

# STANDING COMMITTEE OF TYNWALD ON PUBLIC ACCOUNTS

## SUB COMMITTEE ON IT PROJECTS

EPTPACIT260511

MORNING SESSION: 10.33 a.m. – 12.26 p.m.

Douglas, Thursday, 26th May 2011

*The Committee sat in public at 10.33 a.m.  
in the Legislative Council Chamber,  
Legislative Buildings, Douglas*

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*[MR GILL in the Chair]*

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### Procedural

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**The Chairman (Mr Gill):** Moghrey mie, everybody, and may I welcome you all to this meeting, which is a sitting of the Subcommittee of the Public Accounts Committee to hear evidence in public session.

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The Public Accounts Committee was established on 22nd March 1983 and our remit has been amended several times over the years. It is too lengthy to read out today, but in brief our remit is to examine the expenditure of Government funds and to scrutinise the efficiency and effectiveness of the implementation of Government policy.

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This Subcommittee is examining the procedures for dealing with Government IT systems, and we have, therefore, invited officers from a cross-section of Government Departments to give evidence to us to give us a wide range of experiences to enable us to reach our conclusions. We have previously heard evidence from the Department of Health, the Department of Economic Development, the Department of Education and Children and the Department of Social Care. Today, we are taking evidence from the Director of the Information Systems Division, Mr Paterson.

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May I first introduce my colleagues on the Subcommittee: Mr Dudley Butt MLC, Mr Graham Cregeen MHK and our Clerk, Mrs Marilyn Cullen. The *Hansard* editor is Mrs Groom, who is responsible for recording today's proceedings. Could I remind everyone to ensure that mobile phones etc are switched off to avoid any interference with the recording. Could I also ask everyone to ensure that only one person is speaking at all times to enable us to produce a clear recording of what is being said.

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### EVIDENCE OF MR A PATERSON

**Q380. The Chairman:** So, if I could turn to Mr Paterson, could I commence by asking you to state

your name, current title and a brief description of your responsibilities, and could you confirm that, to assist you in preparing for today's evidence session, we sent you a list of questions which we will be putting to you.

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**Mr Paterson:** I am Allan Paterson. I am the Director of Information Systems Division, now residing within the Department of Economic Development, previously within Treasury. I have been here for almost nine years.

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Yes, I received the questions on Friday afternoon.

**Q381. The Chairman:** Thank you.

Is there anything by way of a statement or introductory comments that you would like to make before we begin?

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**Mr Paterson:** I am very grateful for the opportunity to present to the Committee and present what I hope is evidence, perhaps, as opposed to some anecdote or opinion.

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In the evidence, we have been challenged on things like strategy, process, value, use of consultants, etc. I am proud to represent the ISD unit and some of the senior management team behind me. I think we can address, on an evidence base, those challenges. I think we seek to be open, transparent and measured, even efficient and effective, and sometimes even provide leadership. I would argue that things like social media are examples of where we seek to provide leadership. I believe we do present an open environment. Undoubtedly, like anybody, there are occasional mistakes. We have processes in place to learn from those mistakes, and those processes are auditable and are audited.

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What I would like to do, if you will permit me, is provide some copies of a written submission, which contains some of the evidence which I will refer to during the session today. I think, if I may, without being too glib, I put three quotes on the front of this written submission, the third of which is probably as relevant as any. It comes from a chap called Ian Watmore. Ian Watmore used to be the CIO of the UK government, left to become the Chief Executive of the FA, did not do a very good job there and is back as the Chief Operating Officer of the Efficiency and Reform Group within the Cabinet Office in the UK. Watmore says – and if I quote –

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'IT in government is as difficult as it gets.'

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What he also says is very much that this is not about the technology; this is about how you capture the value of IT in government, and he will argue very strongly and many other people, such as the National Audit Office, will argue – and I will argue – that it is very much about how the business provides its contribution to the use of IT: leadership, vision, accountability for benefits, etc.

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Very brief final remarks, if I may: business change is difficult and I think we are talking about business change. Challenging silos is difficult. I think it does need real leadership and commitment. I would suggest that part of the issues that have been raised in the evidence submitted to you is about implementation of change and I am quite happy to talk about some of those specifics as we move on.

So, if I may, I will present a case –

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**The Chairman:** Thank you.

**Mr Paterson:** – for the Members and –

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**Q382. The Chairman:** Could I just clarify, Mr Paterson, that suggests to me that you are *au fait*... You have read the evidence that has been produced by the –

**Mr Paterson:** I have read the evidence. My management team have read the evidence and we have scrutinised it in detail.

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**The Chairman:** Thank you. Okay.  
We will begin with Mr Cregeen.

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**Q383. Mr Cregeen:** Good morning. Could you give a brief account of the action taken in recent years to improve the security of the Government IT system and ensure consistency in IT matters throughout the Government?

**Mr Paterson:** I think there is a chapter at the end of the document on security. I think the brief

account would suggest that what we have done is follow appropriate practice in protecting data, in protecting against virus, against malware.

100 It is very interesting that we, I think, take out something like 75% or 80% of incoming e-mail as malware – in fact, I think the numbers are even slightly higher than that – and that used to arrive on the desks in the past. I think we have a robust firewall security mechanism in place etc, but the key to that is that it is reviewed on a regular basis, it is monitored on a regular basis and it is compliant with the International Standard 27001, which we have just had reaccredited to give us our third three years on that standard.

105 **Q384. Mr Cregeen:** How many staff do you have in your division?

**Mr Paterson:** In the division in total? Let me just check the numbers, because I will be very accurate on the numbers.

110 Our staff numbers are... As at May, at the start of this year, the headcount is now 63. That has gone down from 68 because we have lost four posts to financial services and we have lost a post to procurement shared services and we have lost a post due to voluntary redundancy. It is also the expectation that, in the near future, there will be a paper going to Council which will recommend the transfer of printing services to Isle of Man Post and that will take us down to 59.

115 **Q385. Mr Cregeen:** What is the expertise level across your 63 now, as in people who will be dealing with the day-to-day running of the system, bringing new projects in?

120 **Mr Paterson:** You have a pie chart in there, in the evidence, on page 5. That pie chart shows 27.5 people involved in production services, involved in user support. It shows that, today, there are people in Government reception, two; printing services, five.

We have a senior management team, most of whom are represented behind me today, of six in total. Interestingly, that senior management team... I noted in previous evidence there was a number of years of service. That senior management team represents 192 years of experience in ICT and public service.

125 We have three in administration, we have three people in business systems project management – three people. Within the space of e-services and internet, we have 8.5 people managing the changes to the internet, managing the growth of the online services, and you will see further in the evidence, in the written submission, the growth of online services, which has been fairly phenomenal. I have, in total, eight people involved in, shall we say, the centres of excellence around key infrastructure technologies and security.

130 **Q386. Mr Cregeen:** When you are looking at your helpdesk, is that staffed with your own people or is that external?

135 **Mr Paterson:** The helpdesk is staffed with my own people directly. We have a helpdesk backup arrangement, with Skanco as part of our... [Inaudible] or with Manx Telecom as part of the Connect Mann service, but calls to the helpdesk principally come directly to my own people.

140 **Q387. Mr Cregeen:** How does ISD ensure value-for-money, both for the division itself and the changes in the Departments?

**Mr Paterson:** Measure, measure, measure – to be honest.

145 It is as broad as it is long. Let us talk about it in the sense of we have KPIs and we measure our performance against KPIs. Let us talk about it in the sense of pound signs, and you will see, from the evidence in here, pound sign reductions of substance in the cost of the telecommunications network over the past 10 to 12 years; pound sign reduction of substance in the cost of provision of a standard PC, a standard laptop, etc – we can talk about the pricing of laptops, if you wish; pound sign reduction in the cost of support for the enterprise licensing that we have across the Microsoft estate; pound sign reduction of substance in the cost of data centre provision.

150 All these things are critically important. Our budget has fallen. Over the last five years, our budget has fallen, of the order of, I think, 4½%, something like that, compared with where it was – whereas Government's budget has fallen by about 1% in that timescale. So I think we are continuing to be more effective, more efficient, in the pound sign contribution.

155 In terms of other measures, there are a number of informal measures, such as the accreditations we get, to make sure we are following good practice; such as the awards we get – we picked up two awards in the last couple of months, one for energy savings at the energy awards, and one for thought leadership

160 in the use of data storage and cloud technology. That was presented at a global conference with over 10,000 people attending the conference. These kinds of things are part of the ancillary measures that we see as value as evidence. I think we evidence through the number of times we are audited. We have gone through many audits and I am sure you have seen some of those audits as part of the Committee.

165 Those audits, I believe, stand up as adequate or substantial assurance. I do not think there is any negative audit out there. I think there are a number of other areas, where we get informal measurement. I am happy to talk about – if you are frowning – any of the individual audits. I think there are a number of areas where we get other press. We get written up in the press on a number of occasions, in terms of the quality of the service. I think there is a wide variety.

170 The key thing I would like to highlight, which is in the evidence – although I am not yet prepared to release the formal document, because I have only got a draft document – is the Capgemini benchmarking, which happens from time to time. We have been benchmarked by Capgemini three times in the last six years. To put that into context, Capgemini took over from Ernst & Young when they acquired Ernst & Young on behalf of Europe, providing a measure of European countries – and it is now 27 countries – and their progress against targets that were set by the European Union for the delivery of online systems. Those targets were set in 2001 and reviewed in 2005 and further reviewed in 2010. The Isle of Man, as you will recognise clearly, is not part of that process. We chose to be opted into that and have a private benchmark done against that, against the data which is used for the European benchmark and the results are fairly phenomenal, to be honest.

175 The results are very clearly that we have a technology base and an approach to technology which is as good as it gets and, in one of the primary charts, we are the second country in Europe, with Malta being the first country. I view this on the basis of this is the competition, particularly in Economic Development.

180 The slightly disappointing – and not at all unexpected – is that while we are ahead of the game significantly on things like revenue generation and IT for that, we have not made the progress on permits, we have not made the progress on registers and we have not made the progress on another area similar to that. Why have we not made the progress? Because the business is loath to put, or has not got the resource to put, into that, but there are a wide variety of measures that we have in place, both formal and informal.

185 I think, finally, procurement. We go out there and re-tender, on an appropriate basis, to make sure that we are getting best value for money. We are audited to make sure we are getting value for money. The Value For Money Committee audited our PC, laptop, printer procurement etc, and confirmed, I think, that we were getting appropriate value for money.

190 So I think there are a wide variety of measures and I think we try and do that on a fairly robust basis.

195 **Q388. Mr Cregeen:** When you go back to your benchmarking, who do you benchmark against? There was one incident that I actually contacted yourself about – and you mention about going down to a laptop – where the Department of Tourism and Leisure was quoted £3,000 for the provision of a laptop, to diagnose bus faults. (*Mr Paterson:* Yes.) A lot of that was taking it out of the box, checking them or whatever. How do you – ?

