimated to take 2 years and require an additional incremental spend of £4.5m, how could the States expect a supplier to do the same, but keep the costs comparable to the status quo?

The policy letter states that Agilisys will *“drive performance and identify problem areas or opportunities for improvement”*, but the Panel found limited evidence of this taking place.

The policy letter also states that *“Following the increased spend in early years on the transition and improvement of services, costs will start to reduce and savings of £5.9m will be generated by the end of the contract term. These will be delivered by making use of economies of scale, reducing duplication and embracing modern technological opportunities”*. The Panel observed that this statement shows clear optimism bias at best and is potentially misleading as no clear plans were in place to effectively deliver this type of saving. The statement also makes no reference to the amount of capital spending that would be required to implement these systems.

The potential savings outlined in the policy letter in respect of the move to new data centres take no account of the high level of risk associated with the process which, as has been subsequently demonstrated, were considerable, or the significant capital investment required to achieve those savings.

5.3 Financial Information

The Panel believes it is important to set the spending on the Agilisys contract in the context of the overall spending on Information Technology since the inception of the contract. Appendix 2 outlines this in more detail, but the position can be summarised as follows:

States of Guernsey IT Expenditure with Agilisys				
Year	2020	2021	2022	2023
Recurring expenditure (inc. Agilisys core contract costs)	£17,383,000	£18,614,000	£21,835,000	£18,117,000
Additional Non-recurring expenditure	£18,459,000	£16,670,000	£13,011,000	£11,879,000
Totals	£35,842,000	£35,284,000	£34,846,000	£29,996,000

States of Guernsey IT Expenditure with other providers				
Year	2020	2021	2022	2023
Non-Recurring Expenditure	£5,412,000	£6,408,000	£6,058,000	£8,824,000

As can be seen from the tables the level of expenditure in the first three years was almost double the expenditure related purely to the Agilisys core contract. This level of expenditure reduced significantly in 2023 following action taken by the Head of the Public Service to pause some of the major IT programmes.

It is also likely that significant additional funds, in addition to the planned IT spending to support business as usual, will be necessary moving forward to support the planned major IT initiatives in the public sector pipeline over the next few years, such as the Electronic Patient Record and MyGov implementation.

The business case and 2019 policy letter lay out the financial comparisons of the pre- and post-Agilisys contract in detail. The business case outlines that the early years of the contract carry a higher cost with a gradual reduction over the 10-year term reflecting the fact that Agilisys have a contractual commitment to deliver savings over the contract term. These savings are gradual reflecting key aspects such as improved terms on 3rd party contracts, which typically take place as contracts expire, and a gradual reduction in headcount helped by the benefits delivered from the IT Transformation

programme. The contract is now in year six and States finance staff have confirmed that all contractual savings commitments have been fully met to date which provides a level of reassurance that some elements of overall cost of IT provision are reducing as anticipated.

However, the States, like most large and complex organisations, has an ever-growing reliance on IT provision for the delivery of many services, which in turn increases the scope of the service required from Agilisys and other suppliers and which leads to additional costs. This greater reliance on IT, and the costs it brings, would most likely have taken place under any external provider as well as the in-house model that existed before the Agilisys contract.

It is clear to the members of the Panel with extensive experience of IT management and implementing technology programmes successfully, that significant future investment is essential to allow these programmes to succeed. Once a CIO or equivalent, and a coherent IT strategy and Target Operating Model has been put in place, it will be essential to ensure appropriate investment is available to move the organisation forward from its current position. Major investment has already been made on the Agilisys contract and on IT programmes and technology upgrades, however the results of this investment have, in some areas, been disappointing and future investment in products, implementation and appropriate staffing will continue to be necessary. Programmes of this complexity can only be successfully implemented if all the necessary building blocks are put in place before commencement. Spending significant public funds on technology programmes without this foundation does not represent competent decision making or wise use of public resources.

6 Conclusions

Problems existed from early in the Agilisys contract in the provision of day-to-day IT support. Agilisys, after reviewing the information provided by the States, estimated a level of consolidation and economies of scale that did not materialise. Agilisys underestimated the volume and complexity of the support calls that would be received. It is also clear, in this context, that the contract handover process did not work effectively in alerting the supplier to the volume of support that would be required. Over the passage of time however, the analysis of the progress of support calls shows that the level of the day-to-day IT support has improved, and monthly reports demonstrate a general compliance with the requirements of the agreed Service Level Agreement (SLA). The evidence seen by the Panel demonstrates that the quality and stability of major applications does improve significantly as applications are transformed and migrated to the new purpose-built data centres. However, it is clear from the feedback received during the review process, that some public sector staff believe that the day-to-day IT support provided before the contract was put in place, was better than that currently provided by Agilisys. Understandably, those staff members who were able to call a colleague internally in order to get something fixed before the transfer may well consider that the service has deteriorated as the new system will require them to log a call and wait for a response. The additional governance and centralisation that exists now through an outsourced model will frustrate some users, although it should improve with familiarity.

