



Office of the *e-Envoy*

Leading the drive to get the UK online

*delivering*



## **Policy Framework for a mixed economy in the supply of e-government services**

**A consultation document  
May 2003**

## Consultation Overview

### Title of consultation

The Office of the e-Envoy draft policy framework for a mixed economy in the supply of e-government services.

### Consultation objectives

The Office of the e-Envoy is seeking views on this draft consultation document.

The purpose of the consultation is to allow stakeholders in the public, private and voluntary sector, as well as citizens and businesses to comment on the vision for the involvement of private and voluntary sector intermediaries in the delivery of electronic government services.

### The primary consultation question is:

The consultation is directed at a wide audience and is intended to explore how such a mixed economy might be developed and how it might be used. The questions asked are:

- (i) Do the policies and principles in the policy framework provide adequate guidance for a successful creation of a mixed economy in government services?
- (ii) A successful mixed economy envisages that a government service could be obtained:
  - through an intermediary acting on your behalf
  - through a government appointed intermediary
  - using existing methods
- (iii) This is a new area, and we are primarily concerned with intermediaries acting on your behalf. We would like to know if you would consider using such intermediaries to obtain government services on you behalf?

(iv) We would be pleased if you would identify the capacity in which you are responding,:

- as a potential intermediary **or**
- as a potential user of intermediaries

(v) As a potential user of intermediaries we would also be pleased if you would identify yourself as being:

- From business community
- A consumer
- An employee
- An individual
- From the science community **or**
- From the voluntary sector

(vi) If you would consider using an intermediary to obtain government services on your behalf, what issues would you wish to see addressed in order to increase your confidence in the service offered?

(vii) If you would not consider using an intermediary to obtain government services on your behalf, please would you tell why not and if there any issues that could be resolved in change your opinion

### **Who's consulting?**

The Office of the e-Envoy (OeE).

### **Whom do they want to consult?**

The wider stakeholder environment within the public, private and voluntary sectors, as well as anyone else who has an interest in this topic.

## PREFACE

Government is determined to transform the delivery of its services and e-Government is fundamental to achieving this. Our e-Government mission is centred on the programme to deliver over 500 government services on-line by 2005. We have made strong progress, with more than 50% of these services now available electronically. However, availability on-line is only the start of what we need to do. What is important is providing citizens and businesses with services that they find easy to access, helpful and which are designed around their needs. Success will be measured by the take-up of these services, which in turn will depend on enabling choice and better customer experience.

This is a huge challenge and there is no reason to assume that Government acting alone will have the best approach. Our strategy, therefore, is to create a mixed economy - a marketplace where government, private and voluntary sectors can come together to deliver e-Government services that better meet the demands of our customers. A successful mixed economy will be a force for maintaining the UK's position as a leading knowledge economy.

For this to happen we will need a clear framework for government and intermediaries to participate. This document describes what needs to be done, the opportunities and the principles of intermediary involvement, and the support we are putting in place to drive our agenda. This paper represents a starting point in defining the relationships and structures that we need to bring about to create the right market conditions. So that in three years, there will be a mixed economy in the supply of public services, where consumers<sup>1</sup> (citizens & businesses) can engage intermediaries from the public, private or voluntary sectors to use public services in the manner that suits them.

Until then we will need to actively engage with all stakeholders - departments, existing and potential intermediaries - so that we can continually refine our policy and action for implementing this key strand of the e-Government strategy.

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<sup>1</sup> Individual citizens as well as businesses.

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## EXECUTIVE SUMMARY

### **e-Government & Intermediaries**

e-Government offers an excellent chance for delivering services more effectively and efficiently. Additionally it lowers the barriers to entry for potential new entrants and provides us with the opportunity to deliver services in more innovative, customer centric ways. In recognition of this, government has published a series of reports<sup>2</sup> outlining its strategy and principles of delivering customer centric services in the information age, as well as its vision of the way it needs to be organised internally in order to make best use of this opportunity.

Two years into the strategy some progress has clearly been made. More than 50% of services are available online today. However take-up figures, the ultimate measure of success, remain low and government is yet to realise the benefits in terms of cost. The involvement of intermediaries from the private and voluntary sector in public services delivery - the mixed economy initially proposed in the 2000 government strategy - will help us to address our strategic challenges by offering the unparalleled opportunity to increase take-up and efficiency and decrease the cost of government itself.