200 *Mr Paterson:* The tin is benchmarked against the availability of that tin elsewhere. That particular device was not in any shape or form a standard device. It had complexities to do with connections to the bus; it had complexities of a serious nature to do with the Volvo software which had to be provided on that laptop, etc; but the tin – the actual physical hardware – was priced at an appropriate, measurable and benchmarkable price.

205 We, on a regular basis, check against the benchmark of external channels of supply for PCs and laptops.

210 **Q389. Mr Cregeen:** When challenged on that, the eventual price came down to in the region of £500 and that was one of the things that the officers had actually mentioned... the first price is there, you take it or leave it, and it was only when it was challenged that the price actually came down. Do you get many challenges from Departments when you say this is going to be the price?

*Mr Paterson:* We quite often get challenges from Departments and we can evidence it.

215 I cannot remember the detail of that particular one; I remember the generic of that particular one. The generic of that said it was a complex load of software and technology around it. I opted to take some of the cost directly into ISD, but we still followed through the cost. The box itself was priced at a commercial price and appropriate value-for-money price. The services that go on top of it are the things that differentiate price and, in the particular situation of the bus, it was a substantial differentiator.

220 **Q390. Mr Cregeen:** I think the main theme, when it came through, was there was a consultancy cost, there was a 2e2 cost and all the provision of that. I think, when we are talking across Government Departments, they do have this concern that there is a box and there are all these additional add-ons that come with it.

225 **Mr Paterson:** I think that is an anecdotal situation. I am quite happy to look at specific evidence. You had comment in the previous evidence about DSC and the cost of laptops etc. there. I have looked at the evidence around that. I am quite happy to identify the DSC chose heavy-duty Roadwarrior. I would define them as laptops and they were priced at a commercial price. The DSC require additional equipment, like docking stations, like car-charging devices etc. Those are the things that bring that device up to £800 or £890 odd cost – but the tin that was required by the division in that case was priced at a commercial price. The components that priced that up were really all hardware components.

230 **Q391. Mr Cregeen:** If I can move on again, what steps could be taken to reduce the division's reliance and resultant expenditure on consultants? Do you supply advice and training to Departments' staff to enable Departments to undertake their own project management?

235 **Mr Paterson:** Let me answer the second part of that one first, if I may. Yes, we do, and we have, on a number of occasions, taken staff in from Departments. I would cite General Registry as an example: they have spent considerable time with us to understand the process, the role that we require etc.

240 I am going to challenge – as you will know I will – the use of the word 'consultant'. If you look at the table I submitted on request to you, which showed the full year of money spent on third-party services – let me just find it in here, on page 6 in here – we spent in total something like £5.6 million on third-party services. The majority of that was for software. So that would be people like PDMS, Olive, Tribal, APD, Central Software, Griffiths Waite. The majority of that is software, it is line of business software.

245 I think it is important to stress that, of that money, we are also spending a significant amount of that on-Island with companies directly on-Island who retain the money on-Island or bed nights on-Island. So these are the kind of ancillary comments I would make about it. But I think the only area where you might use the word 'consultant' – and I will absolutely use the expression 'staff substitute' – is with the use of Intelligence, particularly as a project management resource.

250 When we talked about the staff capability and excellence and competence, I did suggest to you I have three project managers on headcount in business systems. I have got 8.5 people involved in e-services and the internet. When you look at the number of projects that we are undergoing – and there is no queue, there is no prioritisation applied to that, we seek to do as many products as come to our table – then a variable demand resource is an important part of that. If we were to transfer the role of consultancy or staff substitution, it would be by headcount increase.

255 **Q392. Mr Cregeen:** When you said about your consultants, and you mentioned Intelligence, how many staff...? You have got expenditure of £1.428 million on Intelligence. (**Mr Paterson:** Yes.) How many staff would that be for that...? How many people do Intelligence employ, in your Division?

260 **Mr Paterson:** It varies. It varies, depending on requirement. I think we have something like 20-odd people in total. So that would include Unisys people, that might include some of the formerly 2e2 people who are based in the office as staff substitute –

265 **Q393. Mr Cregeen:** I mean Intelligence, directly in Intelligence, because you have got £1.4 million here directly employed in Intelligence. How many people do Intelligence employ, because if you are spending that amount of money in one year, I would say that you have got a considerable number of them in your permanent employment?

270 **Mr Paterson:** I cannot think. I would have to do a walk-through the Department and add up the numbers, but I would suggest there are about 8 or 10 people involved in that.

**Mr Cregeen:** From Intelligence?

**Mr Paterson:** Yes.

275 **Q394. Mr Cregeen:** Are they permanently based with you in there (**Mr Paterson:** No.) or do they have their own offices outside and you just call them in?

280 *Mr Paterson:* They have their own offices outside. They are charged for 'as required'. They are not on a five-day-a-week.

**Q395. Mr Cregeen:** Are Departments told how much the costs are going to be prior to them coming in? (*Mr Paterson:* Yes.)

285 We did hear from, I think it was your own Department of Economic Development that they had them sat in as a chairman on their ICT projects: are they paying significant rates for somebody to be sat in chairing a meeting regarding Economic Development projects?

*Mr Paterson:* Let's give you the broad answer to that: they are staff substitutes, therefore they are my representatives. I do not have enough people. On that basis, I am quite happy to rely on them.

290 There is an absolute process of check and balance around anything they may indicate, which is around cost, but I would actually iterate that people like Jeff Robinson and Jonathan Latimer in the DoI appreciate the contribution which is made, that Ian Longworth in Public Transport has absolutely requested that we maintain the presence of the Intelligence PM in the strategy meetings and reviews we have, etc. They are adding value.

295 **Q396. Mr Cregeen:** I mean chairing a meeting regarding projects is a person from an external –

*Mr Paterson:* They are not chairing meetings regarding projects. They may lead a meeting, but they do not chair it. It has still got a senior responsible officer from the Department, from the division, present. We may lead that, but it has got that ownership from the senior officer in the division.

300 **Mr Cregeen:** It is just that we were informed that this person chaired the meeting.

*Mr Paterson:* I think that is a misinterpretation. They may facilitate it, but it is actually about the Department ownership.

305 **Q397. The Chairman:** Before we come on to question 4, Mr Paterson, could I just ask you a question that is almost evident by omission. I have only scanned the document you have kindly given us. Thank you for that.

310 I do not see anything there, and perhaps you could guide me if I am missing it, but I have not heard and I have not got the sense of any political engagement in ISD's day-to-day work.

315 *Mr Paterson:* Important question. When we were sitting in Treasury, Mr Braidwood was our political Member. Now that we are sitting in DED, we were assigned a political Member: Mr Watterson was assigned. He and I met on several occasions. He subsequently chose to resign from that delegated authority. He resigned because of his concern about ISD's ability to actually manage its direction, its strategy versus the overall – shall we say – interference that was coming from the Transforming Government Programme at that time.

320 So at this point in time I have no delegated Member. I do continue to have a monthly meeting with Mr Watterson. That is an informal meeting, but I have no delegated Member.

**Q398. The Chairman:** So, in terms of policy development, who would you be guided by?

325 *Mr Paterson:* In terms of policy development on an informal basis, then I do work with Mr Watterson and take feedback from him, but I am guided by the Chief Executive and any policy development will be tabled at the DED Department meeting.

**Q399. The Chairman:** So, in the absence of a delegated politician, it does not sound like you deal directly, then, with the Minister.

330 *Mr Paterson:* I spent 45 minutes or so with the Minister about six weeks ago on a particular opportunity that had arisen and I was not recommending, and then more general issues.

I will appear from time to time in front of the Department. I was recently in front of a Department meeting in relation to discussions about the Post Office.

335 **Q400. The Chairman:** Okay, thank you. Perhaps we could move to question 4, if we may. ISD procedures, are they regularly reviewed and adapted to ensure that they are fit for purpose?

340 **Mr Paterson:** Yes, and they are audited on that basis – our information and security management audit from the ISO people – and we have recently extended the scope of that. Our production services service delivery ISO 20000 audit – which is due to go through its full triennial re-accreditation in July – those are audited by internal audit probably once or twice a year, so those are all in place and audited.

345 A broader systems methodology, ICT methodology etc, is reviewed. One of the areas that we will demonstrate the review is in the SRF area, where it became very clear – the Systems Request area – that we had a one size fits all and there were a number of things that required to be smaller, and we now have a fast-track methodology in there, as well.

350 **Q401. Mr Butt:** Could I just follow that up on the SRF? I think one of the benefits of the Isle of Man Government and the way we work, in Treasury in particular, they are quite nimble; when things need to be changed, it is quickly done. There is legislation put through, or Orders put through, and we keep ahead of things in a way by being fairly speedy in what we do. There seems to be from the evidence and from the SRF forms and the procedures that have to be gone through, that you could not really say that ISD are nimble. Things do seem to take a long time to –

355 **Mr Paterson:** I think ISD are risk averse because we have seen projects fail, because we have seen major projects fail in Government in the past. I think the Oracle roll-out never succeeded. I think things like the SIP – Strategic Information Programme – in DHSS failed.

360 I think the procedures which are in place are good practice procedures. They are actually a light version of the PRINCE2 methodology. We do not follow the full PRINCE2 methodology because we believe that it is too bureaucratic. I believe those procedures are appropriate for the nature of complex business systems. Interestingly, the Department of Health took the SRF form and expanded it, added more data to it, so our basic SRF form which we use for our projects has been increased by the Department of Health.

Interestingly –

365 **Q402. Mr Butt:** We have had evidence from Departments that projects take a lot longer than they thought they were going to take because of the procedures, and therefore the need for a system to come in is delayed and delayed, which is not what the actual customer – the Department – needs.

370 **Mr Paterson:** I think there are a number of steps in the methodology.

I would respond with a comment from a member of Noble's IT staff, who recently came off our PRINCE2 course and e-mailed my Planning and Resources Manager to say: 'Apologies, what I have said is bureaucratic. I now understand why we need it.' That was at the tail-end of last year, that comment.

375 I think the processes that you have in place guarantee, mitigate, that we get as minimal a risk as we can get. The quality gurus will say quality is free if you get it right at the beginning, and that is what we are trying to do.

**Q403. The Chairman:** Could we move on to question 5, Mr Paterson?

380 How do you evaluate the relative urgency of all the applications you receive from across Government?

385 **Mr Paterson:** Part of the SRF form is to ask whether there is urgency in a particular requirement. Everybody thinks their individual requirement is absolutely critical and that can range from, 'I want a small PC package to do some counting of wildlife, insects etc' to 'I want a new financial system.' Therefore we try and capture, at the start, whether there is a legislative, statutory, what kind of business objective puts a priority onto it and we will try to respond to it.

