



NSW Government

ICT Investment Policy and Guidelines

February 2014



CONTENTS

1.	Introduction	1
2.	Policy statement	1
3.	Purpose	2
4.	Outcomes	2
5.	Responsibility	2
6.	Scope	2
7.	ICT investment process	2
8.	Related documents	5
9.	Guidelines – ICT investment principles	6
10.	Document control	9

1. INTRODUCTION

The *NSW Government ICT Strategy* is focused on driving more coordinated and efficient ICT investment to deliver better public services and to achieve better value for money.

The Strategy recognises that opportunities for improved government performance will be provided by collaborative effort and more sustainable, consistent and standardised solutions.

While agencies are responsible for their own investments, the aim of a more coordinated effort is to increase our ability to work together to develop innovative and cross-agency approaches to problem solving and service delivery.

The Strategy sets out two key responsibilities for the NSW Government ICT Board:

- setting of, and monitoring compliance with, the whole of government ICT investment principles, to support the transition of ICT investment to a sustainable, shared and standardised approach
- ensuring investment processes support effective and efficient delivery of the government's ICT objectives.

2. POLICY STATEMENT

Secretaries are accountable for ensuring ICT investments meet service and corporate priorities, including through applying effective program and project governance arrangements. The ICT Board may request progress reports on individual projects.

All NSW Government ICT investment decisions will demonstrate the application of the following whole of government ICT investment principles:

1. comply with relevant whole of government ICT policies and standards, including Information Management, Data Centre Reform, Corporate and Shared Services Reform and Information Security
2. consider a service orientation, including 'as a service' sourcing models
3. consider online access and support the sharing of data, as appropriate
4. focus on collaboration and re-use by demonstrating that there are no existing ICT solutions that can be leveraged
5. demonstrate standardisation and interoperability of technologies and solutions
6. demonstrate better value to government and citizens over the life of the investment.

Clusters and agencies will develop ICT strategies and plans to support service and government priorities.

The NSW ICT Board will provide strategic ICT investment advice to the Cabinet Standing Committee on Expenditure Review (ERC), alongside The Treasury's financial and related assessment of proposals, to transform government's ICT portfolio by:

- ensuring the application of the ICT investment principles within business cases
- progressing opportunities for consolidation, collaboration and reuse that provide whole of government or multi cluster benefits
- informing future priorities and ICT strategic direction, and
- ensuring better value for money.

The ICT Leadership Group will:

- consider ICT strategic plans, and individual ICT investment proposals early in the strategic planning process to:
 - consider the application of the ICT investment principles
 - identify opportunities to share or leverage projects across clusters
 - identify gaps or opportunities where whole of government initiatives may provide better value and services

- consider those business cases required to be submitted to Treasury for analysis (refer current relevant circular, *Submission of Business Cases*) and any additional business cases requested by the ICT Board, and
- provide advice to the ICT Board on the application of the ICT investment principles in ICT strategic plans, investment proposals and business cases.

Agencies may seek the advice of the ICT Leadership Group, in relation to investment decisions at any stage.

3. PURPOSE

This document describes the role of the ICT Board and the ICT Leadership Group in assisting clusters and agencies to apply the whole of government ICT investment principles in ICT strategic planning and ICT investment decisions.

4. OUTCOMES

This ICT investment process will support the NSW Government to maximise opportunities for contemporary ICT investment, deliver better services to citizens and drive better value for money. This will be achieved through:

- provision of advice from the ICT Board on the application of the ICT investment principles within business cases, to be considered alongside financial and related advice from The Treasury
- establishing a collaborative approach enabling clusters and agencies to leverage existing solutions, consolidate investments, and identify enablers that could be leveraged for whole of government
- identification of opportunities to deliver more efficient and effective ICT investment through early consideration of different sourcing strategies
- whole of government ICT strategic planning which will drive the transition to more consistent, shared and standardised approaches to ICT investment.

5. RESPONSIBILITY

All NSW public sector chief executives are responsible for ensuring that this policy and guidelines are applied within their agency. Oversight of this policy and guidelines will be provided by the NSW Government ICT Board.