In terms of cross-cutting and associated findings, the review has highlighted that the management and ongoing communication from the public sector was often ineffective from the beginning of the contract. This was due to a number of factors. Firstly, the implications of entering the 10-year

partnership with Agilisys were not fully understood. The scale of the work required was underestimated and, most crucially, the level and volume of retained technical expertise within the public sector needed to effectively manage and oversee the contract with Agilisys was totally inadequate. This lack of retained internal resource and, arguably, aggregate capability, particularly in terms of sheer numbers of staff, meant that adequate and effective oversight and monitoring was not in place from the start of the contract and throughout at least the first three years of its operation. This deficit led to the emergence of a number of problems which, as a result, were frequently not dealt with effectively.

In the opinion of the Panel the lack of a sufficient internal staff resource to effectively monitor all aspects of the contract led to inefficiencies, delays, sub-optimal outcomes and ultimately money being wasted. On the basis of evidence provided to the Panel, it considers that the governance structures placed too much emphasis and trust on the supplier fulfilling their obligations effectively. These obligations looked extensive and appropriate on paper, but it is clear from a review of the notes produced in the programme management meetings that the level of effective challenge provided to Agilisys was not always sufficient.

The Panel considers that sufficient action was not always taken to address delivery, quality and timeliness concerns with Agilisys in an effective manner. In terms of the supplier performance, Agilisys acted commercially, as would naturally be expected. The lack of progress on certain software development projects should have been identified earlier and action should have been taken to correct this lack of progress.

The contract put in place with Agilisys did not specify exactly what was to be produced in terms of the technical products required to deliver public sector transformation, because at the time of the contract signing that information was unavailable. The contract included options ranging from time and materials to fixed price for additional work and the ability to create bespoke terms for projects where necessary. In practice additional work was largely contracted on a time and materials basis. This approach could work effectively but it would require sufficient appropriate resourcing within the ICF and programmes that could produce the required technical specification documents and consistently monitor the applications being created to meet these specifications.

The absence of this key documentation meant there was no opportunity in the contract to specifically identify the products required to successfully implement the required software. The failure to define these key specifications in advance of the contract signing, led directly to the problematic implementation of the IT elements of the MyGov programme and a significant amount of public money not being spent effectively.

The States approval for the contract was based on the premise that the costs incurred to deliver the IT system “in-house” would be sufficient to fund an outsourced service via Agilisys (indeed future savings were proposed to be made in the later stages of the contract). The Panel has seen no evidence that this premise was correct and is aware of the frequently higher cost of implementing new IT systems. With the benefit of hindsight this also meant that the States ended up retaining certain cost and performance risks in the contract due to the requirement to stay within the approved cost envelope. A likely impact from this relates to risks surrounding the legacy hardware infrastructure in the existing data rooms. The States were responsible for funding legacy hardware should it be required to be replaced in the interim due to, for example equipment failure, whereas Agilisys held the responsibility for the legacy hardware and equipment maintenance and support. At that time the

technical risks of the legacy system would have been well understood by the inhouse IT team and replacement of the legacy hardware and equipment was due to take place within reasonable timeframes. However, COVID delayed the transformation process, as did the issues managing change highlighted elsewhere, increasing replacement time. This delay meant that the risk relating to legacy hardware and equipment materially worsened.

It is not at all uncommon for large-scale public sector IT programmes to run into difficulties. However, in this case the Panel believes that serious mistakes were made. It was not realised early enough that some of the large programmes were running into major difficulties and incurring significant incremental costs with very limited progress being made. Specifically, that the time allocated to Agilisys to deliver certain software developments was not always adhered to and the required solutions were not always completed within the allocated budget.

On occasion, senior staff on the relevant project boards did not appear to uncover the significant problems that were accumulating. In the areas reviewed, the Panel found no evidence that Agilisys highlighted the difficulties they were experiencing in delivering specific software developments, or the potential impact of these delays on the costs of the ongoing programmes. The project documentation did highlight some challenges with throughput; however, these were risks and issues that did not have the correct priority and were allowed to continue unresolved for months often at considerable expense.

The capabilities and experience of some of the staff supplied by Agilisys has also been questioned by public sector staff working on the programme and it appears from the results achieved that these comments may have substance. Agilisys senior staff have admitted that high staff turnover existed in this area and that they had difficulty in recruiting and retaining suitably qualified development staff. It is also clear that not enough detailed work was undertaken by the States early enough in the MyGov programme to produce a sufficiently detailed Statement of Work that would enable the software development required to be undertaken by Agilisys. The absence of this important building block meant that the project was always likely to be flawed. This key mistake early in the process meant that the final programme had a limited chance of ultimate success. This lack of detailed documentation and requirements can be mitigated only if there are sufficient skills, experience, and expertise to run agile change effectively.

It is the opinion of the Panel that significant failings existed within both the public sector and Agilisys, with both parties making decisions at certain times which are subsequently difficult to justify and defend. However, it is important to make clear that the change in leadership within both Agilisys and the public sector in late 2022, together with the wake-up call delivered by the IT outage has led to an increased focus being placed on contract management.