390 I did indicate earlier that we will seek to progress almost all projects in parallel. We do not have a queueing system. In terms of some of the evidence you have received, particularly from Noble's, I would suggest that there was a major issue recognised by DHSS, as was, some three years ago, where DHSS were faced with a massive amount of projects and recognised, at a departmental level, that it needed to prioritise. So any queueing which impacted at Noble's projects is actually a queueing, which is a prioritisation within DHSS. We do not put things onto a queue and say we will do it next year. We endeavour, because of the flexible demand-driven resource, to be able to cope with almost everything in parallel.

395 There has been one bottleneck in some of that process. That has actually been in the, what we call, 'packaging' of applications to go onto the desktop. We have had a finite resource around that. That has put a small degree of queueing in. That small degree of queueing was addressed by the fact that we did

say to Departments, if this is a priority we will do it out of hours, but there is a cost associated with that. If it is not a priority, we will do it within hours and there will not be a cost associated with it, but the fundamental of a business requirement coming to us, the priority is as established by the Department or

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the division and we seek the Departments to prioritise their requirements.  
*DHSS* have done that some time ago. I am not necessarily sure that is as robust as it should continue to be. Therefore people do believe they should get their own one done, but it is a business prioritisation, not an *ISD* prioritisation.

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**Q404. The Chairman:** Could I just come on to that, then? So, if I am in a Department and I have got three schemes, you say to me, 'Prioritise them, one, two, three.'

*Mr Paterson:* I ask you to prioritise, as appropriate.

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**Q405. The Chairman:** Okay, so I have done that. That is my first priority, and you get the same from my colleagues. So you have got three priority one schemes, knowing that there are twos and threes to follow, from each of those Departments. There will be a foreseeable scenario where you will not be able to deal with them all evenhandedly, equally, because of whatever limitations might prevail. What is your policy to anticipate and deal with that?

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*Mr Paterson:* There has not been a particular scenario where that has occurred in the past, and we are conscious that the workload is getting bigger. In that context, Transforming Government said 12-plus months ago that Transforming Government would become the vehicle for defining priorities, the *VRO* process etc. It would define.... Transforming Government said to us, 'You shouldn't do anything unless we have prioritised it and said do it.' We kind of followed that for a while and then said, 'Nothing is getting done, we have capacity – we are going to keep on going until somebody says.'

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But I am very clearly of a mind that it is Transforming Government, and effectively Chief Secretary's Office now, which is the place where priorities for business development, contribution to financial goals of the organisation, should be prioritised.

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**Q406. The Chairman:** I want to be clear about that, because I am... I think I have a majority view, I do not understand the whole Transforming Government programme and I am confident I am not alone in that. You are telling us that Transforming Government, whoever 'they', that person or persons, are advising you, that they set the priorities, as and when they choose to do so?

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*Mr Paterson:* Transforming Government, when it was first set up and Mr Gilson was put in charge of it, very, very clearly said that nothing should be started, unless it has got a *TG* priority –

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**The Chairman:** A *TG*?

*Mr Paterson:* Sorry, Government priority. We kind of accepted that, because we had a lot of stuff going on, anyway, but in the absence of those priorities coming out, we have started new stuff.

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Transforming Government is now under the authority of Dan Davies, working for the Chief Secretary, and a process is being built up within there to review priorities, but it is still not clear what that is to me and I am trying to work with them and see how we actually get business ownership of priorities, business leadership of priorities. Within the resources available to Government, whether they be pounds, whether they be resources within the divisions and the Departments etc, you cannot do all things, you should not do all things. I am looking for leadership and guidance on that.

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**Q407. Mr Butt:** It is good to hear you say that there are no real priorities. Everything is done as it can be done. There was a perception that there is a priority list for some Departments, but –

*Mr Paterson:* The priority list is established within the Departments, because if the Department –

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**Mr Butt:** I was going to say, put that to one side. Once they get on to the list, it is the time then taken from being on the list to things starting, to finishing the project – which we have had several examples of – it has been too long and too protracted.

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*Mr Paterson:* I think there is anecdotal evidence in there, and what I have tabled in part in the written summary is specific evidence.

The pupil database was one that was cited by Education. I would say that Education and ourselves

have a very good relationship and it is one which is an open and working-together relationship.

460 That has changed because, three years ago, it was ‘They will never come together.’ Three or four years ago, the Director of Education said to me he did not know what school my daughter was at because he did not have that information at a departmental level, without searching. So these are the kinds of things that we have been working with Education to try and move forward the one pupil, one record type world. I think we are moving forward on that.

There were anecdotes from 2008 to 2011.

465 **Q408. Mr Butt:** The time it takes to get some projects from start to finish still seems to be excessive.

470 **Mr Paterson:** Real delays in... I think Mr Kinrade quite specifically said there were elements on both sides in that. Real delays to that process, in the sense that there was a need to get buy-in from the schools. To get that buy-in from the schools put something like a five-month delay in, while visits were arranged to go and see products, etc within the UK, to go and get schools’ feedback from the UK, etc.

475 There was a real delay, because the product selected by both Education and supported by ISD, from Serco, turned out, after months of negotiation, to be something that Serco walked away from. They did not walk away from the Isle of Man Government in that context. They walked away from the product itself, because they were not going to have a market in building schools in the future, in the UK, etc. They said this is not a market – doing it for the Isle of Man is not worth it.

**Mr Butt:** Okay, thank you.

480 **Mr Paterson:** So there are a number of component delays in there. I think there is a technology delay in there.

485 The technology delay in there is down to the fact that we all agree – ISD and Education – that we should build this within what we have called the DEC domain, which effectively gives the DEC ownership of, and management of, that environment; but the DEC domain got confused because it was dependent on clarity as to IOM College requirements, which were very substantial. It has been a major issue.

490 **Q409. Mr Butt:** Aside from Education, we had examples from Health, as well, about projects that have been delayed longer than they hoped would happen. You say it is anecdotal, but we have had the evidence from the witnesses ourselves.

495 **Mr Paterson:** But I have got the written evidence of progress on the CCSS programme in general and of components in that. I have the closure document on key projects. ICNet was cited within the evidence. I think the suggestion was that it would have cost £18,000. ISD confused it. It cost about £16,000 more. Actually, it cost something like £75,000 in software costs.

**Mr Butt:** We will come back to that in a minute. You carry on.

500 **Q410. The Chairman:** Could I come to the final question from me for the moment, Mr Paterson.

The final part of question 6 that we sent to you. Do you have different procedures for simple, off-the-shelf products, as compared with complex bespoke systems?

505 **Mr Paterson:** That is where we have a fast-track process. We seek to use the fast-track process to move those off-the-shelf – and by that, I would traditionally mean something which can be installed as a PC piece of software. However, what I would again repeat; there is a process called packaging. That process called packaging means we do not install it directly on the local PC, it means we package it, so it can be provided to any PC; it can be provided to the PC that the person chooses to be working at and that process, in particular, I think, was a key element in how Markwell House was up and running on brand new IT infrastructure within a week of the disaster that occurred in that building. We seek to move off-the-shelf stuff, when it is PC, through as quickly as we can.

510 If it is the application of a complex nature with a number of business system users, then we are still going to want to make sure that package, that off-the-shelf package, can be implemented, has the right amount of user resource, has the clarity of purpose of what the user wants. We have had occasions in the past, where, to paraphrase, ‘The salesman told me it would do what I want. I do not know what I want, but the salesman told me.’ So we do have a responsibility to make sure there is clarity of business requirement, but we have a fast-track process, which we apply when we can.

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**Q411. The Chairman:** So it must be pretty frustrating when you are faced with the evidence, anecdotal, or evidence based, that that is not always the case.

520 We have been told, as you are aware, of the occasion in Education, where they wanted a particular system and they were frustrated that... they were clear about what they needed, they were not being bamboozled by salesmen, they were very competent officers and yet that simple application did not occur.

525 **Mr Paterson:** Which one are we talking about in this context? We are not talking about the pupil database.

**The Chairman:** Yes.

530 **Mr Paterson:** You are talking about the pupil database?

**The Chairman:** I think so.

535 **Mr Paterson:** The pupil database is a complex application which is bringing stuff in from the schools. The devolved management in the past, the devolved ownership etc in the past, has been complex to bring that back in. But let's again put some real statements down. What we are trying to do is avoid situations such as happened around Easter time several years ago when one of the schools lost the GCSE coursework for its pupils because of poor change management on a badly managed server sitting in a staff corridor in school. The strategy has been to avoid those issues.

540 Mrs Brooks, I think, had a small package. I am not particularly aware of it. I have not explored that one but, in general, the broad issues are putting appropriate processes in to make sure people can deliver a benefit.

545 **Q412. Mr Butt:** We had evidence from Health, I think, that they have packages they would like to bring in because they are used throughout the UK – they are the standard for health practices throughout the UK that would fit here, as well – and they still had to go through this long, long process to get them in. One, I know, that is still waiting to be finished is the Somerset Cancer Scheme, which started about two-and-a-half years ago and still –

550 **Mr Paterson:** That, interestingly, has Noble's Hospital project management around it, not –

**Q413. Mr Butt:** But they had to go through all the hoops before (**Mr Paterson:** Correct.) they could actually get it going. (**Mr Paterson:** Correct.) It has taken time. This is time which is wasted by their staff and by yours, no doubt.

555 **Mr Paterson:** I do not believe it is wasted time. I think it is –

**Mr Butt:** Taken up.

560 **Mr Paterson:** Time is taken up.

I think there is a very strong change management issue. I recognise that people always feel vulnerable about their own rules and their own responsibilities when change is going on – I think that has been evidenced in the Noble's IT area – but I think there is evidence, and I repeated the comment back from one of the Noble's IT business project managers that they understood why the process was there and it was not bureaucratic – and that is in writing.

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**Q414. Mr Butt:** Would you accept, though, they have their own staff up there: if they still had their own server and their own staff, they could have brought this in within months?

570 **Mr Paterson:** No. No.

**Q415. Mr Butt:** You would not accept it?

**Mr Paterson:** I would not accept it.

575 What I would also argue is server failure in Noble's, a number of years ago, because they absolutely failed to follow policy to refresh technology. They had a server failure. That server was on technology which was no longer available. It took something like five days for ISD to provision that environment on

a new technology and that I think was patient administration. They did not have it for five days.

580 Telephone exchange: SX exchange, which was used to support the fax environment. They still use hard fax within the Hospital. That is out of support. In nine months' time that has absolutely no support. Right now, I am not aware of any strategy or any funding to replace that and we are seeking to assist in that.

585 Local area network in the Hospital: they were facing something like a £600,000 unbudgeted cost to replace the technology of a local area network at the Hospital. We actually managed to get that replaced at *no* cost, within the renewed contract for Connect Mann 2, which actually, in a revenue sense, is lower cost than the previous. But we brought that in.