This document is targeted at strategic planners and leaders in public sector organisations as well as potential intermediaries in the private and voluntary sector. It outlines our vision, policy, strategy, and action plan for creating the mixed economy.

### **Policy**

It is our vision that by creating the right conditions over the next three years we will establish a mixed economy of the supply of public services. By then, consumers and businesses will, in addition to other government channels, be using e-enabled intermediaries from the public, private and voluntary sectors to use public services in the manner that suits them. Our policy is therefore that all departments should involve private and voluntary sector intermediaries for e-government services as part of their overall e-government strategy.

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<sup>2</sup> E-government strategic framework, April 2000; e.gov – Electronic Services for the 21<sup>st</sup> Century, September 2000

## **Benefits & Challenges**

Involving intermediaries in the delivery of public services will allow government to expand the overall number of delivery channels over time (demand driven) and enable us to offer public services in attractive, innovative and customer centric ways. It is expected that the promotion of a competitive market for intermediaries will lead to a consistent drive towards improved customer centricity and service delivery efficiency.

Intermediaries are likely to be attracted to taking part in the mixed economy by the opportunity to add popular public services to their offering and the opportunity to increase their customer base and/or customer loyalty. Additionally, in some cases, intermediaries will be able to generate income from a premium paid by their customers. There will also be circumstances in which intermediaries have to pay for services provided by government, e.g. for the acquisition of information assets such as Ordnance Survey data. The business model and resulting benefits will vary depending on the role intermediaries choose to play in public service delivery. This may range from a simple addition of government services to their existing product portfolio, to becoming an expert adviser on a bundle of government services to designing a new service around a government information asset. Clearly, the creation of the mixed economy carries benefits for all participants, citizens and businesses, government and intermediaries. Great strides have been made to improve access to government information and in improving opportunities for its subsequent re-use. However for our strategy to succeed and to overcome situations where departments have difficulties in opening-up their other services to intermediaries, we will need to tackle a series of business and cultural challenges. In response to these challenges, we have developed a basic framework of principles for intermediary involvement, designed and implemented a facilitation function in the OeE and have started working on a Work Programme for intermediary involvement in other services.

## **Principles of Involvement**

After close consultation with departments and regulators in other marketplaces, we have developed a high level framework of principles. In this framework we describe the public sector/intermediary relationship and provide practical guidelines to assist departments and intermediaries throughout the process, from intermediary



“application” to guiding principles on the ongoing relationship. The framework presents the rights and obligations of intermediaries covering: intermediary qualification/selection (target audience, product offering), negotiation (remuneration, charges), day-to-day operations (access rights, legal & technical requirements, branding). Finally principle 12 deals with competition safeguards.

## **Facilitation**

Establishing the principles and policies of intermediary involvement in other services is not sufficient; we also need to provide practical support to departments and intermediaries. As part of this effort, we have created an e-Venturing Unit in the Office of the e-Envoy to actively facilitate intermediary involvement, foster innovation and champion the role of private and voluntary sectors within government. The Unit’s role will be as a catalyst of joined-up private and public sector initiatives and as an accelerator of an intermediary’s individual innovative ideas. More specifically, the role of the Unit is to:

- enable (attract, evaluate and assist) intermediary proposals;
- champion suitable intermediaries’ proposals within government;
- act as intermediary expert adviser and knowledge repository (centre of best practice).

## **Intermediary Programme**

In the overall e-Government Delivery Programme, intermediaries have been identified as an important driver to increase take-up and decrease cost of electronic government services and thus limit two of the three key risks to successful delivery of e-government. We are therefore actively encouraging departments and intermediaries to develop propositions around all public services. In line with the e-Government Delivery Programme, however we intend to focus intermediary involvement on nine service areas, these are: *Business to Government, Benefits and Personal Tax, Transport and Travel, Education, Health, Crime, Land and Property, Agriculture and e-Democracy.*

## **Way Forward**

This framework, the principles of involvement and the facilitation function, represent the starting-point of our strategy to create a mixed economy in the supply of public sector services. We will be working with industry and departments to develop and enhance our strategy, delivery programmes and action plan over time. As a result

## consultation document

this document, the principles it outlines and the proposed action plan will be updated regularly to reflect the fast changing environment we are acting in. This document concludes with an action plan outlining the immediate activities required to drive our intermediary strategy. This will be subject to regular revision by its stakeholders.