Nevertheless, five years into the Agilisys tenure, some users believe IT services have deteriorated compared to the position in late 2019. These views are driven in part by the cultural changes that might have reasonably been expected with the move to a commercial IT supplier. The flexibility and good-will that often had existed previously, has been replaced with a different type of relationship, a contractual one and one with an understandable commercial edge. Agilisys, whilst always stressing the partnership elements of the relationship, are a commercial company. This has inevitably changed the nature of the relationship between system users and IT services suppliers, where previously staff on both sides were public servants and many had existing long-standing working relationships with staff in the organisation.

Examples of this changing relationship feature in the submissions from both public servants and local IT suppliers. In terms of relationships with local IT suppliers, Agilisys have sought additional value from existing contracts, often changing long-standing contractual arrangements, and sometimes severing agreements with long-standing suppliers. Unsurprisingly, this process has been unpopular with these suppliers and has changed the nature of the relationships which were previously in place.

The ability of the ICF to oversee these changes and monitor their effectiveness, has been severely limited by their overall lack of resource and the other extensive calls on their time. This lack of resource and capability within the ICF is a recurring theme and it has led to a deficit in the oversight and contract management activities required to enable a transition of this magnitude to be effectively delivered.

Experience elsewhere and the expertise of the Panel have identified this deficit as one of the key reasons why the partnership with Agilisys has encountered problems. The retained IT resource within the States clearly needed major additional resources from the start of the project to carry out its intended functions. In addition, the ICF staff needed to have an extremely wide range of skills, experience, and competencies to carry out their designated functions and most importantly, oversee the transition from in-house working to working with Agilisys. The exact number of additional IT staff required cannot be defined until a Target Operating Model has been designed and agreed however, based on the information received it is likely to be in the order of 25 full time equivalents. These additional public sector IT staff would potentially also take on some of the work currently undertaken by Agilisys within the existing contract. The contract may therefore need to be adjusted to reflect the updated arrangements.

The Panel also believes that an IT Advisory Board, populated with both industry and business expertise, would be well placed to assist in this process. This role should encompass oversight of strategic IT planning, technical architecture, network design, development and maintenance, application support & development, IT procurement and managing the political interface.

The ICF has, by any standards, a difficult set of tasks to accomplish for even the most capable and experienced team. The limited resources previously allocated to this function made completing all these roles unachievable and in the view of the Panel this has led to many of the problems experienced and the level of user dissatisfaction. Addressing this shortfall has been identified as a priority by the Head of the Public Service and this process has now started. If this deficit had been identified at an earlier stage, it is possible that a great deal of time and money would have been saved and a number of programmes would likely be further advanced.

These mistakes were made due to a desire to save money on public sector salaries. Whilst this objective is understandable, in this instance it has proved to be a major error and has, in the view of the Panel, had a dramatic impact on the success of the wider contract implementation and much of the work undertaken by Agilisys. Arguably, this is one of the root causes of the problems that have befallen IT initiatives progressed since the start of the contract.

In the view of the Panel, the two major programmes examined as part of this review both demonstrate these issues. Delays in implementation, additional expenditure and resources have been incurred due to projects and programmes not having sufficient appropriately skilled, knowledgeable, and experienced technical staff to advise the programme staff. In the public sector, insufficient staff were in place who could produce the required technical specification documents and consistently monitor

the applications being created to meet these specifications. Agilisys may have been unable to recruit and retain the correct quality of application development staff to deliver the required applications on time and within the allocated budgets. Rewarding Agilisys on a time and materials basis has had, the Panel would argue, a negative effect on some software developments being undertaken. This is not because a time and materials basis is inherently undesirable but rather because the public sector's inability to effectively monitor the quality and pace of the software development meant that additional costs were sometimes incurred.

The root of this problem stems from the public sector not having access to the technical resources needed to monitor the pace, quality and cost of the application development being undertaken or recognising their skills deficit. With the benefit of hindsight, the partnership model may not have worked as effectively as intended with Agilisys. An effective partnership mindset would have resulted in earlier notice being provided to programme staff that targets would not be met before the funds available were exhausted.

It is essential that in the future any major IT enabled change programme that is reliant on application and or software development must ensure that projects and programmes have appropriately skilled and experienced technical staff in place to oversee development.

This process needs to be overseen within the public sector by a suitable qualified and experienced Chief Information Officer or equivalent. Whilst acknowledging the hard work of the present staff, the level of investment involved in the contract means that suitable technical leadership is required. The Panel believes money spent on leadership and the establishment of a suitably skilled team of qualified staff will save money in future years, specifically by avoiding previous mistakes and allowing a deliverable strategic way forward to be identified and implemented. The level of spending by the public sector on information technology is such that it is a false economy to avoid employing sufficient appropriately qualified and experienced staff.

In terms of day-to-day IT support, the transition to Agilisys has given rise to a number of significant problems but has also brought with it a degree of additional professionalism compared to the position prior to 2019. It is clear that the effort required to deliver day-to-day IT support to an organisation of such technical diversity and complexity was underestimated. It is not within the scope of this review to question the due diligence undertaken in this regard; however, the Panel believes it fair to comment that it has taken longer than should have been expected for effective support to be delivered in the more specialist areas across the public sector.

7 Recommendations for Future Action

The recommendations of the Panel fall into five main areas.