I think there are a number of issues about a very small finite resource, as was, in the IT department there, the planning there, the capability there. I think that is reflected in part in why there has been a reorganisation of the IT resources within DoH.

590 **Mr Butt:** Okay, thank you.

**Q416. The Chairman:** Just for completeness, then, the evidence we heard that you referred to from Mrs Brooks and, indeed, the other people where it touches on this different opinion about simple issues being applied more simply, perhaps if you would be kind enough to respond in writing.

595 **Mr Paterson:** I will do.

**The Chairman:** Thank you.

600 **Mr Butt:** Can I talk about communication with Departments?

**Mr Paterson:** Yes.

605 **Q417. Mr Butt:** The internal communication, question number 7, in effect. We have heard from different Departments different levels of satisfaction and communication. Some find it very good and have regular meetings, and some do not.

610 What I found quite concerning was one comment that the way to get help from ISD, or involve ISD properly, is to be robust with them. It was almost like he who shouts the loudest gets the most help. Mr Kinrade said words to that effect. So there seems to be variance in the response from Department to Department, depending on personalities almost. Can you give us a comment on that?

**Mr Paterson:** Graham Kinrade is a very close friend, I think, of ISD, to be honest.

615 **Mr Butt:** Yes, he did say that.

**Mr Paterson:** I think he and I –

**Mr Butt:** He did say you have to be robust to have a relationship work properly.

620 **Mr Paterson:** Yes, but I think that is, in part, because we are both building a mutual respect and a mutual working environment.

625 I would argue that, providing there is a level of communication owned and sponsored from the Department, then we are in a position to actually work closely with the Department. If a Department is not interested, or a division is not interested, in that level of communication, then we cannot break through. We have senior management, account management, technology conversations, programme conversations, project conversations in a variety of structures.

630 DHSS as was, and the CCSS programme, had a very strong hierarchy of steering committee led by Chief Executive, then Chief Operating Officer, of business change board led by the Director of Information Systems directorate, of programme and project level boards. It depends on the level of commitment we get from the Departments.

**Q418. Mr Butt:** Is the commitment from your end, then, that you will meet them whenever they need to, (**Mr Paterson:** Yes.) or do you have regular set meetings that are timetabled?

635 **Mr Paterson:** It depends on the Department. With something like Public Transport, I sit down in a committee with a number of the Public Transport managers and Ian Longworth and Nick, the Chief

Executive, roughly every four to six weeks.

With DoI, I sit down with Geoff Robinson and Jonathan Latimer, roughly every six to eight weeks. That is, as much as anything else, dependent on their diary.

640 With DoE, there is a regular programme – sorry, DEC – there is a regular programme board with Graham Kinrade, an occasional programme board with the Chief Executive. I need to resurrect that with the new Chief Executive – and that goes on through the Departments. People like DEFA, there is very little engagement, but very little requirement. If there is, it is done at a project level, so things like cattle passports in DAFF were done at a project level.

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**Q419. Mr Butt:** We heard from one Department, it may have been Health, that there was no communication at all and they actually set up meetings themselves, because they were being frustrated.

What I am saying is –

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**Mr Paterson:** Did that not happen in DSC?

**Mr Butt:** It might have been DSC.

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**Mr Paterson:** I think that is a reflection of the spin-offs, the break from DSC from DHSS, but there is a process in place. They have appointed Brett Callum as the IT business change manager. There is a regular dialogue with Brett. It is a robust dialogue, because Brett comes in with a lot of IT experience and challenges some of our strategies. Happy to have robust dialogues –

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**Q420. Mr Butt:** Having seen the evidence from the various Departments, would you consider setting up some sort of regular forum or meeting to try to resolve those frustrations?

Would you consider maybe setting out some other plans, rather than...? You say six to eight weeks here and there, sometimes a month. It seems pretty... I know it varies from Department to Department, obviously.

665

**Mr Paterson:** When I came in here, in 2002, I walked into one existing programme development committee. That programme development committee was chaired by a senior finance person at the time. The objective of that meeting was declared to be to finish on time. ‘To finish on time.’ I would rather have project meetings or programme meetings when there is something to discuss, rather than have a meeting to review the fact that we have not made a lot of progress since the last meeting, but we are still quite happy with it.

670

So the timing of those meetings – which are minuted meetings, generally, which are meetings... It is almost across the board. The timing of those meetings depends very much on the individuals within the business community and their hunger and passion for what is going on, and the amount of effort that is going on. We are not going to have meetings for the sake of meetings.

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**Q421. Mr Butt:** I accept that. I just wonder, could you look at the evidence, review it, and then maybe come back to the Departments with a plan, where it is necessary? Where there are frustrations, could you look at that?

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**Mr Paterson:** I will look at it. I continue to look at it. I have, I think, in the written submission, indicated areas where we do have regular meetings.

**Mr Butt:** Okay, can I move on to another point?

685

**Mr Paterson:** Yes, sure.

**Q422. Mr Butt:** We had some evidence about software suppliers, who can remotely access to repair faults and problems.

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We had evidence in one system – I think, again, it was Health – where they were not allowed to have access to do those repairs because they had to be done through ISD instead. Presumably in the contract which they would have with the software supplier, there would be a cost which would be associated with repair and fault finding. Now, can I ask why? Do you allow outside people to come in?

695

**Mr Paterson:** Yes. Yes, we do – by a process.

**Q423. Mr Butt:** Or why do you put hurdles in the way to make that more difficult ?

700 *Mr Paterson:* We put some hurdles in the way to protect data. I think the thing which... I very seldom have sleepless nights about work, but the sleepless night I might have would be about loss of personal data. So we put hurdles in the way, to protect personal data.

705 We have seen, in the past, Departments who would casually download a CD of live data and send it across to a supplier in the UK etc, and there is all sorts of risks associated with that. So what we do is put in fair and appropriate... and, again, I will come back to our international accreditation on information security – but, like we say, we will provide three different categories of access: either access which requires ISD to enable it at the time; or access which requires the Department, the user Department, to enable it at the time; or, in some cases, where it is clear that the individuals at the far end are identified, are security cleared etc, that we may give uncontrolled or unmanaged read only access to that software supplier.

710 **Q424. Mr Butt:** Why can't they be done for all three categories: read-only access with a proper security clearance and liable to see only the part of the server that they need to look at? Why can't you do that all the way through? Why do you need those three different levels? Why was the security cleared –

715 *Mr Paterson:* Because we have difficulty in getting clarity as to the resources, who are going to be using it. Because very few software suppliers will say, 'It is Tom and Dick and we will have them security cleared and they are the only people that we are going to give access to,' and we warrant that.

**Q425. Mr Butt:** Can that then be covered by security passwords and proper protocols?

720 *Mr Paterson:* That is what we use.

**Q426. Mr Butt:** They would still have to go through IS –

725 *Mr Paterson:* But the issues remains. That software supplier is going to have one token and, to use that token, it might be Tom who uses it today, or Dick who uses it tomorrow, or Olaf who uses it the following day, and we want a degree of reassurance and comfort that there is ownership within that.

I think there is another element which has confused this, and that other element is that out-of-hours support from a software supplier costs money and, actually, that has not been budgeted for, that has not been contracted, because that budget is not available.

730 **Q427. Mr Butt:** Wouldn't that be in the contract?

Say a hospital system which needs an outside supplier to fix faults, surely that would be in the original contract.

735 *Mr Paterson:* There are a number of systems in the hospital which are deemed by the hospital to be 24/7 but do not have the budget given to them by DHSS. They are not contracted for 24/7 support. We can provide 24/7 support, the software suppliers can provide 24/7 support, but it costs money. That is not being provided.

740 **Mr Butt:** Right, so if they get the 24-hour support they should have in their contract, then that will be as –

*Mr Paterson:* And they should have the budget to pay for it.

745 **Mr Butt:** Yes, okay, right, thanks.  
Moving on to... Sorry –

750 **Q428. Mr Cregeen:** Just wondering, you were saying about the 24-hour support, and one of the concerns that came up was the reliance on Peter Clarke, that he was the man that everybody phoned up out of hours. He carries his phone with him and tells everyone, 'Phone me.'

*Mr Paterson:* Yes.

755 **Mr Cregeen:** One of the concerns I have is that if Peter Clarke had the accident and he is lying in the hospital and the system goes down, they phone the number and there he is lying on the table. Where is your resilience in dealing with... if anything happens to Peter Clarke?

760 *Mr Paterson:* I get slightly angry at that feedback, because it is a best-endeavours feedback we provide on an uncontracted basis, because we do not have the resources and we are not being given budget by the Department to say they want that 24/7, so we provide best endeavours.

765 Peter is not the critical point of failure, because other phone numbers are available. My phone number is on every single e-mail that I send out. If people want to, they can phone me at any time. Peter has other people available under him. There are security people available etc. The fact that Peter chooses to give his phone number, as did Julie Brew, on a best-endeavours basis, is because we are trying to be helpful.

770 If you want me to stop being helpful when there is not budget, then we will do that, but actually we are trying to be helpful. Peter is not a critical single point of failure. If Peter was not available – and the volcanic ash got in the way when he was in Malta a year ago – then we can provide other people. It is just a convenience.

775 **Q429. Mr Cregeen:** That was the concern that came over from a number of Departments: they had only been given one name of who to contact. We are not suggesting that that person is taken away and we are much aware it is a dedicated service that somebody says, phone me out of hours, but the information does not seem to be out there to the Department, who else to phone, if not Peter?

780 *Mr Paterson:* I am happy to reiterate these things, but I am going to reiterate to the Committee, this is best endeavours, this is not a warranted service from us.

**Q430. Mr Cregeen:** Do you need to get that information out to the Departments, who –

785 *Mr Paterson:* I believe the Departments forget what they have been told. I believe the Departments forget what has been agreed – or the divisions forget what has been agreed at a departmental level. There is no funding for this.

790 **Q431. Mr Butt:** Can I just ask about the out-of-hours service. I believe some large organisations have a computer monitoring system which ticks away in the background, monitoring every little thing that moves and they sometimes get early warning that there is something going on somewhere.

*Mr Paterson:* We knew about Markwell House happening before Markwell House knew.

795 **Q432. Mr Butt:** Do you have a computer monitoring system?

*Mr Paterson:* Manx Telecom have monitoring on our behalf of network incidents and saw network failure on equipment within Markwell House.

800 **Q433. Mr Butt:** I am told the system could work, in that as soon as a glitch starts to appear which might lead to something more major later on, a message is sent by e-mail or text to some operative. If they get that early on, they can then go to the system and do the repair to try to see what is going on long before the actual event happens.

805 *Mr Paterson:* It is absolutely the strategy of what we are trying to do, what we are doing with constant updates to the infrastructure.

**Q434. Mr Butt:** Do you have that in place now?

810 *Mr Paterson:* We have the monitoring of the network in place now, on a 24-hour basis.

