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Office of the Minister of Internal Affairs

Chair

Cabinet Committee on State Sector Reform and Expenditure Control

ICT FUNCTIONAL LEADERSHIP: PROGRESS REPORT APRIL TO SEPTEMBER 2016

Purpose

1. This paper sets out the Government Chief Information Officer's (GCIO) progress report on the functional leadership of government information and communication technology (ICT), for the period April to September 2016. The report is presented with Dashboards (Attachments 1 and 2).

Executive summary

2. Over the past year, the GCIO has reset the Government ICT Strategy (the Strategy) and developed the Integrated Programme of Work to support it. These provide a portfolio management approach to the delivery of ICT Functional Leadership. This dynamic approach is key to taking advantage of 'game-changing' trends.
3. The Partnership Framework, a network of senior public service leaders from key agencies, plays a critical role in supporting the goal of a single, coherent ICT ecosystem, through collaborative delivery of the Strategy and the Integrated Programme of Work. There is engagement from 55 senior leaders across 21 agencies helping drive this work.
4. Good progress continues to be made in leading ICT-enabled transformation across government, including embedding foundational elements such as lifting system-wide maturity; helping agencies take up shared services and move away from building their own assets; and improving capability and maturity for privacy and security. Agency business cases, four-year plans and long-term investment plans demonstrate agencies' contribution to the Strategy.
5. We are on track to achieve the Better Public Services Result 10 target for 70 per cent of New Zealanders' most common transactions with government to be completed in a digital environment by 2017, and are now focusing our efforts to develop integrated digital services, which will substantially change the way government services are delivered.
6. The New Zealand government continues to be recognised as being among the most digitally-advanced governments in the world. The GCIO chairs the OECD e-Leaders Working Group and participates in international fora to ensure future opportunities are understood from a global perspective and to identify opportunities for economic development in the digital age.
7. There are a number of challenges inherent in traditional government structures that inhibit the pace of change and make it difficult to work across the system. This includes the commissioning, governing and funding of cross-agency initiatives. Continued risk-averse practices also limit progress and system opportunities being exploited. There is still work to do to lift the pace and enable significant transformation across government.

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8. These challenges are being considered by the GCIO and central agencies. The GCIO has started a discussion with the Partnership Framework on how their role could be strengthened, including a wider governance role. This includes supporting agencies to work more collectively to drive greater use of digital services by citizens when interacting with government, and the GCIO working with agencies undertaking major transformations and data sharing projects.

Background

9. ICT Functional Leadership spans information management, technology infrastructure, and technology-enabled business processes and services. The GCIO's functional leadership mandate spans 60 public sector agencies and district health boards for:
 - setting policy, direction and standards for government ICT;
 - improving ICT investment management system-wide;
 - establishing and managing all-of-government ICT services;
 - shaping and developing government ICT capability;
 - leading an all-of-government approach to privacy management through the Government Chief Privacy Officer; and
 - providing system-wide ICT Assurance across government.
10. In October 2015, Cabinet agreed to the revised Strategy [CAB-15-MIN-0148.01] which builds on the foundations of the previous 'Government ICT Strategy and Action Plan to 2017'. The Strategy focuses on taking advantage of 'game-changing' trends such as cloud services, unlocking the value of government-held information, major agency transformation programmes, and greater partnership with the private sector.
11. In May 2016, Cabinet endorsed the Integrated Programme of Work that supports the delivery of the revised Strategy [SEC-16-MIN-0023]. It represents the highest priority ICT change initiatives that provide the greatest contribution to the outcomes of the Strategy. It was developed collaboratively by the Partnership Framework and senior leaders across government. It is designed to be dynamic, updated and reprioritised periodically as needed.
12. The GCIO set up the Partnership Framework, involving senior leaders across government, to support the goal of a single, coherent ICT ecosystem supporting radically transformed public services. The ICT Strategic Leadership Group at Chief Executive level is supported by four working groups covering Service Innovation, Technology, Strategic Investment and Information.

Timing of this report

13. The GCIO is required to provide ongoing reporting to the Cabinet Committee on State Sector Reform and Expenditure Control (SEC) on the progress of ICT Functional Leadership.
14. The previous report to SEC was in July 2015. Subsequent functional leadership reports were superseded by the review and launch of the Strategy in October 2015 and the implementation of the Integrated Programme of Work in March 2016.