- **Recommendation 1 - Leadership**

The Panel believes it is essential that a credible, qualified, and empowered Chief Information Officer (CIO) or equivalent is put in place to guide and execute major strategic IT decisions. The role holder will need proven experience of working in a large, highly complex, multi-vendor and multi-technology estate, with a strong focus on the disciplines needed to run a fit-for-purpose environment including service management, vendor/contract control, information and cyber security, and robust IT Governance. Moreover, given the digital ambitions of the States, the role holder should also have a proven track record of delivering large-scale transformational change, including strategy design and execution along with comprehensive project/programme management and oversight. The addition of a CIO will also allow the public sector to more effectively challenge the supplier in terms of advice provided on core technologies and pricing. The Panel believes that if key decisions are made correctly, this will lead to improved outcomes, security and resilience. Analysis of some of the technical decisions made since the start of the Agilisys contract reveals that significant efficiencies could have been achieved with more informed technical decision making. This move is essential if the contract is to deliver on some of the improvements that were anticipated in 2019 when it was signed.

- **Recommendation 2 - Strategy**

The basis of this recommendation is to put in place a clear strategy for future action. The Panel found no evidence that a coherent IT strategy and target operating model for IT laying out the target enterprise architecture, and a set of principles to guide how changes are made covering topics such as hosting and security is currently, or has been previously, in place within the organisation. Key decisions on the overarching technical architecture need to be taken before decisions are made at application level to avoid significant additional costs being unnecessarily incurred by the States. This work is the first step which needs to be taken, working closely with the chosen technology partner, but not being led by them. It is the requirements of the States which should be paramount when making these decisions. Unless this step is accomplished, the Panel believes it is likely that sub-optimal decisions will continue to be made leading to sub-optimal outcomes.

- **Recommendation 3 - Investment**

Once a credible CIO and a coherent IT strategy has been put in place, it is then essential to ensure appropriate investment is available to deliver the target operating model. Significant investment during 2020 to 2022 has already been made on the Agilisys contract and the associated spending on major IT programmes (see Appendix 2) and technology upgrades, but the results of this investment have, in some areas, been disappointing and do not represent value for money. The delivery of the revised IT Strategy and Operating Model could materially change the specific roles and responsibilities between the States and the outsourced partner;

thus it will be necessary to review the existing contract and, if necessary, renegotiate the overall cost with the supplier.

- **Recommendation 4 - Expert advice**

The Panel recommends the establishment of an IT Advisory Board populated with both IT industry and business expertise, primarily to assist political decision making and also provide support to the CIO or equivalent in setting the correct IT strategy moving forward. This Board should be integrated into future governance arrangements to ensure the States' Committees can apply appropriate scrutiny over both business-as-usual IT and change projects. This Board is not intended as a decision-making or design authority, however recent events have shown that decisions made on strategic IT matters have often been flawed. The Panel considers that this can be mitigated by the provision of independent and credible advice to those charged with making these decisions. The absence of this advice has, in the opinion of the Panel, been a significant contributory factor in the mistakes which have been made. The Panel would also recommend that this IT Advisory Board is integrated into the wider governance arrangements put in place to manage the Agilisys contract moving forward. It is clear that an absence of technical expertise on the States side of the table leads to an advantage for any supplier. In the future the government should have access to high level business and technology advice when negotiating and overseeing a contract of this magnitude or when consideration is given to the appointment of senior technical staff.

- **Recommendation 5 - Management**

The final recommendation of the Panel is that supplier management needs and specialist IT contract management needs to be improved to oversee an outsourcing contract of this nature. The commercial, procurement, legal and treasury functions all need to work closely and effectively together with the technology and change functions to operationalise the potential benefits associated with information technology initiatives. This is particularly important for large development projects which leverage time and material-based contracts with suppliers which, with the right oversight and governance, can deliver change in an effective way. This will enable improved and quicker decision making on technology programmes and projects and avoid public money being wasted. In the course of this review, concerns were raised regarding the appropriateness of the governance processes in place to ensure that all payments made to Agilisys were justified and correct.

7.1 Appendix 1 – Terms of Reference for the Agilisys Contract Review

Overview

The Scrutiny Management Committee (the Committee) will form a panel consisting of Members of the Committee, other States Members and Members of the public with relevant expertise, in order to determine the effectiveness and value for money of the IT services provided by the company known as Agilisys⁷.

Background

In April 2019 the Policy & Resources Committee presented its policy letter on Future Digital Services (FDS)⁸ seeking to authorise the Policy & Resources Committee to enter into a ten-year contract with Agilisys Guernsey Limited for the delivery of States IT Services. This included Agilisys providing and maintaining the States IT infrastructure and support services, technology support for agreed transformation initiatives and delivering a programme of approved economic development initiatives.

On 12th June 2019⁹ the States Assembly agreed to appoint Agilisys as the preferred bidder for its Future Digital Services Programme and in November 2019 the contract was formally signed.

The contract was scoped at £16m per annum IT running costs, £26.9m for the improvement of business as usual (BAU) IT services provided by Agilisys which included: Transition costs; Transformation costs and Initial infrastructure asset investment and £16.7m for a programme of digital transformation. Agilisys has now been operating under this contract for almost 30 months.