**Q435. Mr Butt:** Through Telecom or through your own system?

815 *Mr Paterson:* Through Manx Telecom, as the provider of the Connect Mann managed service.

**Q436. Mr Butt:** So if something is going wrong somewhere, who gets notified by the Telecom system?

820 *Mr Paterson:* Telecom will notify the help desk at an appropriate time. If Telecom believe it is a significant issue, they will raise it with people like Brian Osborn, Production Services Manager.

**Q437. Mr Butt:** Does that mean that some person has to decide, or is the machine telling it?

820 *Mr Paterson:* No, it means some person has to decide.

**Q438. Mr Butt:** Can you not do it so that the actual –

*Mr Paterson:* No.

825 **Mr Butt:** Why not?

*Mr Paterson:* Because I do not think that they necessarily have the impact analysis automatically today which we are trying to build into this. We are moving forward all the time.

830 Stupid story: my personal experience yesterday. I was trying to provide copies of this thing on our multi-function device printer inside ISD and it ran out of toner, so I thought, ‘I’m going to struggle to get this done for tomorrow.’ The machine is actually programmed to send an e-mail when it is going low on toner. We are at that level of automatic notification. It failed to, and we need to understand why, but we are putting that level of automatic notification and, where we can, automatic escalation, in process.

835 **Q439. Mr Butt:** So this Manx Telecom system of notification relies on a person being there, to monitor what is going on. (*Mr Paterson:* Yes.) Would the ideal not be, then – I think it does happen in other businesses – that there is an automatic... the computer’s actual faults are discovered by the monitoring system in the background, and that immediately, where there is a possible fault, sends a text to you or to Peter Clarke or somebody, to say, ‘Look at this system’?

840 *Mr Paterson:* We have, within the data centre, measurement monitoring which will send texts out to our own people. So New Year’s Eve, round about 10 o’clock at night, one of my guys at a party was getting messages to say there were problems with the server behind the Online Services, and was reacting to it. We do have automated processes. We will continue to evolve them –

845 **Q440. Mr Butt:** That did not rely on a Manx Telecom person making a decision?

*Mr Paterson:* That was a different scenario. That was a data centre which is directly in our own control.

850 **Q441. Mr Butt:** So you are working towards having fully automated computer monitoring in the background?

855 *Mr Paterson:* Yes, we are. We have some in place today, and we continue to aspire to be more integrated and more alert on that basis.

**Mr Butt:** Can I move on to financial regulations?

860 *Mr Paterson:* Yes.

**Q442. Mr Butt:** Financial regulation, directive rather, 27.

865 We have heard several times that Departments have had the desire to have their own server, or run their own server etc, and they are told financial regulation 27 says you cannot do it. It is very black and white on that.

*Mr Paterson:* FD27 says the standard is to do it within the data centre; there may be exceptions.

870 There is no definition of those exceptions. We will discuss it, we will explore it and we will see what the issue is. But let’s again be very robust in this – and I am going to be robust in this: the reason that the data centre strategy is in place is for increased resilience, lower cost and the reflection, in part, that Departments did not refresh their technology on a timely basis. It is to put in management processes, escalation processes. It is to actually provide a high-value service.

875 I have also got to say that we are ahead of the game on this. UK Cabinet Office strategy – absolutely centralise it, bring it into the centre, converge, consolidate, virtualise etc. They have gone through some pain with that technology.

**Q443. Mr Butt:** The evidence we have had from some of the Departments is that they like their own

server for particular areas and they ask why can that not happen. They are told, because of financial directive 27.

880        *Mr Paterson:* Is it correct that Axapta is on the same server as Medway? Is that correct?

*Mr Paterson:* Physically, the hardware for common service level systems is common hardware. Yes, they co-host. Does that cause a problem? It has caused a problem, not a great problem, but it has caused a problem.

885        We are evolving, we moved to virtualisation.

**Q444. Mr Butt:** I was going to ask about that. I was reading about that last night. I was told about it the other day, read about it last night, been through the internet. Virtualisation –

890        *Mr Paterson:* Oh, you are dangerous now!

**Mr Butt:** Why can we not have virtual servers within the main servers, so they have their own dedicated area, which they can then work on and do their part with? At the moment that does not happen, does it?

895        *Mr Paterson:* We have virtualised service. We are increasingly using virtualised service.

People like DEC have their own domain and are able to manage directly their own environment, but it is going to come down, in part, to the business requirement and, let us be honest, a lot of this business requirement has been about joined-up information.

900        **Q445. Mr Butt:** So why can virtualisation not be universal, which means that each Department has its own little server, a virtual server within –

*Mr Paterson:* Some applications do not fit within a virtual environment. No.

905        **Q446. Mr Butt:** But it would work? This would answer the questions of people who have come here, saying we would like our own dedicated area which we can work on.

For example, the Hospital, when Axapta goes down, they lose Medway for a while and that should not happen, should it? If you virtualise those, that would not happen.

910        *Mr Paterson:* I do not believe that has been a substantive incident and I do not believe it is going to be an incident as we move forward, because these systems are being virtualised, but managed by us.

**Q447. Mr Butt:** So, what is your timesacle for the virtualisation, then?

915        *Mr Paterson:* Some of it is going on right now. We have virtual systems in place right now.

**Q448. Mr Butt:** Could you explain to this Committee what virtualisation is, how it would work?

920        *Mr Paterson:* Virtualisation provides a virtual allocation of operating system and memory.

Traditionally, in the co-hosting world, what you had was one operating system and lots of applications residing under it. Now, in effect, with virtualisation, we create a virtual instance of the operating system and the application running under it. In that context, we are able to maintain, fix, manage the application in its virtual operating system environment, without impacting on another application under its own virtual operating system environment, albeit that it be on the same hardware.

925

**Q449. Mr Butt:** Okay, so in the case of Axapta and Medway sharing the same server, does that reassure us that you are going to have them separately – virtually separate, by virtualisation?

930        *Mr Paterson:* Absolutely.

**Q450. Mr Butt:** So if Axapta goes down again, Medway will not be affected?

*Mr Paterson:* Ninety-nine point nine nine nine.

935        **Q451. Mr Butt:** Is it virtualised at the moment?

**Mr Paterson:** Could I turn round and ask the question?

940 **Mr Butt:** Yes, by all means.

**Mr Paterson:** Not yet, but we are moving towards it? Yes, thank you.

It is the absolute strategy of moving towards that. We will identify for the Committee the timescale, but I believe the incident of Axapta having brought down Medway is very low.

945 **Q452. Mr Butt:** Could I just turn, then, to do with the actual regulation, the Value for Money Committee, on 1st March 2011: I have got a quote here from Mr Will Greenhow, the Chief Secretary –

950 **Mr Paterson:** From the Chief Secretary's Office. I believe it was, actually, the previous Chief Secretary.

**Mr Butt:** It says 'Response of the Chief Secretary.' Sorry to be critical here, because you said you have had lots of audits and it has all been okay. On the Public Accounts Committee, which we sit on, obviously we do have access to these.

955 I think it is Mr Greenhow: he does say ISD has greatly enhanced the services provided across Government. He makes a good point about that. He also says – and it comes back to some of the stuff you mentioned earlier –

'ISD would assert that the business case does not specify with sufficient clarity what it wants...'

960 This is the Department, in effect, i.e. that it is not an intelligent client – that is the Department, usually – (**Mr Paterson:** Yes.)

'...and therefore ISD must drive the project forward. The business'

965 - this is the Department in effect –

970 'would assert that there appears to be few other options than to use the consultants and that, due to the current governance processes, the task of gathering even seemingly simple business requirements becomes ever more complex and time-consuming, adding value only to the consultants who benefit inadvertently from this drawn out process, by the very fact they are paid at a daily rate.'

And then he goes on:

975 'I would be the first to acknowledge that ISD has greatly enhanced the services provided across Government. However, it appears that both the policy and FD27 are now due for review. I would suggest the current ICT policy and FD27 need to be reviewed and, if necessary, amended to reflect the current needs of the business.'

980 So what would you comment on that? It is basically saying that FD27 is a handicap and a hurdle and that the governance processes ISD undertake are ever more complex and time consuming, adding value only to consultants.

**Mr Paterson:** I am going to respond by saying the detail of that report, I think, does not support that statement.

985 **Mr Butt:** That was the view of the Chief Secretary.

**Mr Paterson:** I understand that, but the detail of that report, which is an evaluation of a number of controls, says – and I think there are nine controls – eight out of nine of those controls are met, i.e. will deliver the organisation's objectives. One of those controls is not met.

990 The control which is not met is the lack of Departmental planning, resource planning and prioritisation. That is the auditable evidence. What has then been applied in front of that, and I am quite happy to discuss with the Chief Secretary, and I spent 45 minutes with him yesterday morning discussing how we can get better aligned between ISD and, perhaps, Transforming Government... I am quite happy to discuss that, but what is coming out is *opinion*. It is opinion which reflects, perhaps, concern and anecdote.

995 Interestingly, I was at a conference last week, where the keynote speaker – very impressive, no notes at all, 20 minutes – was Francis Maude. Francis Maude is the Cabinet chief operating officer, effectively. He is the Minister responsible for transformation within the Cabinet. He is the Paymaster General.

1000 Francis Maude said the centre has to be ruthless. Francis Maude said the centre has to own the  
infrastructure absolutely to determine inter-operability, security etc. Francis Maude said the centre has to  
absolutely own the big projects. What he did say, and I agree with him, and perhaps it comes back to  
some of the issues you have talked about – the small stuff, get rid of it, let somebody else do it. We need  
1005 to continue to look at that but, from a viewpoint of a senior officer within Isle of Man Government, my  
objective continues to be value for money in terms of the efficiency of a data environment, or information  
processing environment. My objective continues to be enabling joined-up Government so that  
information can be seen in a joined-up manner: childcare information, education information, justice  
information, all these things. I think that is why we have a very robust – and I will use the word ‘robust’ –  
strategy in place.

1010 **Q453. Mr Butt:** There is no doubt about your intentions and the ambitions and aims, but it would  
appear from the response from the Chief Secretary and evidence we have heard, and our own experience,  
that the processes of ISD are based on security and the technical issues –

1015 **Mr Paterson:** Processes from ISD are based on risk mitigation for delivery of a successful outcome.

**Mr Butt:** – whereas what people are actually looking for is a positive response, as a customer, to their  
needs, and it seems to me the needs of the customer have taken second place to –

1020 **Mr Paterson:** So why do project closure documents say the needs of the project have been met time  
after time?

**Mr Butt:** I suppose –

1025 **Mr Paterson:** [*Inaudible*] ...that project closure document written by a hospital IT resource.

**Mr Butt:** Closure, fine; but actually – this is the Chief Secretary’s opinion and other people – it is  
complex and time consuming. Once it is closed, fine, but it is the time it takes to closure. I think that –

1030 **Mr Paterson:** I think it was Ian Watmore who said that ‘IT in Government is as difficult as it gets’. It  
is actually business change in Government is as difficult as it gets.