6. SCOPE

This Policy applies to all NSW Government Departments, Statutory Bodies and Shared Service Providers. This Policy does not apply to State Owned Corporations, however the consideration of the ICT investment principles in investment decision making is recommended.

7. ICT INVESTMENT PROCESS

Phase 1: ICT Leadership Group strategic planning discussion

The ICT Leadership Group will discuss ICT investments early in the strategic planning and investment process to advise clusters, agencies and the ICT Board on application of the investment principles and opportunities for consolidation, collaboration, reuse and 'as a service'.

Chief Information Officers and business leaders will present strategic directions and their forward work program highlighting opportunities for collaboration and application of investment principles. The ICT Leadership Group will identify strategic priorities and priority projects for government, or categories of projects, to be considered in more detail.

Review of strategic plans will give the Group the oversight necessary to advise on the application of the ICT investment principles and whole of government initiatives to the ICT Board. This will assist the ICT Board in its consideration of future priorities and ICT strategic direction for whole of government.

Phase 2: Development of investment proposals

Clusters and agencies will prepare investment proposals, considering the feedback from the ICT Leadership Group strategic planning discussion.

Multi cluster opportunities which reflect the earlier strategic planning discussions will be developed during this phase. The Department of Finance and Services is available to lead or coordinate the development of whole of government investment proposals.

To facilitate consideration of the ICT investment principles by the ICT Leadership Group, ICT investment proposals will include a self-assessment of how the proposal meets the ICT investment principles.

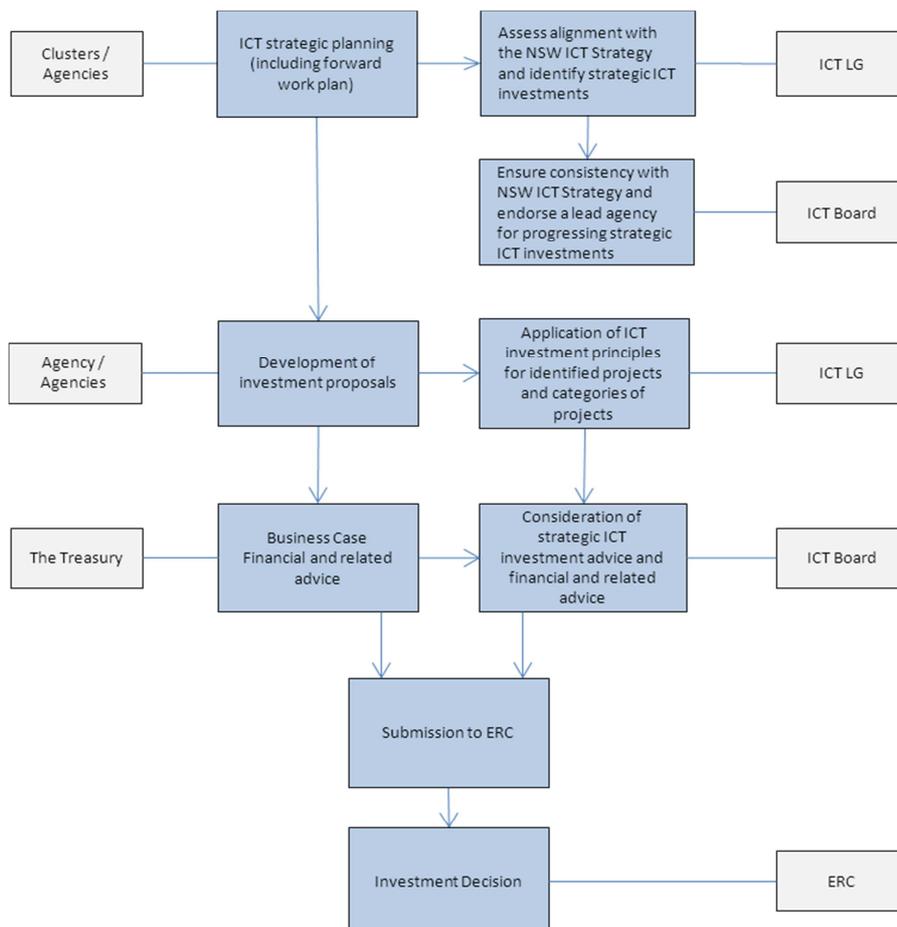
Clusters and agencies may apply, on a case-by-case basis, to The Treasury for funding of the costs associated with the development of business cases.