## SECTION 1

# INTRODUCTION

### Background

In April 2000, the government published the **e-government strategic framework**. This outlined the strategy and principles for delivering customer centric services in the information age. In September that year it published a further report, **e.gov – Electronic Services for the 21<sup>st</sup> Century**, which looked at change and how government needs to be organised in order to deliver. This report also established that a key strand in the strategy for e-government should be to create a mixed economy for the delivery of services through the use of intermediaries from the private and voluntary sectors. It called on the e-Envoy to champion this approach so that Departments become ‘open for business’ on-line and allow private and voluntary sector organisations to deliver electronic government services to their customers.

Following the above publications, the OeE has been working closely with departments and the private and voluntary sectors to promote the policy, develop the principles for intermediary involvement and assist in their involvement. A number of departments are now working actively with intermediaries to deliver their services. However, it has become apparent that if we are to really succeed much more needs to be done. In particular, we need to establish a framework which clearly defines the principles of involvement and an agreed programme for action for the core e-Government Delivery Programme.

### Purpose

The purpose of this document is to outline the vision, policy, updated strategy and action plan for the involvement of public and private sector intermediaries in the delivery of e-government services.

## Target Audience

The intended audience for this document is strategic planners and leaders in public sector organisations who are responsible for e-government service delivery. It is also intended for private and voluntary sector organisations interested in including public services in their offer to their customers.

## Structure of this Paper

This paper is presented as follows:

**Section 2: e-government and Intermediaries** - provides an updated view of the e-government agenda and explains why the proposition for creating a market for intermediaries needs to be a fundamental part of the e-government strategy. It also defines intermediaries, and outlines the benefits and challenges of the strategy.

**Section 3: Policies and Principles** – this section outlines the key policies and principles for government and stakeholders to successfully create a mixed economy for delivering public services.

**Section 4: Facilitation** - this section describes the function of the central unit in Office of the e-Envoy which has been set up to attract intermediary propositions and facilitate and assist intermediaries in working within government.

**Section 5: Intermediary Programme** - this section outlines the key services for e-government and invites intermediary proposals. This in essence forms the initial work programme for intermediary action. It also refers to intermediaries' role in limiting the risks of successful delivery of e-government targets.

**Section 6: Way Forward** - the document concludes with describing how the initiative will be taken forward, outlines the roles of the working and consultation groups and the next steps.

## SECTION 2

### **e-GOVERNMENT and INTERMEDIARIES**

*Just as mass production has departed from industry, so the monolithic provision of services has to depart from the public sector. [Choice provides] ..an end to “one size fits all” mass production public service –The Prime Minister<sup>3</sup>*

#### **e-Government today**

The e-government strategy focuses on the target for all services to be available electronically by 2005. Two years into this programme and with more than 50% of services now available on-line, we are clearly making progress. Despite the great deal of effort involved in achieving this, it is apparent that availability on-line is only the start of what we need to do. Current levels of take-up of e-government services remain low and we are yet to realise the benefits for government in terms of the costs. It is these two strategic challenges that we now need to focus our efforts on.

#### *Increasing take-up*

The actual take-up of electronic services is the ultimate external measure of successful delivery. Experience from the private sector demonstrates that increased take up will only be achieved if electronic public services are provided in an easily accessible, user-friendly way (e.g. joined up), and closely satisfy a real customer need. Although obvious in principle, it is not easy to achieve irrespective of whether the provider is in the private or public sector.

Historically fragmented government structures, processes and guiding principles, which are still in place today, do not lend themselves easily to customer centric service delivery and there is no reason to suppose that the public services required by particular groups of customers will map neatly onto the services provided by government. Users of public services, for example, often find great difficulty in finding their way around complex departmental systems and ultimately finding the service or combination of services they want, which may span both public and private sector organisations. Even in instances where government could satisfy the requirements, it

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<sup>3</sup> 1 October 2002

is not pragmatic to expect one organisation alone to be able to reach and provide public services for all citizens and businesses effectively and efficiently.