**Mr Butt:** Okay. Thank you.

1035 **Q454. The Chairman:** Could I, as a layperson with no technical appreciation... just two things if I  
may. Going back to the FD27 and you said exceptions could be made, what percentage of those  
applications for an exception are actually granted, would you say?

**Mr Paterson:** Are there applications for it? It is a discussion. There is very seldom –

1040 **The Chairman:** Well, however that application is...

**Mr Paterson:** Let me give you an example.

1045 Right now we are working with the Post Office – ‘working with’ is an interesting expression – with a  
view to the Post Office being totally separate: not being on the Government internet, not being on the  
Government e-mail system, not being on the Government network etc.

1050 We are working with them on that basis because, frankly, we were never going to get them to actually  
comply with and there is, to some extent, a view that the trading organisations need their own flexibility,  
responsiveness etc. Interesting that when I was talking to the chief information officer of the UK Post  
Office, she has got – I cannot remember – 170 staff plus multiple hundreds of outsourced staff and I just  
wonder about the challenge of... I have a real view that says we are having a technical discussion, but  
actually the business ownership should determine whether the Post Office is discrete or not.

1055 MEA – we are quite happy – and MEA are quite happily ticking along doing their own thing, on the  
whole. We work with MEA etc. The Departments, I think, and we have guidance from the Chief  
Minister, the Departments should be centralised within that environment, within that strategy, as much as  
it is absolutely possible. When it comes to something like – and I slightly tongue in cheek quoted earlier  
the piece of software for counting, I think it was crickets, or something like that – then I am not in the  
least interested. Stick that on a PC, down a Nokia or whatever and let them get on with it. But if that  
system is about critical data for Government and that data is potentially shared data, based on a person, an

1060 asset, a property etc, then let us put it into the centre and manage it in the centre and we are going to get a joined-up answer.

So the answer to your question – and my apologies – I do not think we have had any substantive number of people saying we do not want to comply.

1065 **The Chairman:** Okay, well, maybe again, when you respond, could you perhaps research that and advise us how many exceptions there have been?

**Q455. Mr Butt:** Can I just follow on from counting crickets? (**Mr Cregeen:** County cricket?) County cricket!

1070 There are obviously different levels of security. The health records, presumably, are secret and private and have to be secure; but we mentioned some time ago, maybe the timetable for Ramsey Grammar School's pupils is not and does not need to be. So there are different levels of security.

If you virtualise the server into different compartments, can you do that with security levels, so you can actually say, 'That one you have to go through hoops, but that one...?'

1075 **Mr Paterson:** There are a number of tiers of security. Some of those are applied within the application system, and that may actually give role based authority to individual categories of workers.

So in a medical system, perhaps, a community nurse has role based access to the community related data, whereas perhaps a psychiatric nurse has access to separate data.

1080 **Q456. Mr Butt:** So if they want to bring out a new programme from somewhere across, a package that seems to work, and it does not actually... it is on the Government system, but it is not critical in terms of confidentiality, why can it not just be put on straight away, instead of having to go through all the SFR process?

1085 **Mr Paterson:** Because... There are two answers to that, one of which is a security answer. Even putting a non-critical application in, it may give software support, it may give a door opening to somebody who could use that route through to the more critical stuff.

1090 **Q457. Mr Butt:** But it would only take a few hours to work out, if it is a package.

**Mr Paterson:** No.

**Mr Butt:** Why not?

1095 **Mr Paterson:** It does not take a few hours to work out.

**Q458. Mr Butt:** Why should you not have the package: 'Here is what to do, here are the security issues, here is how it would affect the main system, let's put it in'? It takes six months or more to get the most basic package into the system, doesn't it?

1100 **Mr Paterson:** Sorry, I do not agree with that.

**Mr Butt:** You do not?

1105 **Mr Paterson:** No.

**Q459. Mr Butt:** How long does it take, then?

1110 **Mr Paterson:** How long is a piece of string? It depends on the piece of string. Individual packages can go in very quickly, particularly PC-based packages which are not Enterprise or large workgroup packages.

**Q460. Mr Butt:** Even if they are on the main network?

1115 **Mr Paterson:** A PC package will go in on a package basis, and be downloaded to the individual clients that require it.

The systems that go in on the main network, we need to be reassured that we have reasonably simple technical assurance processes, but they are gateways, and the gateway mechanism is absolutely

1120 appropriate, that say, 'Let's make sure that is not going to put something else at risk.'

**Q461. Mr Butt:** Okay, can I then ask the question, is there any way of speeding that up?

1125 **Mr Paterson:** We have speeded it up. We schedule these things now on a regular basis, rather than somebody coming along and saying, 'We now want to review this project. Let's book an appointment six weeks out, because that is the first availability.'

So these gateway processes are scheduled on a regular basis, are more virtual now, rather than physical. People are reviewing stuff, taking it off and saying go. We continue to try to reduce the bureaucracy, without increasing the risk.

1130 **Mr Butt:** That is good.

1135 **Q462. The Chairman:** Could I just ask you there, Mr Paterson, I have got a vision in my mind of Tynwald Hill here, and there are layers – tiers, you described them – of systems. At the top, in the middle, you have got the absolutely confidential, you know, tax returns whatever... medical. Then you might have a layer which, actually, if it got into the public domain it would be bad (**Mr Paterson:** Yes.) and there is stuff at the bottom of the layer which is, frankly, if you put it into the public domain, you already know it – a timetable for Year 6 at school. On top of all of that it seems the impression I have got – and I would like your response to this – is that everything, all of those tiers are all treated with exactly the same security level all the time: (**Mr Paterson:** Yes.) they have to be. The reason for that is because the canopy on the top of Tynwald Hill is FD27 and the argument about security...

1140 Now, that is my layperson's understanding of the concern and the comments that I have had and it is only fair to you to respond to that.

1145 **Mr Paterson:** I believe we provide an appropriate level of security, but we have to make a judgement on that appropriate level of security. There are some things which are broadly open and there are some things which are very restricted. I think we follow – and again, I will come back to our accreditation – what is accepted industry good practice on it and evidence as such.

Yes, it frustrates people.

1150 **The Chairman:** Yes, to the effect –

**Mr Paterson:** Apologies for that, but I am trying to protect them.

1155 **Q463. The Chairman:** Yes, so the effect of that is everything in the Hill is protected to the international security level –

**Mr Paterson:** Everything in the Hill is considered in the context of the international security standards.

1160 **Q464. The Chairman:** Are there elements of that on the bottom tier that are outwith the security level that would –

**Mr Paterson:** There are elements in there that are open access.

1165 **The Chairman:** Yes. Thank you.

**Q465. Mr Butt:** Could I just have a brief follow up? This is fairly petty, Mr Paterson!

1170 After six years I have finally got a phone on which I can receive Government e-mails and a calendar of appointments and I discover that it switches off every ten minutes. I have to put the code in every ten minutes to get it to work. That is what frustration is. I wonder why – this seems like security well beyond what would be necessary. It is a frustrating thing to happen – I have never had it before – probably it is common knowledge and it re-uses the same password, apparently, too. (*Laughter*) So if this was lost –

1175 **Mr Paterson:** That is up to the individual to reset.

**Mr Butt:** I know, but if this was lost, I guarantee most people could go along and get into my area. So it is a frustrating thing.

1180 **Mr Paterson:** Many people, particularly Members, with due respect, send Government e-mail home to their home e-mail account, so they can manage it. That is unsecure. In that context, I am going to be the one that says, when the re-negotiation of the VAT agreement is picked up – if that *were* – or around the Reciprocal Health Agreement is picked up – if that *were* – because it was left on an open device. That is why we have got that level of security.

1185 The timing of these things, the automatic switch-off etc. is something we can *review*, but again, I am going to be reasonable, it has got to have that in. Whether it is ten or thirty, I do not care, frankly, but it has got to have that in.

1190 **Q466. Mr Butt:** I am just saying ISD get criticism often, from small things like that, about security being too tight and too strong.

**Mr Paterson:** I understand. You will remember that, two or three years ago, there was a substantive loss of personal data from, I think, Social Services in the UK.

1195 We reviewed over here the processes and the processes were robust and evidenced as robust etc. My responsibility is to stop you getting into trouble, to some extent, and it is the balance of that.

**Q467. Mr Butt:** Do you think perhaps, though, you are too risk averse? You say you are risk averse as the main reason for your, almost, existence... that you are risk averse at the expense of...

1200 **Mr Paterson:** When I said risk averse, my prime risk averse in that context is making sure the project gets delivered within the time, within the finances available etc.

1205 As I mentioned earlier, there have been substantive projects in IOMG in the past that I think have incurred substantive money and failed to be completed. I believe that is in the 10-years-plus past. I believe the record of project delivery, of usability... I get told by officers that the online system to pay the rates is complicated, but the reality is – and I have put some numbers into the submission – the take-up of online services is substantive, it is particularly substantive in the business community, and the amount of money coming in through that route is substantive etc.

The proof, to some extent, is in the pudding. One of the things that came up in the evidence was customer perception.

1210 **Mr Butt:** As by others.

1215 **Mr Paterson:** I do apologise for the number of pages on customer perception I have put in there – unsolicited generally, but they are more than just a passing-comment feedback. We have got some really robust feedback in there. I keep using that word – apologies for that.

**Q468. Mr Cregeen:** If we can move on to question 10, how do you decide what is included in the catalogue and what is the procedure if a Department is of the view that a product that is not included in the catalogue would be more appropriate for their needs?

1220 **Mr Paterson:** The catalogue has been slightly confused over the last two or three years, and I say that in the context that the prime element of the catalogue has been about the desktop equipment. It has been about the PC, the laptop, it has been about the network equipment, etc. It has got confused because things like cameras crept into it and the odd bits and pieces like that, and we did not do procurement of those. They were just here as a supply route for it.

1225 But let's put it into context. PCs – I think we have five or six PCs in the catalogue, typically; laptops, same sort of number, typically – those are the devices which we can get best price on. Those are devices which represent the range of needs from a laptop from somebody who uses it primarily in the office, takes it home occasionally, might go to the UK once or twice a year and uses a laptop for that, to somebody like a social services worker, who is going to use a heavy-duty laptop and require that heavy-duty laptop. So we have a number of devices, down to the off-net device, down to the mini-net loop device. Today we are looking at things like tablets, because we believe tablets are going to be an important piece of the mobile working environment.

1230 Those devices are put into the catalogue, following a procurement process. They are priced following a procurement process. They are priced on an ongoing comparison against alternatives. We can demonstrate that the year-on-year prices come down. I think that is how we establish the catalogue.

1235 If somebody comes along and says, 'We want something else', then we will have a discussion as to whether it could be met from something in the catalogue or whether it is totally out of kilter, in which case we will look at it and work with them, to evaluate a suggestion or to look for...