Phase 3: Business case review

Only those business cases required to be submitted to Treasury for analysis (refer current relevant circular, *Submission of Business Cases*) and any additional business cases requested by the ICT Board, are to be included in this Phase. The ICT Leadership Group will advise the ICT Board on the application of ICT investment principles and provide strategic advice on priorities and priority projects for government. The ICT Leadership Group’s advice on the application of the ICT investment principles in business cases will be provided to the relevant cluster or agency in conjunction with Treasury feedback.

The ICT Board will consider the advice of both the ICT Leadership Group and Treasury, and advise ERC and clusters / agencies on the application of the ICT investment principles in business cases. The advice of the ICT Board will be alongside Treasury’s advice to ERC.

Figure 1: ICT investment process



Roles and responsibilities

This ICT investment process clarifies roles and responsibilities in applying the *ICT Investment Policy and Guidelines*, and the specific role of the ICT Leadership Group and the ICT Board.

Stakeholders	Function
Clusters and agencies	<ul style="list-style-type: none"> • Develop ICT strategies and plans to support cluster and agency service priorities • Identify opportunities to collaborate with other agencies • Develop ICT investment proposals consistent with the ICT investment principles • Engage early with, and provide ICT Strategic Plans and business cases to, the ICT Leadership Group • Consider feedback from ICT Leadership Group and The Treasury • Apply effective program and project governance arrangements.
Treasury	<ul style="list-style-type: none"> • Provide financial and economic analysis of business cases and related advice • Manage funding arrangements and allocations to successful projects.
DFS	<ul style="list-style-type: none"> • Assist in the application of this policy • Provide secretariat support of the process • Support business case development • Potentially develop agreed whole of government solutions.
ICT Leadership Group	<ul style="list-style-type: none"> • Consider the whole of government ICT investment principles in identifying opportunities • Provide peer feedback to clusters and agencies, early in the strategic planning and ICT investment process • Assess alignment with the NSW ICT Strategy through consideration of the ICT investment principles in individual business cases • Provide advice to the ICT Board on strategic whole of government or multi cluster ICT investments, strategic priorities and priority projects for government for further consideration in Phase 2 and 3.
ICT Board	<ul style="list-style-type: none"> • Advise ERC on the strategic ICT investment in consideration of the NSW ICT Strategy and Treasury’s financial and related advice • Endorse a lead agency for progressing strategic whole of government or multi cluster ICT investments • Establish whole of government ICT direction and ICT investment priorities • Request progress reports on individual projects.
ERC	<ul style="list-style-type: none"> • Decide business case funding in consideration of the ICT advice of the ICT Board and the financial advice from The Treasury.

8. RELATED DOCUMENTS

There are a number of related documents that inform ICT strategic planning and ICT investment decision making, including those listed below.

[Submission of Business Cases \(TC12/19\)](#)

All General Government agencies and Government businesses, including Nominated SOCs are required to provide The Treasury with business cases based on the size and risk profile of the project or program. Final business cases with an estimated total cost of more than \$5 million are required to be submitted to The Treasury.

[Business Case Guidelines \(TPP08-5\)](#)

The business case process aims to help agencies choose the best means to satisfy a specified objective, rank competing proposals and enable government to prioritise its resource allocation decisions. The business case should clearly demonstrate the agency's capacity to implement the proposal and realise the intended service delivery benefits.

[Gateway Review System \(TC10/13\)](#)

Gateway gives government a level of assurance on whether the investment is warranted, the strategic options and the agency's capability and capacity to manage and deliver the project.