In recognition of the importance of 'take up', the e-government target has now been updated to *"ensure departments meet the Prime Minister's targets for electronic service delivery by Government: 100% capability by 2005, with key services achieving high levels of use"*.

Ultimately, we are attempting to improve the quality of e-government services, providing better value to their users. Additionally we would hope that the electronic provision of these improved public services entices citizens and businesses to switch from conventional delivery methods to electronic services.

### *Realising Benefits*

Whilst e-government is a powerful approach in delivering customer centric services it can be equally powerful in providing the catalyst for internal government transformation and efficiency. The drive towards more efficiency and customer focus is not new to government. But, due to the complexity of barriers to change in much of central government in particular, there is still ample room for improvement.

e-Government offers a good chance to break through the existing barriers to change. It is not just a set of tools for doing the same things better. Through changing the economics of service delivery it offers Government the opportunity to do different things, which more effectively meet the needs of citizens and businesses at reduced cost. E-government, through coherent IT infrastructure both in the back office and the front end, makes it considerably easier to open-up government to involving external parties in public service delivery. It allows not only the creative redesign of existing processes but also the organisation to stay agile so that new processes and business relationship can be formed on an ongoing basis.

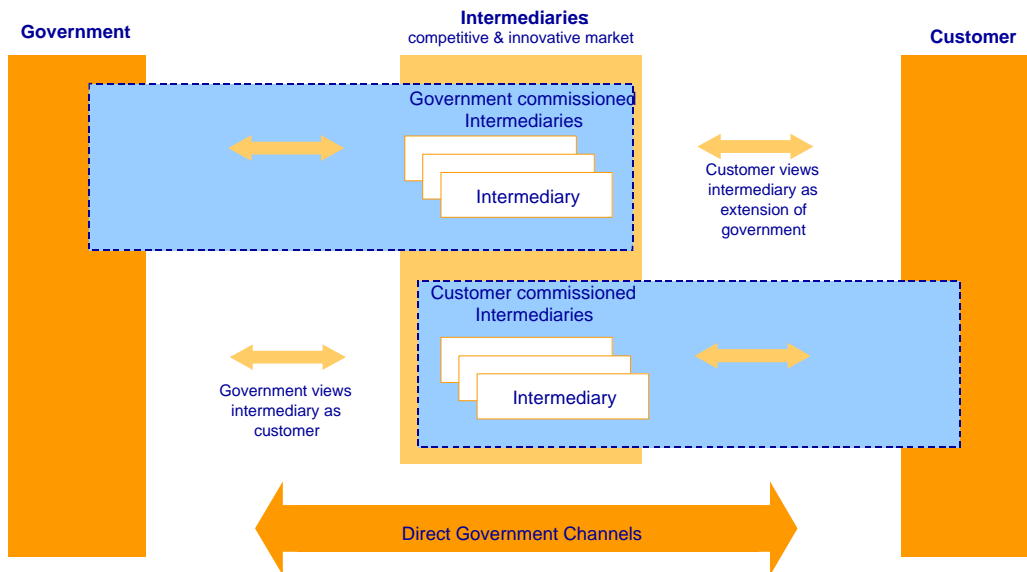
Naturally, customer centricity and cost efficiency needs to be achieved for all public service delivery channels (direct and indirect), but the benefits of introducing intermediaries as additional, complementary delivery channels are substantial.

Intermediaries offer an opportunity to improve both the consumer's experience of government and thus increase 'take up', as well as to improve the efficiency and cost of government itself. Additionally, improving a citizen's experience of government promotes better informed better served citizens. Similarly, improving a business's experience of government serves to reduce the burden of government, improves compliance, encourages the use of available support and, consequently involving intermediaries, contributes to a more vital private sector and a stronger economy.

