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# Labour's computer blunders cost £26bn

By Michael Savage, Political Correspondent

## *Ministers blamed for 'stupendous incompetence' after taxpayers left with huge bills for bungled projects*

A series of botched IT projects has left taxpayers with a bill of more than £26bn for computer systems that have suffered severe delays, run millions of pounds over budget or have been cancelled altogether.

An investigation by The Independent has found that the total cost of Labour's 10 most notorious IT failures is equivalent to more than half of the budget for Britain's schools last year. Parliament's spending watchdog has described the projects as "fundamentally flawed" and blamed ministers for "stupendous incompetence" in managing them.

Further evidence has emerged over the failings of Labour's most costly programme, the mammoth £12.7bn IT scheme to revolutionise the NHS. The Independent has learnt that just 160 health organisations out of about 9,000 are using electronic patient records delivered under the scheme. The vast majority of those were GP practices. New figures have also revealed that millions of pounds have been paid out in legal fees. The taxpayer has footed a £39.2m bill for "legal and commercial support" for the National Programme for IT (NPfIT).

Alan Milburn, the former health secretary, said in 2001 that everyone would have access to their health records online by 2005, but it is understood that the Department for Health is still "years away" from fulfilling the pledge.

Government departments right across Whitehall have been guilty of overseeing embarrassing IT failures. A project that was meant to save the Department for Transport (DfT) about £57m eventually cost £81m, and workers at the Driver and Vehicle Licensing Agency (DVLA) were forced to brush up on their language skills when computer systems gave them messages in German.

Another ill-fated IT scheme, designed to allocate subsidies to farms, cost the Department for Environment, Food and Rural Affairs about £350m and left British farmers more than £1bn out of pocket. Last year the Public Accounts Committee (PAC) warned that the system was already "at risk of becoming obsolete". In 2004, the Department for Justice gave the go-ahead for the National Offender Management Information System (C-Nomis) to be rolled out to prisons and the probation service in an attempt to make sharing information about offenders easier. But in 2007, when the estimated cost doubled to more than £600m and senior officials questioned the validity of the project, it was abandoned - after £155m had been wasted.

The MoD's Defence Information Infrastructure project is currently running more than £180m over budget and 18 months late, and is now set to cost £7.1bn. Last year, Edward Leigh, chairman of the PAC, said: "No proper pilot for this highly complex programme was carried out, and entirely inadequate research led to a major miscalculation of the condition of the Department's buildings in which the new system would be installed."

Other botched IT projects include the identity cards scheme; the Libra system for modernising magistrates' courts; an attempt to move the Government's GCHQ computer systems into a new

building which ended up costing more than £300m; the Benefit Processing Replacement Programme; and the Foreign and Commonwealth Office's Prism system.

IT experts blamed ministers for being too easily wooed by suppliers. Insiders said a lack of expertise within the Government about the technology industry meant they were willing to believe claims made by major IT firms before contracts were awarded.

Several projects are now under renewed threat of being cut back or abandoned altogether as Alistair Darling, the Chancellor, has targeted them as an area of government spending that can be reined in as he attempts to tackle Britain's record £175bn deficit.

Tony Collins, an expert on the Government's IT failures, said Labour had displayed an "irrational exuberance" for IT projects that has often led them to throw good money after bad at failing schemes. "There are too few people in the hierarchy of Labour who understand IT enough to understand that it is not a talisman - there is nothing magical about it."

David Cameron, the Tory leader, has signalled a move away from big IT projects, suggesting he will use technology to increase the transparency of government. "It is easy to make these noises out of office," said Mr Collins. "Once you've got civil servants giving you a host of reasons why you should not be more open, I fear the Tories will sink into the same depths of secrecy that Labour has found itself in."

### **Botched projects: The cost of failure**

#### **£12.7bn National Programme for IT (NHS)**

It was meant to revolutionise the way the health service worked. But far from heralding a new age of efficiency, the National Programme for IT is now widely perceived as the greatest government IT white elephant of history. As well as the huge costs involved, suppliers have walked away, projects are running years behind schedule, while medical professionals have complained that they were never consulted on what they wanted the new system to achieve.