1240 Digital dictation is a prime example. It took a lot of time to get digital dictation to a point where it can go in the catalogue now, having been successfully implemented in the Hospital.

**Mr Butt:** Three years!

1245 **Mr Paterson:** It took a long time because of the difficulty of getting business engagement in what is a new process.

Interestingly – and forgive me, I am putting a diversion in here – very positive feedback from the clinical ownership of it. That very positive feedback is, ‘We didn’t expect it to work, but we have now done away with tape and we really are delighted, real savings.’ Value for... DH are reticent, shall we say, about allowing a case study to reflect savings, and I always think this is part of the challenge.

1250 A business case might identify savings up front, but then we get into a case of, ‘Well, actually, we have moved people sideways, we have re-utilised them, so it is more efficient, guys. We are happy to say it is more efficient, but we are not articulating savings.’ I think that is a challenge across the board which, again, I think Dan Davies and the Transforming Government and a new finance appointment he has will be looking to handle. Digital dictation is now in the catalogue and is re-usable in any area that requires digital dictation.

1255

**Q469. Mr Butt:** Can I just follow up from Mr Cregeen’s comment about the catalogue being perceived to be restricted. Your whole system is based on Microsoft, isn’t it? It is a Microsoft system.

1260

**Mr Paterson:** Primarily, yes.

**Q470. Mr Butt:** Primarily, yes. Would you allow a hybrid sort of architecture for your system so you could have others systems, the best systems available, so you mix Microsoft with other systems, as well? Why can’t you do that, because other companies do, I know?

1265

**Mr Paterson:** Other companies do and have a high cost of support, integration and licensing etc. We are not 100% Microsoft. We have some open system software in place. We work with Education and have no intention – stealth or otherwise – to say to them, ‘Get off Apple by three weeks on Friday.’

1270

**Mr Butt:** I am very pleased to hear that.

**Mr Paterson:** I have personal views about what the child coming into the workplace might want to experience, but even those views have changed because a child coming into the workplace actually does not want to work on a PC or a laptop. He wants to work on his Smartphone and he wants to be doing 14 things at the same time and not... So there is a change going on.

1275

We have Microsoft in place and the *[Inaudible]* and value for money report demonstrated and confirmed that the Microsoft strategy was an appropriate strategy. It has allowed us to manage that support of the desktop at reduced cost, resilience of the desktop at reduced cost, integration in the data centre, cost reduction in the data centre – all these things. I will not support going out and buying a new Oracle system, for instance, when there are systems in the Microsoft space that will fill the business needs, I believe.

1280

**Q471. Mr Butt:** There is a perception, though, that because it is Microsoft, it is like ‘one size fits all’. We have to go into this system and that is it.

1285

I am not technical, but something like Linux or whatever, you could bring in – it is so similar but it runs on a different operating system – and put that alongside what you are already using.

**Mr Paterson:** If there is not a system that can be found in the preferred technology platform, we will consider alternatives.

1290

**Q472. Mr Butt:** If it is the best system for the job?

**Mr Paterson:** The best is the enemy of the good. If ‘best system’ means increased costs and support, maintenance, licensing, then it is the enemy. What we go for is ‘good’ that will meet the business needs.

1295

**Q473. Mr Butt:** If the Department is willing to pay for it, you would do that, would you?

**Mr Paterson:** The Department does not pay for my increased cost, does it, if I have got complexity?

1300 When we chose Axapta as the financial system, part of the rationale behind that was total cost of ownership. To maintain a Microsoft environment and an Oracle environment, had we re-implemented Oracle at the time, would have raised the total cost of ownership, but that would have been my budget, primarily. The Department does not pay for that.

1305 I believe we have a fit-for-purpose technology platform. I believe we will continue to evolve it. As an example, and perhaps I am putting up a hostage to fortune, particularly for my successor, I do not think e-mail will sit within the Government environment in three or four years' time. I think e-mail will sit in a public cloud environment. Is that going to be a Microsoft environment? I do not know. I suspect it will be, but it might not be and we will continue to have the strategies and, if I have created a hostage to fortune, I will back off!

1310 **Q474. The Chairman:** Could I just come back to a comment you made in the middle of that, Mr Paterson, where you said – or I heard – almost a cultural observation that in some Departments you have experienced a feeling where the savings – efficiency savings or the savings – were not part of the outcome because the culture seems to be, in the various bits of Government you have experienced, that they would just be utilised elsewhere. So it was not about saving on headcount, it was not about saving on the cost, it was not about saving on efficiency of systems.

1315 **Mr Paterson:** It is an interesting argument, and I think the debate, in part, is about is there a tangible RLI, which is 99% going to be about saving heads, or what is the benefit coming out from it? We believe there has been a reluctance to address the tangible RLI in some instances in the past.

1320 Let me turn that on its head now and say I think Government, through some of the cost cutting which it has applied recently, has now reduced headcount in places where that is not sustainable without back-office change. The Gershon Report, back in 2002 or thereabouts... Sir Peter Gershon, in the UK, came in and was charged with cost cutting in the UK back in 2002. The Gershon Report made a number of recommendations of change. Those recommendations were implemented, cost saving was achieved.

1325 Francis Maude said, last week, 25% of that was not sustainable and has now recurred.

1330 So, unless we actually are clear about benefits and are clear about how we are going to achieve those and sustain them – and I do not believe we are as good at articulating them as we should be, unless we are going to sustain them – then there is going to be recurred cost at some stage in the future. It would be my fear just now that some of what has happened in the last 12 months, in terms of cost cutting, has made hostages to fortune in some of the Departments, in some of the divisions, and that is not sustainable without investment in back-office redesign.

1335 **Q475. The Chairman:** So the 'ruthless ownership' that you quoted, Francis Maude... Well, no, the system in England, anyway. The ruthless ownership in the centre, does that fall to you to be ruthless and own those outcomes to be achieved?

1340 **Mr Paterson:** I think it falls to me to be ruthless in terms of ownership of the technology environment and the provision of that and the standards and the platforms and the leadership in the technology opportunity. A nice quote from Henry Ford, I think, on the front of the written thing:

'If I'd asked my customers what they wanted, they'd have said a faster horse.'

1345 I am sure some of you have heard me say in the past that if I go to the average user – and this is in the private sector as much as it is here – and say, 'Technology is not a problem: what do you want?' they tend to say a new total, a new sequence – they do not say a different way, and I think this is the challenge.

1350 So, ruthless, yes. I think I have a responsibility to be very strong about the technology environment, but I think there also needs to be a responsibility for considerable strength about business priorities and business vision, and that, I think, sits at the moment at a co-ordinating level within the Chief Secretary's Office.

**Q476. Mr Cregeen:** I think we touched on question 11 earlier on when we were talking about it, so if we move on to question 12.

1355 What action do you take to monitor the performance of your division? If I could just ask, as an aside to that, in your customer feedback it says about the roll-out of Vista and everything like this, which was a drop in the ocean because it stopped half way through, or quarter of the way through. Did you purchase so many licences for the Vista (**Mr Paterson:** No.) or is it just for each application that you are actually in?

1360 **Mr Paterson:** The Enterprise licensing agreement that we have allows us to take the latest operating system level. So while yesterday we may have rolled out Vista onto a particular desktop, tomorrow we roll out Windows 7 onto the desktop. It is not a replacement... a duplication of cost.

1365 **Q477. Mr Cregeen:** So if we go back to the original thing about the monitoring, are you constantly monitoring value for money through the Tourism Division, the performance of the people in there, and whether you consider you are getting value for money?

1370 **Mr Paterson:** Yes, and I think we have tried to address that in some of the conversation earlier about the formal measurements, about the procurement measurements, about the audit measurements, about the KPI measurements etc. and about programme launch with the divisions... Departments. Suitable effort goes into trying to make sure that we are continuing to be increasingly effective.

1375 **Q478. Mr Cregeen:** One of the things is because people say to us that ISD is very robust in their discussions. Do you consider that some of the criticism may not come to you directly because they feel that you are quite robust, in that this a system you are going to have, and that is possibly why some of it comes to people like ourselves to ask the question?

1380 **Mr Paterson:** I believe that that criticism is not being addressed within the Departments. I believe that there are conversations, there are meetings, there are strategic discussions that go on at, perhaps, programme board level within a Department etc and that that might not be effectively conveyed and shared. That is an issue.

We try to address some of that but, again, meetings for the sake of meetings. We have, in the past, had computer liaison officers, IT managers on a regular IT forum. We have sought to actually get interest in that IT forum. We have sought to transfer ownership of it to different Departments, different divisions etc and it kind of withers on the vine.

1385 We get accused of poor communication about shutdowns, etc. Shutdowns are advised – planned shutdowns, and we try and reduce them – about two weeks ahead to CLOs. Do CLOs tell their customers? I do not know. Should we actually put that out on a Government-all? To some extent, we have started to share some of this stuff with Chief Executives, but CLOs are in part a responsibility within the Department, to communicate and share. But, ultimately, if somebody has got frustration, then there should be processes within their own Departments, to actually understand why.

1390 I come back again to the Noble's-type discussion. DH is the place where priorities were established and controlled and set – not ISD. I am not sure that is understood.

1395 **Q479. Mr Butt:** Can I comment on that?

We have had some evidence, I think, to say that the Department of Health, in particular, with their frustrations, the only time they involve political Members to try to resolve things is that is the time they use political Members to go to ISD and sort things out – in the past this is, probably when it was DHSS.

1400 **Mr Paterson:** I am not aware of that. I am not aware of political involvement from DHSS.

**Mr Butt:** Well, I have actually certainly been approached several times recently, to say, 'Can you move this thing forward for us, please?' – I have not been to see you.

1405 **Mr Paterson:** I have not seen you.

**Mr Butt:** No, I have not done so, but that is the time they come with frustrations. I just wondered, I think it is the last question –

1410 **Mr Paterson:** Should that not be with the chief operating officer – ?

**Q480. Mr Butt:** They have problems as well and they come to me, and that is... It is actually the last question, really, on the list there. If they do have a complaint about the service of ISD, what is your process? Can they complain to you at CEO level, or whatever?

1415 **Mr Paterson:** Since 2008, we have had, I think, seven complaints, and at least one of those was somebody saying something to me, and I said to the Planning Resources Manager, 'Treat that as a formal complaint.'

We do investigate complaints.

1420 **Q481. Mr Butt:** I do not mean formal complaints. I mean if they have got a complaint about the service they have had and they want things to be changed or moved on, how do they do that?

1425 **Mr Paterson:** I believe they should do it through their programme boards. They should do it through their senior officers or through their CLOs or IT managers being part of that. I believe that we have, generally, resources around in the Departments, who have an IT responsibility. We have seen irresponsible officers.

1430 **Mr Butt:** The question was, how do you then deal with that complaint? Say it becomes even a formal complaint. What is your process?