The Policy & Resources' 2021 budget for Information Systems & Services was agreed at £17.2m, to cover the annual £16m costs of the Agilisys contract and the residual for continuing costs retained by the States as quoted in the 2019 policy letter.

However, the 2019 policy letter offered limited detail in relation to costs and as the Committee commented at the time of the 2021 Budget debate, a full breakdown of the anticipated spend is necessary, in order to be able to fully scrutinise the contract.

Review Scope

The review will evaluate;

- the transition of the IT service to Agilisys;
- any demonstrable improvement of business as usual IT services;
- the transformation activities undertaken to date;
- the level of the investment in infrastructure;
- the current status of the programme of digital transformation;
- the effectiveness and value for money of the Agilisys contract;

⁷ <https://agilisys.gg/>

⁸ 2019 Policy Letter - Future Digital Services

⁹ FDS Propositions June 2019

- how the contract is managed by the States of Guernsey;
- Any significant service failures within the contract period;
- how the contract has been affected by the period of the COVID pandemic.

Review Methodology

The Committee will create a panel which will:

- undertake the review of the States of Guernsey contract;
- evaluate the evidence identified by the Call for Evidence;
- conduct interviews with relevant staff;
- conduct public hearings as necessary to generate evidence to support the review process;
- deliver a report on its findings to the Scrutiny Management Committee.

Outcome

A balanced Scrutiny Management Committee report, based on the evidence available to the Committee, together with the transcript of any subsequent public hearing(s) which will be released into the public domain.

The report will contain evidenced based recommendations for future action.

7.2 Appendix 2 – States of Guernsey IT Expenditure 2020 -2022

STATES OF GUERNSEY IT EXPENDITURE 2020-22 (ALL PROVIDERS)

<u>CATEGORY</u>	<u>2020</u> <u>(£000's)</u>	<u>2021</u> <u>(£000's)</u>	<u>2022</u> <u>(£000's)</u>
<i>RECURRING EXPENDITURE</i>			
Revenue spend: Business As Usual (BAU) IT Services (as per contract)	17,088	16,983	16,113
Revenue spend: BAU IT Services (net increase)	295	1,631	5,722
SUB-TOTAL (Recurring expenditure)	17,383	18,614	21,835
<i>NON-RECURRING EXPENDITURE</i>			
Revenue spend: Other	2,076	1,916	2,704
COVID	648	1,726	1,086
<i>Projects</i>			
IT Transformation & Transition	9,256	5,006	2,247
MyGov	6,035	4,415	2,756
Revenue Service Programme	1,937	5,773	3,647
Hardware Refresh / IT Minor Capital	2,843	1,279	2,740
Transforming Education Programme (TEP) Digital	132	1,342	1,639
HSC Transformation / Electronic Patients Record	232	34	43
Other projects (combined)	713	1587	2,209
SUB-TOTAL (Non-recurring expenditure)	23,871	23,078	19,069
TOTALS (excluding SoG-retained costs)	41,254	41,691	40,903
Intelligent Client Function staff costs	575	567	469
TOTALS (including SoG pay)	41,829	42,258	41,372

STATES OF GUERNSEY IT EXPENDITURE 2020-22 (AGILISYS ONLY)

<u>CATEGORY</u>	<u>2020</u> <u>(£000's)</u>	<u>2021</u> <u>(£000's)</u>	<u>2022</u> <u>(£000's)</u>
<i>RECURRING EXPENDITURE</i>			
Revenue spend: Business As Usual (BAU) IT Services (as per contract)	17,088	16,983	16,113
Revenue spend: BAU IT Services (net increase)	295	1,631	5,722
SUB-TOTAL (Recurring expenditure)	17,383	18,614	21,835
<i>NON-RECURRING EXPENDITURE</i>			
Revenue spend: Other	309	447	842
COVID	616	1,702	1,082
<i>Projects</i>			
IT Transformation & Transition	8,785	4,995	2,232
MyGov	6,035	4,415	2,756
Revenue Service Programme	122	2,999	1,631
Hardware Refresh / IT Minor Capital	2,325	851	2,369
Transforming Education Programme (TEP)			
Digital	0	949	1,570
HSC Transformation / Electronic Patients Record	229	29	1
Other projects (combined)	38	282	529
SUB-TOTAL (Non-recurring expenditure)	18,459	16,670	13,011
TOTALS (excluding SoG-retained costs)	35,842	35,283	34,847

STATES OF GUERNSEY IT EXPENDITURE 2020-22 - (OTHER PROVIDERS)

<u>CATEGORY</u>	<u>2020</u> <u>(£000's)</u>	<u>2021</u> <u>(£000's)</u>	<u>2022</u> <u>(£000's)</u>
<i>RECURRING EXPENDITURE</i>			
Revenue spend: Other	1,767	1,469	1,862
 COVID	 33	 25	 4
<i>Projects</i>			
IT Transformation & Transition	470	10	15
Revenue Service Programme	1,815	2,774	2015
Hardware Refresh / IT Minor Capital	518	427	371
Transforming Education Programme (TEP)	132	393	68
HSC Transformation / Electronic Patients Record	3	5	42
Other projects (combined)	674	1,304	1,680
 TOTALS (excluding SoG-retained costs)	 5412	 6,408	 6,058
 Intelligent Client Function staff costs	 575	 567	 469
 TOTALS (including SoG pay)	 5987	 6,975	 6,527