#### **£7.1bn Defence Information Infrastructure (DII)**

It seemed like a good idea at the time. In 2005, the Ministry of Defence decided to offer a contract to a consortium of suppliers to replace the hundreds of different computer systems being used by the military with a single system that would be used by the army, navy and air force, as well as the MoD itself. It was to be used by 300,000 people across 2,000 sites. However, it is running more than £180m over budget and 18 months late. A parliamentary inquiry also warned that forces' reliance on older systems put them at risk of a security breach.

#### **£5bn National Identity Scheme**

Originally budgeted at £3bn, the Government's plan for new identity cards, containing biometric data and linked to a central database, soon came under heavy criticism from civil liberty campaigners. As the costs spiralled, so the Home Office began to water down the aims of the scheme to assuage the critics. In July, Alan Johnson announced that the cards would no longer be compulsory, while moves to force all airport workers to use the cards were also abandoned.

#### **£400m Libra system (for magistrates' courts)**

An attempt to bring records used by magistrates courts into the digital age backfired when trying to introduce one universal IT system to all courts descended into a costly mess. Fujitsu originally bid £146m to deliver the Libra system in 1998. However, the project proved more complicated than anticipated, and costs have now been put at more than £400m.

### **£350m Single Payment Scheme system (SPS)**

The Single Payment Scheme system was designed in 2003 to be a sophisticated way of giving farmers their subsidies, by mapping their land and working out their level of payment. But failures with the IT systems being used mean that farmers were left short-changed. In 2006, around £1.28bn of the £1.5bn subsidies destined for British farmers still had not been given out. The Rural Payments Agency overseeing the project was ordered to make 23 major changes to the system. Despite the £350m spent on the technology, the Public Accounts Committee warned last year that it was already "at risk of becoming obsolete".

### **£300m GCHQ "box move" of technology**

When the Government's intelligence organisation, GCHQ, decided to move its complex computer systems into a new building in 1997, the projected £41m cost was so small that officials believed it could be absorbed within existing budgets. That was until the Curse of the Government IT Project struck. Costs of the so-called "box move" soon began to rise out of control. In 2003, the National Audit Office (NAO) put the costs at more than £300m. Edward Leigh, Tory chairman of the Commons Public Accounts Committee, called the original budget "staggeringly inaccurate".

### **£155m National Offender Management Information System (C-Nomis)**

In an attempt to make sharing information about offenders easier, the Department for Justice gave the go-ahead for the National Offender Management Information System (C-Nomis) to be rolled out to prisons and the probation service. As the estimated cost doubled to more than £600m and senior officials questioned the whole point of the project, it was abandoned in 2007, with £155m already spent.

### **£106m Benefit Processing Replacement Programme**

In June 2006, the Department for Work and Pensions confidently assured Parliament that new funding for its Benefit Processing Replacement Programme (BPRP) had been approved. So it came as a surprise to many when it emerged just three months later that the project had been quietly scrapped. Little information has emerged on why BPRP was abandoned, but the Government has admitted that £106m had already been spent on it before it pulled the plug.

### **£88.5m Prism IT project**

Undeterred by past failures, the Foreign and Commonwealth Office (FCO) thought it would be a good idea in 2002 to order a new computer system for their 200 offices around the globe. The result was the Prism IT project, seemingly a bargain at just £54m. However, delays and costs have risen, while the contractor was even forced to temporarily halt the scheme in 2005 while an investigation took place into its various problems. The system has not proved a hit with staff. One wrote in 2004: "In all the FCO's long history of ineptly implemented IT initiatives, Prism is the most badly designed, ill-considered one of the lot."

### **£81m Shared Services Centre**

To officials at the Department for Transport, the Shared Services Centre seemed to good to be true: not only would it integrate the human resources and financial services of the department and its various agencies, it would even save the taxpayer £57m. Unfortunately, those hopes were dashed as the scheme became another example of an IT project going horribly wrong. Workers at the Driver and Vehicle Licensing Agency (DVLA) were forced to brush up on their language skills as computer systems gave them messages in German. It will now cost £81m, a failure in management that the Public Accounts Committee described as a display of "stupendous incompetence".

**TOTAL: £26.3bn**