Gateway Reviews test the soundness of major projects with the objective of ensuring agencies applied an appropriate level of procurement discipline to projects. The requirement for a Gateway Review is typically where the estimated total cost is over \$10 million or is over \$1 million and requested by The Treasury.

[Total Asset Management \(TPP08-02\)](#)

Total Asset Management (TAM) Policy seeks to ensure that an agency's physical assets best support its business operations and service delivery within available resources, including funding.

TAM Policy requires agencies to undertake planning of their non-current physical assets, develop and maintain updated asset plans, and provide copies of these to The Treasury as required.

[NSW Procurement Board Goods and Services Policy Framework \(July 2013\)](#)

The NSW Government has reformed its system for procurement of goods and services. The procurement of goods and services is regulated by the *Public Sector Employment and Management Act 2002*, which has the key objectives of:

- driving value for money
- delivering quality government goods and services
- aligning procurement with business (i.e. agency and community) needs.

More information about these reforms and the Procurement Board is available from the NSW Procurement Board's *Strategic Directions Statement 2013-2014*.

9. GUIDELINES – ICT INVESTMENT PRINCIPLES

These principles will be applied when undertaking ICT strategic planning, when making ICT investment decisions and when demonstrating alignment to whole of government policy in Business Cases.

1. Comply with relevant whole of government ICT policies and standards, including Information Management, Data Centre Reform, Corporate and Shared Services Reform and Information Security.

ICT investments will demonstrate consistency with whole of government policies, including but not limited to:

- *M2012-15 Digital Information Security Policy*
- *M2012-10 Open Government*
- *NSW Government Social Media Policy and Guidelines*
- *DFS C2013-4 NSW Government Cloud Services Policy and Guidelines*
- *DFS C2012-1 Data Centre Reform Strategy*
- NSW Government Procurement policies and directions
- NSW Government Information Management Framework

Key considerations

Consider the objectives of *NSW 2021*.

Consider the objectives of the *NSW Government ICT Strategy*.

Ensure proposed investments are consistent with applicable whole of government policies and standards.

2. Consider a service orientation, including ‘as a service’ sourcing models.

The *NSW Government ICT Strategy* outlines a new and more flexible approach to ICT procurement, including ‘as a service’ solutions. It positions government to take advantage of two major industry trends being driven by technology commodification and the adoption of web services by consumers:

- a move to a service orientation by both vendors and buyers
- the deployment of cloud technologies into mainstream business.

Cloud based ICT services provide opportunities for agencies to achieve better value, flexibility and reliability, and make sustainable service delivery improvements. Potential benefits include:

- cost – moving from customising and operating in-house ICT, to using the best available ‘off the shelf’ commodity solutions will reduce the total cost of ownership
- agility – on-demand, scalable and flexible services that can be implemented quickly provide agencies with the ability to respond to changing requirements and peak periods
- innovation – innovation will be facilitated by rapid and continuous system development
- resilience - a large, highly resilient environment reduces the potential for system failure.

Key considerations

Plan to minimise physical ICT infrastructure, considering virtualisation as an option.

Consider ‘as a service’ solutions, including cloud, when determining investment options to meet the business need. Further information is outlined in the *NSW Government Cloud Services Policy and Guidelines*.

Ensure that total cost of ownership is factored, including (but not limited to):

- additional agility, scalability and upgrades provided by as a service solutions
- the costs of owning and maintaining stand-alone infrastructure
- the maturity of available as a service solutions for government application
- the security of both ‘as a service’, agency IT environments and business requirements.

Actively plan to rationalise and standardise agency software applications.

3. Consider online access and support the sharing of data, as appropriate.

Under Premier's Memorandum *M2012-10 Open Government*, agencies are required to:

- identify priority datasets for publication at data.nsw.gov.au
- increase open access information available at opengov.nsw.gov.au
- facilitate public participation in the policy development process
- make greater use of social media to communicate with staff, customers and industry
- increase online access to government services
- collaborate with community, industry and research partners to co-design service solutions.