Use of dashboard reporting

15. The ICT Functional Leadership report differs from previous reports. As well as reporting on progress of the Integrated Programme of Work, a new format for reporting to Ministers was noted by Cabinet in May 2016 [SEC-16-MIN-0023]. There is more of a focus on dashboards to better measure the objective performance of the Strategy.
16. *Attachment 1: Government ICT Strategy* provides an overview of performance of each of the five focus areas in the Strategy (as well as system-wide Assurance) along with strategic benefits measures.
17. *Attachment 2: Integrated Programme of Work* provides a summary of the status of the Integrated Programme of Work, along with suggested changes to reflect the dynamic nature and ensure work remains fit for purpose to deliver the Strategy.

Overall progress and achievements

18. The GCIO is making good progress in leading ICT-enabled transformation across Government.
19. To help improve information management, a Data Investment Framework has been developed which will assist in prioritising government information and data investment decisions. This reduces duplication and provides an enduring framework for decision-making.
20. Work is on track to meet the Better Public Services Result 10 target of 70 per cent by December 2017, with current progress at 53 per cent. It is proposed that the Result 10 outcome be expanded to 'People have easy access to public services, which are designed around them, when they need them'. To achieve this, a Service Innovation Work Programme has been developed to deliver a new set of citizen-centric digital services across traditional agency boundaries, for example: SmartStart (Birth of a Child), Becoming a Victim of Crime and Enrolling for Tertiary Education life events.
21. There has been good progress in the adoption of information and technology innovations as a result of enhanced engagement with suppliers and agencies. There continues to be strong consumption of ICT shared capabilities.
22. New Zealand, as a digital leader, continues to take an active role within the Digital 5 (D5) grouping of countries. New Zealand hosted the mid-year senior officials meeting and is attending the annual Ministerial Summit in South Korea during November 2016. D5 continues to provide an avenue to influence thinking and approaches in digital transformation as well as recognising New Zealand's role as a digital leader. New Zealand also benefits from sharing best practice as well as having access to key policy discussions and decisions. New Zealand is mid-way through its term as Chair of the OECD e-Leaders group and is overseeing a more outcomes-oriented approach to work in the group. In both the D5 and the OECD e-leaders forums, New Zealand is leading work on digital identity where its approach is of great interest to other countries.
23. Other achievements include:
 - Established 'New Zealand Government as one customer' for technology contracts. This is improving efficiency and economy in how the New Zealand Government does business with key suppliers. A recent agreement with Oracle means the New Zealand Government is now a top 200 Oracle client worldwide and is a member of the Oracle Support Advisory Board.

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- Consumption of ICT shared capabilities continues to be strong with 86 per cent of mandated agencies (52 out of 60) consuming one or more shared capabilities and an additional 88 agencies outside the GCIO mandate also consuming shared capabilities, recognising the significant business benefits of the services for agencies and across government.
- \$77 million per annum of sustainable business savings achieved through cost reduction and avoidance.
- GCIO Assurance Services Panel established and embedding of agency ICT operations assurance plans.

Strategic opportunities to build on progress

24. While there is generally good progress, the following strategic opportunities have been identified that can build on this progress, and work is underway on each of them. By taking advantage of these opportunities, government can be more responsive and innovative in meeting customers' needs:
- Transforming service delivery through the Service Innovation Work Programme to deliver citizen-centric digital services across agency boundaries;
 - A Digital Identity Strategy to determine the agreed system approach for identity management solutions across government. Cabinet will consider the strategy by the end of 2016;
 - Leveraging Public Cloud to transform the delivery of services to both New Zealanders and government. New measures agreed by Cabinet in 2016 support safe acceleration and adoption of Cloud Services across government;
 - Future thinking on Data and Analytics leadership to improve capability and system prioritisation across government in this area; and
 - Increasing momentum to enhance benefits management capability across government to maximise return on investment and building on existing successes.