7.3 Appendix 3 – Agilisys Response

Agilisys provided the following response on 25 November 2024 to specific sections within the review – the following text is taken directly from their response:

Section 2

The changes which impacted the States of Guernsey local supply chain are typical of any transition and are aimed at improvement. Agilisys were targeted by States of Guernsey with making savings across all suppliers and to ensure there was a comprehensive understanding of existing 3rd party IT related service suppliers, which didn't exist prior to the appointment of Agilisys. Agilisys hosted workshops with a number of local suppliers to understand existing issues and scope for change. Changes to working arrangements were reviewed that resulted in a more positive relationship where possible and delivering better outcomes. There was and is resistance to IT services being delivered by a UK company or private sector organisation. Agilisys have worked very hard in partnership with States of Guernsey to address any staff concerns and continues to do so. In terms of the actual design and implementation of the new ways of working, we had staff from within the services helping to map old processes, describe their pain points and test the new solutions. We acknowledge that the new structured industry standard (ITIL) support model was a major change for some users accustomed to pre-existing informal arrangements. We constantly monitor and meet support SLAs alongside the support process that is in place to ensure a positive experience is provided. However, we are aware this is not how some customers feel.

Section 4.1

During the original procurement process, it was noted that the States of Guernsey had no IT service continuity plan in place. Once this was identified, Agilisys offered support to create the plan which, was rejected. As a result, the waiver was granted to Agilisys until such time as an IT service continuity plan was created by the States. In partnership with States of Guernsey activity is now running and maturing to implement robust continuity plans across the entire estate. In general, the maintenance of systems and processes have been consistently prioritised wherever possible to secure continuity of service delivery. The unavailability of the identified systems was triggered by environmental factors, such as electricity supplies, back-up power supplies and air conditioning which are the responsibility of States of Guernsey. Agilisys have worked tirelessly and diligently over that whole period to support the States of Guernsey to resolve the issues. This was often done at cost to Agilisys.

The maintenance of systems and processes is important to us and we have prioritised to secure continuity of service delivery wherever possible. All systems and process implemented have been and will continue to be monitored and upgraded in line with States priorities and the service agreements outlined in the contract. The Future Digital Services (FDS) programme took longer because of the COVID interruption and reprioritisation of IT needs. There was also a change in strategy from on premise to Cloud infrastructure provision during 2020/2021. Although the external factors and the change in strategy did cause delays, States of Guernsey were aware of critical services on the legacy infrastructure. The lack of documented plans for the legacy estate, for which the States of Guernsey were responsible for, was highlighted on numerous occasions. Following the publishing of the report drafted by PWC, further funds were made available to accelerate the proposed infrastructure changes outlined as part of the FDS. Further work is still required as there are still legacy applications in the new data centre which need either be replaced or modernised.

Section 4.2

There is always a balance to be had between speed of delivery and preventing risk with all development projects. Although Agilisys aimed to create the right balance this was not always possible. Prioritisation of work, recommendations and decisions around risk appetite were made by States and independent leads on the programmes.

A robust and comprehensive process is in place around documenting and reporting costs for project delivery. These costs are signed off and agreed to prior to any work commencing. Success is only possible if there are clear requirements from the outset which has not always been the case. Any additional costs identified during said activity due to a change in requirements or objectives, are flagged at the earliest opportunity to prevent any ambiguity. These reviews are completed monthly in line with the signed off governance process.

Section 4.3

One of the key objectives set, was to deliver the savings and service objectives identified by the leadership group in States of Guernsey. Once the implementation of the identified changes had commenced, it was clear that the service areas where savings had been identified felt they were unable to adapt to deliver the savings, although there had been months of consultation. During the programme, management of the programme and the responsibility for the delivery of the identified savings and process changes were transferred from Agilisys to States of Guernsey.

Section 4.4

The volume and complexity of the pre-existing IT support arrangements were significant. At the outset of the contract, there was also a lack of understanding from States of Guernsey regarding current demand and how that demand was being managed inhouse. Significant work has been undertaken by Agilisys to implement a more robust and repeatable process to manage the required IT support. Due to the evolution in technical landscape and external factors such as COVID demand resource had to be re-prioritised. During COVID, the business-as-usual teams that would normally handle IT support were diverted to the COVID response, it wasn't until 2021 that we returned to "normal" and we ran a Customer Service Improvement Plan in partnership with the States to reduce the backlog of calls that had built up over that period.

We appreciate the frustration staff felt, due to the delays in receiving the requested new devices, during COVID. However, these delays were not unique to Guernsey but were experienced globally due to supply chain issues. The rollout of the devices referenced in the report were prioritised by States of Guernsey (under prioritisation of Tactical Coordination Group) to keep important services running. It wasn't until 2020 and into 2021 the transformed laptops were being deployed with the help of our partner Resolution IT. Although the provision of hardware was important, the digital literacy of the States of Guernsey was also a priority. Agilisys worked very hard in upskilling States of Guernsey staff, to ensure continuation of service whilst working from home. Steps were implemented across the States of Guernsey to ensure that these disruptions were kept to a minimum. Agilisys proposed a transfer of Agilisys UK staff to Guernsey to help support critical workers, however this help was declined. Therefore, any support offered was done remotely only.