Improving service quality, particularly availability and reliability, will become increasingly important as government delivers more services through electronic means and becomes more dependent on ICT. Improving the management of government information will help to ensure it is consistent, and can be shared across the sector and with industry for improved service delivery outcomes. Agencies will be able to share financial and performance information with central agencies to build a comprehensive picture of how government is performing.

Key considerations
<p>Plan for services to be delivered online, and for services and information to be accessed through multiple channels.</p> <p>Prioritise the use of Service NSW, where appropriate, as a delivery channel for new services.</p> <p>Ensure that proposed investments support simple, straightforward customer transactions that can be accessed through multiple channels.</p> <p>Consider how digital channels can improve industry and community consultation, participation and access to information.</p> <p>Ensure that activities support increasing the public release of agency data and information, for example through the opengov.nsw.gov.au and data.nsw.gov.au websites.</p>

4. Focus on collaboration and re-use by demonstrating that there are no existing ICT solutions that can be leveraged.

Improving collaboration between agencies can help to ensure that maximum value is obtained from existing investments, and reduce duplication of investment in similar solutions.

The ICT Leadership Group provides a forum for identifying existing ICT services and solutions that agencies may be able to adopt, reuse or share. This will reduce the cost and time required to acquire new services, and support the use of more common platforms across government.

A whole of government ICT service catalogue will define the essential characteristics of each service, including cost. Delivering services through a whole of government service catalogue will leverage NSW Government purchasing power to secure the most effective pricing, and support common approaches, technologies and systems.

Key considerations
<p>Identify whether existing solutions are available for extension or reuse.</p> <p>Identify opportunities for wider collaboration.</p> <p>Utilise the NSWBuy Service Catalogue to purchase common ICT services.</p> <p>Maximise ICT contract alignment of the whole of government procurement and technical standards, and the ProcureIT framework.</p>

5. Demonstrate standardisation and interoperability of technologies and solutions.

Leveraging ICT to share information can deliver productivity savings and service delivery improvements. Realising these benefits requires a more consistent approach to both technology and data management.

The *NSW Government ICT Strategy* is focused on:

- developing the framework and supporting policies to enable agencies to readily procure standardised ICT Services
- standardisation as new procurement arrangements for IT hardware, software and telecommunications are developed and aligned with the *NSW Government ICT Strategy*
- ensuring that recommendations for standards and standardisation in ICT procurement effectively address business needs and requirements for service delivery
- developing data standards and a common approach to information management.

Key considerations

Actively support the information management framework by demonstrating interoperability between cluster/agency systems and those used for central reporting.

Build information management responsibilities into ICT strategic planning and investment decision making.

Maintain common definitions and a standardised approach to the classification and collection of information.

6. Demonstrate better value to government and citizens over the life of the investment.

Consistent with the objectives of the NSW Government priorities and reflected in the *NSW Government ICT Strategy*, ICT investment will be focused on business requirements, value for money and service delivery. Value is determined by considering all of the costs and benefits associated with an ICT investment, including both price and non-price factors. The value of alternative options will also be considered in deciding the preferred ICT investment. The NSW Procurement Board's *Statement on Value for Money* gives agencies guidance about assessing and measuring benefits, costs and risks across the lifecycle of an investment.

Costs and benefits will be considered across the lifecycle of the investment, including acquisition, installation, operation, maintenance, refurbishment and disposal. In other words, agencies will evaluate the total cost of ownership when considering different ICT enabled solutions.

Key considerations

Consider all costs and benefits in determining the value of investment options, including both price and non-price factors.

Consider staged implementation, including pilots or 'proof of concept' solutions that enables evaluation before investment proceeds.

10. DOCUMENT CONTROL

Document history

Date	Version No.	Description	Author
December 2013	1.0	Approved	Department of Finance and Services
February 2014	1.1	Updated to reflect changes of title from Director General to Secretary as per <i>Government Sector Employment Act 2013</i>	Department of Finance and Services

Contact: Ray Evans, Director, Strategic Policy, Department of Finance and Services

Email: ray.evans@services.nsw.gov.au

Telephone: (02) 9372 8760

Review date

This policy will be reviewed regularly, in particular in response to post-implementation feedback.