## Intermediaries

Intermediaries are described here as organisations from the private or voluntary sectors offering services targeted at and tailored to chosen groups of customers, these may be citizens or businesses. These intermediaries offer access to public sector services on *behalf of their customers*, potentially including new services which are based on a government component. Intermediaries, as outlined here, are clearly different from those delivering services on behalf of government. *They would be acting as agents of their customers.*

The figure below illustrates the difference between intermediaries contracted to delivery services on behalf of government (government commissioned intermediaries) and intermediaries as defined in this paper (customer commissioned intermediaries). A good example for a government commissioned intermediary is the concept of an online government store.



The concept of intermediaries is not new. An example from everyday life is the role of supermarkets intermediating for banks. It has become a well-known and welcome fact that supermarkets (commissioned by their customers) offer cash-back facilities for their customers. By doing this, they become in effect the front-end delivery channel for their customer's bank. Intermediaries may become involved in the delivery of public services in a variety of ways. The various types of intermediaries are illustrated below.



## Types

Intermediaries can simply, without modifications, add a government service to their product range. This is described in the case of current organisations serving motorists (see yellow box).

In a more complex case, an intermediary can provide legal representation e.g. a financial advisor who represents a citizen or business at the Inland Revenue and adds expert knowledge to their customer base. (see blue box).

During 2000 the Freedom of Information Act was passed. This legislation, when fully implemented, will do much to improve access to public sector information. In addition, the Government announced as part of the Spending Review 2000, plans to boost the Knowledge Economy by streamlining the ways in which government information can be reused by publishers, internet businesses and other users of official information.

HMSO introduced an on-line licence known as the Click-Use Licence in April 2001 which has proved successful<sup>4</sup>. This allows the reuse, for commercial and non-commercial purposes, of a wide range of core information produced by central government and subject to Crown copyright. Over 2,600 Click-Use Licences have been taken out to date. Where government departments produce value-added information, products and services themselves, reuse is charged at market prices.

Government Trading Funds may license material they produce themselves, with the permission of the Controller of HMSO, charging market rates for reuse. Last year, following public consultation, HMSO launched the Information Fair Trader Scheme. This will provide assurance that trading funds licensing Crown copyright material are following Fair Trader principles and are regulated by HMSO.

### Simple Transaction – Motorist Organisation

A motorist services company might want to add Vehicle Excise Duty (car tax) to their portfolio. Their offer becomes more of a “one-stop-shop” and is likely to increase customer loyalty, or attract new customers to the service.

### Expert Advisor Case – Financial Advisor

Existing intermediaries, such as accountants, already use their expertise to discount rules and procedures that do not apply to a particular client's financial affairs. They have become experts in government and the related law, proactively seeking out better outcomes based on awareness of the current and changing environment (e.g., new laws and regulations).

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<sup>4</sup> [www.clickanduse.hmso.gov.uk](http://www.clickanduse.hmso.gov.uk)

In November of last year central government departments and various other government bodies established publication schemes under the Freedom of Information Act. These schemes, together with the Government's Information Asset Register<sup>5</sup> which provides a catalogue of unpublished information resources, will make it easier to identify information which is available for reuse. Local Authorities' publication schemes should be available from the end of February 2003 with other public sector bodies coming on stream over the period up to June 2004.

These examples are not exhaustive but are meant to illustrate how intermediaries can play a part in e-enabled public services.

### *Benefits for Government*

#### **Take up**

Intermediaries are well placed to drive up citizens and businesses take up of public services by making additional connections between consumers and public services.

Intermediaries typically offer their services in a customer centric way, as they are keen to ensure customer loyalty and future growth in the customer base, in the competitive market they are acting in. As a result, they have close relationships with their customers and detailed knowledge of the needs of particular groups of consumers. An intermediary choosing to include public services, as part of the offer to its customers would be able to use its existing knowledge to offer a focused service, thus leading to a public service which offers consumer choice (alternative ways of service distribution) and convenience, and optimally meets the needs of its customers.

In enabling intermediaries, government is presented with the opportunity to provide public services in ways, which allows consumers to benefit from:

- a range of bundled and/or integrated services which closely targets customer needs;
- innovative service delivery and continuous effort to add value to the relationship;

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<sup>5</sup> [www.inforoute.hms0.gov.uk](http://www.inforoute.hms0.gov.uk)

- effective and efficient front-end service delivery – low cost for the consumer and potentially government;
- improved choice & convenience.