System challenges to overcome to increase the pace of progress

25. However, despite the progress to date, there is still a significant amount of work to be done to lift ICT maturity on a system-wide basis and deliver the Integrated Programme of Work. Access to funding for cross-agency initiatives and system-wide interventions, along with immature prioritisation processes, impede progress. This is a significant issue for system-wide Assurance initiatives and the Leadership focus area of the Integrated Programme of Work where a number of initiatives have not been able to progress due to lack of funding.
26. The GCIO continues to consider ways of addressing these challenges, together with central agencies. The GCIO understands that other functional leads are facing similar challenges and barriers. With ICT Functional Leadership, these challenges are exacerbated by the GCIO needing to reach more deeply into the operating models of agencies. Working across the system is still quite difficult and barriers constrain transformation across government.

Next steps

27. The GCIO will continue to report to Cabinet on progress of the Integrated Programme of Work every six months. The next progress report on ICT Functional Leadership will be presented to Cabinet in May 2017, for the period October 2016 to March 2017.

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28. The GCIO has started a discussion with the Partnership Framework on how their role could be strengthened, including a wider governance role. This includes supporting agencies to work more collectively to drive the greater use of digital services by citizens when interacting with government, and the GCIO working with agencies undertaking major transformations and data sharing projects. The Partnership Framework offers an opportunity to provide strong leadership, enhance collaboration, uplift capability and support cultural change to benefit the wider government system. Support is still required from chief executives and Ministers to address the cross-agency funding challenges.
29. The GCIO may report to Ministers in 2017 if there is a need to amend the Strategy following consultation with senior public leaders. In 2015, Cabinet agreed that the GCIO may, after consultation with senior public leaders, report to Ministers after two years if there is a need to amend the Strategy [CAB-15-MIN-0148.01].

Consultation

30. This paper was developed by the GCIO who is located within the Department of Internal Affairs, in consultation with the Partnership Framework, other functional leads and the wider Corporate Centre.
31. Chief Executives in the ICT Strategic Leadership Group and the following agencies were consulted on this paper: the Ministry of Business, Innovation and Employment (MBIE), the Treasury, the State Services Commission, the Ministry of Justice, Statistics New Zealand, Land Information New Zealand, New Zealand Police. The Department of the Prime Minister and Cabinet was informed.

Financial implications

32. This paper has no direct financial implications.

Human rights, legislative implications and regulatory impact analysis

33. This paper has no human rights, legislative or regulatory implications.

Publicity

34. I propose to proactively release this paper subject to consideration of any deletion that would be justified under the Official Information Act 1982 (CO Notice (15) 3).

Recommendations

35. The Minister of Internal Affairs recommends the Cabinet Committee on State Sector Reform and Expenditure Control:
 1. **note** that in October 2015 Cabinet agreed a revised Government ICT Strategy and directed the Government Chief Information Officer (GCIO) to:
 - 1.1 report back on a prioritised and integrated programme of work; and
 - 1.2 subsequently report on its progress through the six-monthly ICT Functional Leadership reporting cycle [CAB-15-MIN-0148.01];
 2. **note** that in May 2016 Cabinet endorsed the dynamic and Integrated Programme of Work, and that a new dashboard format for ICT Functional Leadership reporting would be used to report to Ministers from September 2016 [SEC-16-MIN-0023];

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3. **note** that the GCIO is making good progress in leading ICT-enabled transformation across Government and that achievements include:
 - 3.1 being on track to meet the Better Public Services Result 10 target of 70 per cent by December 2017;
 - 3.2 \$77 million per annum of sustainable business savings achieved;
 - 3.3 consumption of ICT shared capabilities continuing to be strong;
 - 3.4 established 'New Zealand Government as one customer' for technology contracts;
 - 3.5 implementation of the Data Investment Framework; and
 - 3.6 establishing the GCIO Assurance Services Panel;
4. **note** that the following strategic opportunities have been identified that can build on this progress: transforming service delivery; a Digital Identity Strategy; leveraging Public Cloud; future thinking on Data and Analytics leadership; and increasing momentum to enhance benefits management capability;
5. **note** that traditional government structures inhibit the pace of change and make it difficult to work across the system, including the commissioning, funding and governance of cross-agency initiatives; and
6. **note** that the challenges identified in this report are being considered by the GCIO and central agencies, and that the GCIO has started a discussion with the Partnership Framework on their future role, including a wider governance role.

Authorised for lodgement

Hon Peter Dunne
Minister of Internal Affairs