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## **UK/ONS EXPERIENCES IN GAINING VALUE FROM AN EXTERNAL PARTNERSHIP**

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### **Summary**

#### **INTRODUCTION**

1. In 2003/2004, the UK Office for National Statistics (ONS) embarked on a major modernisation programme to improve business processes and support systems by refreshing the technology underpinning the statistical value chain. This paper aims to share the experiences in determining the drivers for partnership with an external supplier organisation, the creation of effective governance arrangements, and mechanisms for evaluating the benefits of the relationship. The paper will share some of the cultural and commercial lessons learned in building an effective partnership within the context of a public service organisation

#### **DRIVERS FOR PARTNERSHIP**

2. The ONS Information Management Group (IMG) has a number of major issues to address to enable it to succeed in supporting the business to deliver the ONS modernisation agenda. With significant capacity absorbed supporting legacy systems, IMG identified a need to work with a partner organisation. Drivers included:

- The volume of work required over a period of 4-5 years significantly exceeded internal capacity;
- The organisation faced a significant new technology skills deficit;

- Minimal experience in successfully delivering a wide range of large scale projects and programmes;
- The need to refresh the skills of internal IT personnel;
- Build an IT development and delivery capability (definition of new methods and standards);
- Access to cost-effective new technology and business change capabilities;
- Operational constraints on headcount (UK Gershon Review on public sector efficiency).

3. Following a formal selection exercise, Xansa UK was chosen as the ONS IT Development “Partner. As at the end of March 2006, Xansa are providing around 75 IT consultants supporting ONS modernisation.

### **CREATION OF EFFECTIVE GOVERNANCE ARRANGEMENTS**

4. In establishing the Contractual relationship with the Partner, ONS established the following “Relationship Management Principles” to underpin the relationship:

- Acknowledge that the prime objective of the relationship is to deliver the ONS IM Strategy;
- Establish the partnership goal to improve and develop the IS capability within ONS. (Xansa undertook to support this principle by treating effective skill transfer as a key part of the assignment. Capability development included culture and effective delivery/development methods);
- ONS and Xansa developed service performance measurements “Balanced Scorecard” to evaluate the added value that gained from services delivered;
- Create an ethos based on openness and trust between the parties. Working relationships to be supportive and appreciative of the goals of each organisation and the objectives of the relationship. The parties commit to work together to continuously improve the effectiveness of this relationship.

5. In order to maintain progress on the relationship, ONS and Xansa created a “Relationship Management Team” whose objectives are:

- to satisfy the IM Management team, the ONS Executive Management Group (EMG) and senior management in Xansa that the Contract is delivering the required services to enable ONS to achieve its business objectives;
- to manage the working relationship between the parties where the parties have a joint commitment to meeting the ONS business objectives;
- to achieve, identify improvements to, monitor and communicate service performance, status and achievements;
- to manage the Services workload through the maintenance of the Rolling Demand Forecast so as to meet the Agreed Profile.

6. Governance is executed through:

- Executive Reviews – a six-monthly meeting focusing on delivery performance in the year, value added to ONS by using partners contract services;
- Relationship Governance Review – a quarterly meeting reviewing a “Balanced Scorecard” set of performance measures. The output of this meeting presented during the Executive Review
- Operations Review – a monthly meeting focusing on delivery, achievements, highlights, the rolling demand forecast and risks and issues for the relationship; deals with individual and project assessments.
- External Resources Co-ordinating Board (EXCB) – a weekly meeting focusing on the resourcing of technical assignments and the preparation of work requests.

## **MECHANISMS FOR EVALUATING THE BENEFITS OF THE RELATIONSHIP**

7. In addition to the regular reviews, benefits of the relationship are monitored through the partnership “Balanced Scorecard”. The scorecard monitors the effectiveness of six key dimensions (or goals) of the relationship;

- Goal 1 – Influence Strategic Direction
- Goal 2 – Improve IMG Processes
- Goal 3 – Improve IMG Capabilities
- Goal 4 – Joint delivery to cost, time, quality
- Goal 5 – Improve IMG Customer Satisfaction
- Goal 6 – To provide quality resources

## **CONCLUSION**

8. As expected, it has taken a period of time for the partnership to become established and fully effective. In doing so there has inevitably been some uncertainty and scepticism. However, it can now be demonstrated that the relationship is yielding benefits but further improvement can still be made. Some key observations and lessons include the following:

- Do not underestimate the cultural issues in bringing significant numbers of external individuals into the organisation. As individuals they generally successfully earn the respect of public servants, but financial reward and value for money issues are regularly challenged;
- Financial funding issues will drive the need for significant “flexibility” at critical times;
- Overall, significant cultural and capability change can be achieved, but parties have to work at the relationship (as an entity in its own right).

9. ONS/IMG has experienced pressures to provide greater flexibility and value for money. It chose to exploit the capabilities of external IT service providers as catalysts to enable technological/organizational change and chose “partnership” rather than “commodity” based external supplier. ONS has put significant effort into integrating its external partner into the business areas, and has started to gain real benefits that are enabling the delivery of the modernisation agenda.

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