All of the above benefits are likely to lead to increased customer satisfaction with the way public services are delivered, and ultimately increase take up of electronic public services.

An example of truly joined-up service delivery is SomersetLine, a pilot of eight local public authorities in the Somerset region, who are offering a 'change of address' service supplied by UpMyStreet with private sector partner Cable & Wireless. The service offers added convenience to citizens, by allowing them to notify a variety of organisations of the change of their address in one step. It also includes a search function for specific services.

### **Cost**

Intermediaries in public service delivery also offer the opportunity to improve the efficiency and cost of delivering public services. By offering additional, complementary ways of delivering the front end of public services, intermediaries offer government the potential to reduce the cost involved in providing universal/wide access to public services as government resources, over time, can be focused on fewer direct channels.

DEFRA, for example, has made the Cattle Tracing System (CTS) available on-line via a website. As a result, cost per cattle movement has fallen from £0.32 to £0.06. Nearly 40% of movements are now provided online to DEFRA through intermediaries, using the website resulting in substantial savings and providing convenience for farmers.

Further, in contrast to government with its complex structures, legacy systems and overheads, intermediaries typically have streamlined operations and efficient processes in place, constantly driven by competitive market pressures. As a result, they will be able to offer the front end of public services delivery at a lower cost base

than government. This in turn means that shifting service provision towards intermediaries, over time, offers government the potential to make savings whilst improving public services.

Establishing the mixed market also contributes to continuity of supply (resilience) and the avoidance of supply crises and their financial implications. In May/June 2002, for example, access to online self-assessment using the Inland Revenue online entry point was temporarily suspended. However at least one financial services software company continued to offer their access service.

Finally, intermediaries might be willing to provide government with the detailed information held in their customer database (e.g. customer segmentation data or customer preferences). Government would then be able to re-use this information to target public services more effectively, resulting in better value for government resources.

In summary, involving intermediaries in the delivery of public services will allow government to expand the overall number of delivery channels over time (demand driven) and enable us to offer public services in attractive, innovative and customer centric ways. It is expected that the promotion of a competitive market for intermediaries will lead to a consistent drive towards improved customer centricity and service delivery efficiency.

### *Benefits for Intermediaries*

Involving intermediaries in the delivery of electronic public services offers government a significant opportunity to overcome the two strategic challenges we are facing whilst moving towards our 2005 targets.

The generic benefits that intermediaries can expect arise from:

- adding new services to existing customer offers or new customer segments;
- offering a better service to their customers by becoming expert in particular public services;
- becoming more attractive to new customers.

The business case and potential benefits for intermediaries will vary dependent on the role intermediaries choose to play in public service delivery and the value to them of the ability to include public services with their offer (from the private or voluntary sector, as described earlier.

In financial terms, intermediaries might be able to charge a premium to their customers for the added value e.g. convenience/one stop shop and in some cases an intermediary may be provided a remuneration, e.g., deriving from a share in savings that accrue to public services as a result of their delivery.

### *An assessment of successful involvement of intermediaries to date*

Already departments are increasingly looking to external parties to help them deliver their e-programmes: examples we are aware of include: Inland Revenue in self-assessment, Customs and Excise and VAT, DWP in their pension planning programme and DEFRA with a number of services to farmers. In addition, the OeE has experience of seeking to facilitate a number of would be intermediaries, the majority in the financial planning sector. We are also aware of other intermediary propositions that have been taken to departments directly. However, despite this progress and the benefits arising from involving intermediaries, implementing the mixed economy is not easy.

### *Challenges for Implementing Intermediaries Strategy*

We will need to overcome a series of business and cultural challenges, before private and voluntary sector intermediaries can and will successfully provide public services on a wider scale.

Government culture, processes and systems combined with lengthy bureaucratic processes and negotiation lead-times do not always lend themselves easily to intermediation and some departments have in the past been hesitant to open up services to alternative suppliers. As a result, intermediaries have found it difficult to get through the government boundaries and many potential intermediaries have either withheld from approaching government with their ideas or may have been rejected for superficial reasons. Further, some intermediaries, having overcome this initial hurdle, have still failed in their effort to intermediate public services because, for example, they were not able to gain the required access to government systems,

or commercially unrealistic lead times or government charges were imposed on them, jeopardising the viability of their business model.