**Mr Paterson:** The process is to review it and decide whether there is fact behind it and what we need to learn from.

1435 So a formal complaint might be, 'I expected' – in the past – '2e2 to turn up with a PC at between 10 and 11 this morning and here we are at five and they have not turned up'. So we have reviewed that and gone through our supplier management process with 2e2 at the time and said, what is the issue and how do we resolve that? Seven complaints over a three-year period, most of which are about things like hardware delivery etc. If somebody wants to actually complain about why can I not have my own server...?

1440 **Q482. Mr Butt:** The question might be... [*Inaudible*]. They have asked for that to be the exception and you have said no to being the exception. What do they do, then? Where do they go?

1445 **Mr Paterson:** I have a feeling we are making a mountain out of a molehill, in the sense that it is a very, very rare occasion and, in a sense, the people at Education, actually, walked into the fold, rather than got dragged screaming into the fold.

The issue, I think, I come back to it again, is about business change management. The issue is about business objectives. If DHSS wanted that integrated patient healthcare, then integrate it, then put it in an integrated environment.

1450 There was a degree of screaming and shouting about GP servers being brought into the data centre. I believe there is now a high-performing service for GPs from the data centre and, guess what? They can now get path lab results etc. That level of integration is what the outcome is.

1455 Of course, there is frustration, 'because it is my baby, you have taken it away from me', but there are strong reasons for that. We will, if there is no reason to do that, then support that stand-alone. We will, if there is an absolute breakdown in communication, then resolve to a departmental level. So, in that case, with the Post Office, that went to a departmental level in DED and we have taken action, following that, to see how we can resolve it. The Post Office have refused to come to a middle ground, so we have said, 'Fine, go off and justify in your own scenario.'

1460 Let me just cite one example: the servers in Noble's. It is dearer to put it into ISD and we want it in Noble's. There was a business case created by a Noble's IT resource. That business case quoted a cost that would be incurred to the Department of Health in putting that environment into ISD and quoted a cost of maintaining it in Noble's: there was a substantive difference. The figure attributed to ISD was never provided by ISD, is a speculative figure and is totally wrong, and the figure that ISD have produced is substantively lower than the Noble's cost.

1465 **Mr Butt:** Is that in your document?

**Mr Paterson:** Probably not.

1470 **Mr Butt:** That could be helpful.

**Mr Paterson:** I will provide that to you, yes, absolutely.

1475 **Q483. Mr Cregeen:** I think we have covered most of the questions we actually put down there, but I have just got two other ones there. Succession planning: how do you plan ahead for the future, for people to take over? Are you on top of that now, coming up...? We have seen [*Inaudible*] say they are reliant on Peter Clarke and I think John Callister is...

**Mr Paterson:** He has got five working days left.

1480 **Mr Cregeen:** So how are you dealing with your succession planning there ?

**Mr Paterson:** John Callister – known as Sid, to his friends – is not here today. He is in Germany, preparing for his move to living in Alpine environments and doing the green thing, and I shall be enormously sad when we see him go, because he has been an enormous asset.

1485 The reality of life is that we will continue to evolve the senior management team. We will go down from five to four in the senior management team, 99% certainly; we will use that opportunity to actually bring younger, fresher blood in lower down the organisation, because the staff turnover in ISD has been remarkably low in the eight years I have been there, nearly nine years. So we are seeking to bring in fresh blood.

1490 However, we continue to invest in management development or professional development, so we have Andy Williams, who is coming off the SMDP, with considerable investment in him; we have some of the technicians who get considerable professional technical qualifications, expertise, etc. I think everybody struggles with succession planning. I think people struggle with it in the context of fear of open competition, as opposed to let's... My objective has been to do what was not done before I came: there was no investment in potential successors but there was an expectation in an individual who was not particularly invested in. I am trying to make sure that ISD has people who are capable of succeeding, albeit that we will go into a fair and open environment, as per the commission.

1495 **Q484. Mr Cregeen:** The other one is when you were talking earlier about the twin data centres... As Mr Butt said about the Medway and Axapta being on the same server... You do not seem to go along the mirrored server, so you could take this one down and still keep on running your other server, which is –

**Mr Paterson:** Sorry, we do.

1505 **Mr Cregeen:** You do?

**Mr Paterson:** Absolutely do. It depends on the application. So Medway, as an example, is mirrored, but the application itself is not fail-over as an application and requires the Medway supplier to actually check the integrity of data before it is brought back up. So it is not a one-minute, two-minute automatic fail-over; it might be a half hour, depending on the availability of the Medway supplier. It is an application issue.

**Q485. Mr Cregeen:** So it is not a live replication?

1515 **Mr Paterson:** It is as near as damn it, as the application allows, live replication. We are encouraging Medway to upgrade, develop, etc and build that in, but it is possible that, at the point of failure, a transaction was in process in the Hospital – a patient record was being updated in the Hospital – and that patient record has not been *fully* integrated into the mirrored environment. That is an application problem; it is not a technology environment problem.

1520 On the other hand, e-mail has failed over within 15 seconds, from one data centre to the other data centre, when there was a substantive building power problem. The intention is to have those mirrored.

Increasingly, we are moving towards a third mini-data centre, which is the storage. So we have mirrored data sitting available to the two different processing environments.

1525 **Q486. Mr Cregeen:** So, hopefully most of it is live replication, but it is not going to be once a day, at the end of the day, that you update it?

**Mr Paterson:** It depends on the service level that is required by the business. If it is SLA1, then we are looking to live replication, providing the application permits it.

1530 **Mr Cregeen:** You are looking to it, or – ?

**Mr Paterson:** No, that is the time.

1535 **Mr Cregeen:** That is happening now? (**Mr Paterson:** Absolutely.) Sorry, it is just when you said you were looking to it, I thought we were talking –

**Mr Paterson:** No, that is within the definition of SLA1.

1540 **Q487. Mr Butt:** Therefore, on virtualisation, then, is that a similar thing, or not? If you had that in place, there would be no blip at all, would there? You would not have to shut down for half an hour. You would not even notice anything had happened.

1545 **Mr Paterson:** No, the virtualisation will not solve... If we lost data centre 1 and had to fail over to data centre 2, for whatever reason, the application could come back up on data centre 2 – virtualisation is not part of that issue – but the data integrity –

1550 **Q488. Mr Butt:** But a routine shutdown of Axapta for some repair... If it was virtualised, you could do that... and Medway would just keep running, regardless.

**Mr Paterson:** Absolutely. If we had a routine shutdown of Axapta, Medway can keep running.

**Mr Butt:** Is that only when you would have virtual servers?

1555 **Mr Paterson:** Yes.

**Q489. Mr Butt:** Or now? Because now it does go down, doesn't it?

1560 **Mr Paterson:** It has gone down. It does not go down anything like the potential shroud waving of fear of it but, yes, it has gone down and we learnt from that and we try to move that forward.

There was one area that you have not mentioned that was in the questions and I thought it was useful to comment on. That is Heat and the help desk. Heat is 15 years old, somewhat getting out of date. We are in the process of replacing Heat at this point in time. However there are a number of Departments who have access and licences to be able to place a Heat call directly, not just an e-mail version.

1565 The majority of Heat calls come in via e-mail automatically. There are a number of Departments who have the ability to actually get into Heat, place a Heat call, monitor that Heat call, review that Heat call. Those Departments do not use it, for whatever reason I do not know. DEC has that access; DoH has that access. It is not used. I mentioned that, I think, in the written...

1570 **Q490. Mr Cregeen:** Is it because it may have been told to somebody in the organisation who is no longer there, or is it just, you would maybe consider that they do not want to use it?

**Mr Paterson:** I do not know. I do not believe it is people who were told, who are no longer there.

1575 **Q491. Mr Cregeen:** One of the things that we have discussed with people before is that discussion between the Department and yourselves, if there is a problem, like you have just said, 'You have got it, why not use it?' Have you gone back to the Departments involved recently and said, 'Why don't you use this? You can do it.'?

1580 **Mr Paterson:** The answer to that is no, but we will do that. Everybody is up to their eyeballs and sometimes you can bring a horse to water, but can you make it drink? What we are suggesting is that we are going to keep trying to put its head down to the water. We will do it again.

1585 **Q492. Mr Cregeen:** One final comment that has been made to me is about itemised timesheets with project numbers: you get given a bill and this is how much it is, rather than a timesheet and actually how to identify what the costs were for.

1590 **Mr Paterson:** The timesheets are closely monitored within ISD. I think we seek to make sure that the business understands the total occurrence of time. If the business wants to explore the individual timesheet, I have no problems with that. I think it is crazy to do it on a full-time all-the-time basis. We have a process to make sure that it is managed and that we are only incurring expenditure where the time has genuinely been incurred and genuinely been contributed.

1595 **Q493. Mr Butt:** Just one final thing, if I may. The perception we have had from the witnesses, and from some of your comments today, is that the priority – and I have said this before – is security of technical considerations at the expense of the outcomes for the customer, in effect. I know you will not accept that, but I wonder could you ponder that and listen to those perceptions and say what could you do to change that perception. The customer needs the service it wants when it wants it, rather than take into

1600 account the security issues and the...

**Mr Paterson:** If you asked the senior managers behind me, as witnesses, they would probably tell you that, 'Allan keeps telling us, how do we make it faster, less bureaucratic etc?' We continue to work to it. Yes, we will consider, we continue to consider. We continue to look at new opportunities. That is why I mentioned things like tablet computing.

1605 How do we provide facilities which are faster, more effective, and perhaps – and they hate it when I say it – more consumer oriented. The consumer uses iPads – my daughter uses iPad. I am not particularly keen on the iPad and the Apple, *per se*, but the technology is becoming prevalent. How do we move to that? How do we move to that without causing grief?

1610 When I walk down the corridor to some of these senior managers, they say, 'Oh God, Allan, is coming again – we have got another "How do we improve something?" coming up!' But that is a continuing thrust.

**Q494. The Chairman:** Could I thank you, Mr Paterson. I am conscious you have afforded us time enough that we could have had a football match and extra time, so that is very good of you.

1615 I hope you will not have the impression... I think it is fair to say, on behalf of the Committee, we appreciate the challenges that ISD and all your colleagues dealing with IT continue to face to achieve the best outcomes for Government.

1620 Thank you very much for your time today. If there is anything that you feel we have not given you the opportunity to touch on, or touch on fully, when you respond to us, perhaps if you would feel free to include those observations.

**Mr Paterson:** My only closing comment, of course, is the need for strong business leadership, vision, prioritisation and resource allocation.

1625 **The Chairman:** Well, I am sure we are all the more appreciative of that in today's environment than ever, so if I could thank you on behalf of the Committee for your time and for your evidence, sir.

**Mr Paterson:** Thank you. Gura mie eu.

1630 **The Chairman:** That concludes this sitting, thank you very much.

*The Committee adjourned at 12.26 p.m.*