It is important in IT that a standard and repeatable process is implemented when logging tickets to ensure that the level of service delivered is consistent. On occasions during transition this may have resulted in a longer period of time for resolution, given that previous practice would be to contact an individual directly. This previous informal approach was also a cause of the underestimation around

the volume of issues that would need to be resolved on a daily basis. The implementation of a standard process that enabled greater consistency and visibility of issues being raised was a key deliverable for us in our partnership with the States. Significant training and investment have been implemented throughout the contract in Guernsey to ensure staff and end users are aware of systems. The implementation of a standard process that enabled greater consistency and visibility of issues being raised was a key deliverable for us in our partnership with the States.

Section 5.1

It is vital that we have the right skillset supporting the activity required to support key programmes and this is something we prioritise through a rigorous recruitment process following a comprehensive competency-based assessment. Upskilling of our staff is also embedded within our practice; we provide the opportunity for existing staff to enhance their knowledge and skills through regular 121s with mentors and through our learning platforms. There is an ongoing review of our induction manual too, ensuring staff are as equipped as possible to undertake their roles effectively.

This was a shared responsibility and partially due to a lack of clear public sector service requirements from the outset. Development of software goes through various stages of requirement sign off, to ensure that any new functionality helps to support the outcomes required. We recognise there was an opportunity to improve understanding and collaboration between all parties in this area and steps have been taken to improve this process. Review of documentation and the sign off of requirements now happen on a regular basis. This cadence is agreed at the initial discovery process.

Requirements had been signed off by States of Guernsey early within the mobilisation of the programme. Due to the perceived level of change on Services to successfully implement an operating model with a single front door considered too high, a recommendation to stagger the service changes was made. An issue arose where the proposed digital solution could not support a staged delivery model due to data sharing restrictions. This presented a need to go back to the original requirement documentation, provide all the process maps and impact assess what would happen if scope was changed to enable an effective short, medium and long term decision. A decision was made following the impact analysis at Board and a joint closure document produced with all the above information. We worked iteratively on this with States of Guernsey. We have responded to all further documentation requests post programme closure at no cost. We had no outstanding requests or concerns.

Section 5.3

Agilisys performed due diligence on the information that was known and made available to us by the States. As the SMC report itself has identified, any potential supplier risk assessment is bound by the data and documentation provided at the outset and the States IT was previously underinvested prior to contract with clear gaps in documentation and understanding. We have sought to address such uncertainty and risk in partnership with the States.

We have recommended and proposed IT service improvement initiatives, essential IT projects, and problem areas that need focus across the IT estate. The States prioritisation of IT across the estate overall has determined which opportunities have been funded and delivered.

Agilisys - Feedback on the SMC Report Recommendations

Number	Agilisys Update	Recommendations
1	LEADERSHIP	Agilisys support this recommendation and have been working alongside the current CDIO looking to implement recommendations and improvements across the Guernsey IT estate.
2	STRATEGY	Agilisys support this recommendation. Agilisys have recommended a roadmap of IT activity to support the States of Guernsey improvement plans.
3	INVESTMENT	Agilisys support this recommendation. Agilisys have been engaged with the States in a programme of activity to refresh the contract based on lessons learned to date. One of the key pillars of the initiative is to agree the investment required to deliver the core IT service to users given business change and the growth of the overall IT estate.
4	EXPERT ADVICE	Agilisys supports the appointment of an advisory board with IT industry expertise to support politicians (Deputies) in making strategic IT decisions.
5	MANAGEMENT	Agilisys supports the upskilling and introduction of contracts management capability by the States to jointly manage key deliverables for the future.

7.4 Appendix 4 – Policy & Resources Committee Response

The following text is taken directly from the Policy & Resources Committee’s response:

Introduction

The Policy & Resources Committee (“the Committee”) is grateful to the Scrutiny Management Committee for agreeing to append its response to the “Review of the Future Digital Services Contract with Agilisys (Guernsey) Limited” in full. The below is not intended to provide a full commentary against the report itself nor does it seek to provide an exhaustive list of the extensive time, energy and investment spent over the last two and a half years in enhancing the States of Guernsey’s IT arrangements and infrastructure.

The response does, however, seek to provide wider contextual information in order to provide an understanding of how the arrangements have matured since the contract’s original inception and the completion of significant improvements to the States of Guernsey’s IT infrastructure, and also the benefits of improvement activity planned for the future.

General Comments

As noted within the Scrutiny Management Committee’s report, a significant part of the motivation for engaging an external IT partner was to support a complex transformation programme of activity to re-organise and modernise how IT services were delivered across the public service. It is accepted that mistakes were made in the contract’s early stages but these have been identified and rectified, leading to significant improvements more recently. The Committee is disappointed that the timing of the Scrutiny Management Committee report did not allow for it fully capture this more recent work, hence setting it out in this response.

Major System Outages in 2022-23

While it is important to note that the outages did not result in any data being lost nor in the disruption of critical services, the matter was taken very seriously in recognition of the significant inconvenience caused for the community and public sector alike. An independent review was commissioned through PwC which was published in 2023 and which reaffirmed the findings of internal investigations and led to a series of recommendations for improvement.

All of the recommendations identified by PwC have been completed, and in many cases exceeded, meaning that the organisation’s resilience is now greatly enhanced. An additional £2.5m was allocated to accelerate IT transformation with legacy facilities migrated to new, purpose-built data centres. Responsibilities have been clarified, business continuity arrangements greatly enhanced and industry best practice adopted where relevant across the organisation.

The implementation of the Revenue Service Programme

The Revenue Service Programme is now substantially completed, with final elements of delivery now transitioning to business as usual. In line with States of Guernsey best practice, a Post-Implementation Review will be undertaken once the Programme is fully completed.

The implementation of the MyGov programme

Activity on the majority of the digital aspects of the MyGov programme were paused in 2022 at the recommendation of the newly appointed Head of the Public Service due to concerns over delivery to date, the pace of implementation and the resilience and operability of the identified solution. The pause provided opportunity to fully review the programme to date, to reaffirm the original drivers, and to identify how best to proceed.

As a result of this work, the programme has been considerably strengthened and there is a clear plan in place for the iterative development of public services through a new secure digital foundation. The scope of works is fully developed and tested, taking into account user experience, compliance, data security and data accuracy. Additionally, there is appropriate political oversight of the programme, including gated funding and political representation on the programme board. In the coming months, and after a comprehensive tendering process, the Committee will be announcing the engagement of an external implementation partner.

The provision of day-to-day IT support

Effective and resilient IT services are a fundamental requirement for the day-to-day delivery of the public service. There has been considerable investment in improving the efficiency and productivity of public sector employees through ensuring that their needs are appropriately understood, that key performance indicators are identified and monitored, and that providers are appropriately held to account.

Additional funding was approved through the 2025 States of Guernsey Budget, in addition to the extra support providing in-year during 2023, to reorganise and expand the Digital and Technology function. These roles are currently being advertised and will provide additional capacity to manage external partners and ensure value for money. This follows wider activity including in 2024 the appointment of a Chief Digital and Information Officer and the subsequent approval of a revised and refocused Digital Strategy. The Digital Strategy outlines the principles that will guide the development of new digital services for the States of Guernsey and provides the framework to inform, monitor and improve day-to-day IT services and support. Recommendations of the Scrutiny Management Committee On receipt of the Report, the Committee was pleased to note that the recommendations made by the Scrutiny Management Committee align to, and were supportive of, the remedial work which was already underway through the States of Guernsey, namely:

Leadership – Appoint a qualified and empowered CIO (or equivalent)

A Chief Digital and Information Officer was appointed in April 2024 in order to fill the gap subsequently acknowledged by the Scrutiny Management Committee. The post has added significant organisational value in this time and ensures clear accountability for all digital workstreams across the organisation.

Strategy – Establish a clear IT strategy and Target Operating Model to guide future action

As noted above, a Digital Strategy has been developed and a new operating model and organisation is being established for Digital Services. Collectively, this provides the framework for wider planned work focused on:

- Enhancing the ability to manage and control the digital demand for change;
- Increasing the predictability of the execution of digital change in time, budget and scope;

- Creating a consistent approach for implementing, documenting and running digital changes across the public service;
- Aligning changes across hardware, software and IT services; and
- Enhancing the ability to manage and control technology operations, increasing resilience.

Collectively this will ensure that the requirements of the States are fully understood and central to all future digital activity.

Investment in delivery of the Target Operating Model and Value for Money

As recognised in the Scrutiny Management Committee report, significant additional funding has been granted to enhance digital services over recent years, with further funds identified in the Capital Portfolio for specific transformation programmes. This was always expected to be the case, and is part of a proactive plan for service improvements. While day-to-day services and systems are covered in the core contract costs, the additional funding is needed for the development of significant new service initiatives. Such funding is only released after the approval of a comprehensive business case outlining the drivers for investment, an options analysis and a summary of the clearly identified expected benefits. Progress of these initiatives will be carefully and actively monitored throughout the implementation period to ensure value for money. These processes will be supported by the steps set out above to enhance our IT maturity and vendor management arrangements.

Recent funding has allowed the reorganisation of the States' internal digital and technical capacity, including the introduction of the new roles required to enhance internal capacity and expertise and allow some responsibilities to revert to the States of Guernsey.

Adoption of Expert Advice

The Committee recognises the important contribution that industry and business expertise can bring to technical decision making and has a well-established record of engaging such advice as and when necessary. While the Committee has no immediate plans to appoint a specific IT Advisory Board, this will be kept under review.

Vendor and Contract Management

The States of Guernsey is committed to fit and proper supplier management and has sought over the last two years to improve the oversight of projects and contracts in order to ensure value for money. Regular meetings are held with suppliers, holding them to account for their service delivery, and appropriate steps can be taken if suppliers are not delivering.

Conclusion

The Committee will continue to drive improvements in how digital services are delivered as a priority. It will also take into account the recommendations made in the Scrutiny Management Committee's report.