On the other hand it is also clear that departments and intermediaries have been in need of clarity on the development of principles and guidelines for the involvement of intermediaries. In other words a framework with “rules of intermediary involvement” is needed. Departments also lacked facilitation and support from the centre.

In order to overcome the above mentioned challenges and for our strategy for intermediary involvement to really take off, we specifically need to deliver the following:

- centrally agree a set of principles which aims to remove the practical obstacles and gives the basic framework under which intermediaries can take part;
- implement facilitation resources with the aim of actively attracting intermediary proposals and helping them through to implementation;
- develop and publish the action plan required across the public sector to enable the mixed economy for intermediaries.

The next section outlines the Policy and Principles needed to remove the obstacles and provide the basic framework for intermediary involvement.

## SECTION 3

# POLICIES AND PRINCIPLES

*Four out of five people agree that “It is reasonable to expect the same levels of speed and service from public services as we would in the private sector”<sup>6</sup>*

### **Vision**

It is our vision that by creating the right conditions over the next three years we will establish a mixed economy of the supply of public services. By then, consumers will be using e-enabled intermediaries from the public, private and voluntary sectors to use public services in the manner that suits them.

### **Overall Policy**

All departments should involve private and voluntary sector intermediaries for e-government services as a part of their overall e-government strategy<sup>7</sup>.

### **Principles**

In order to successfully implement the mixed economy and overcome the business and cultural challenges outlined in the previous section we have, after consultation with departments and regulators in other marketplaces,<sup>8</sup> developed a high level framework of principles. The aim of the framework is to describe the public sector/intermediary relationship and provide practical guidelines to assist departments and intermediaries throughout the process, from intermediary “application” to guiding principles on the ongoing relationship.

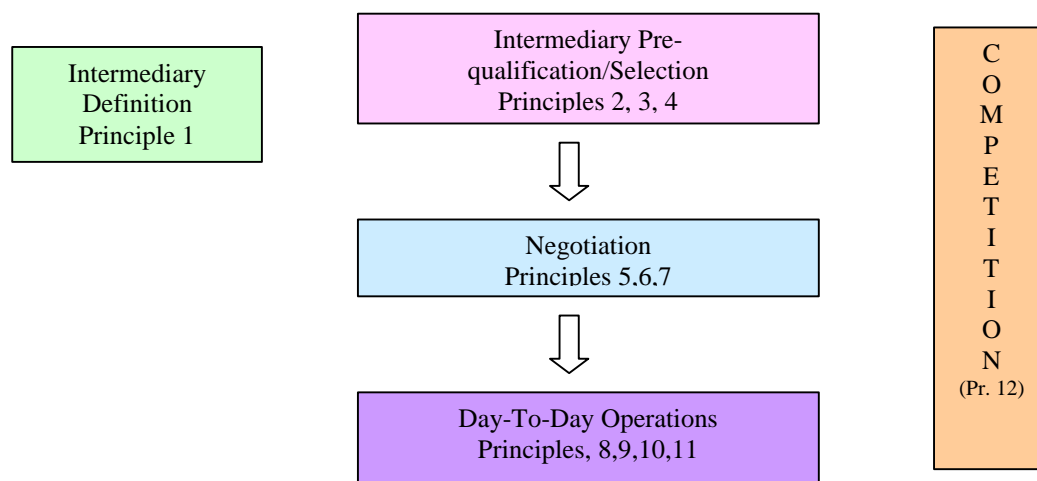
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<sup>6</sup> BT Taxi/Henley Centre Omnibus Survey, January 2002

<sup>7</sup> This applies to new intermediary engagements but should also be considered where existing contracts/partnership agreements are re-negotiated and extended.

<sup>8</sup> We are grateful to the informal advice received from both OFTEL and OFGEM

The framework presents the rights and obligations of intermediaries in the mixed economy. After describing intermediaries in Principle 1, the framework outlines the high level principles covering: intermediary qualification/selection (target audience, product offering), negotiation (remuneration, charges), day-to-day operations (access rights, legal & technical requirements, branding). Finally, principle 12 deals with competition safeguards.



Resolving Policy Issues – Office of the e-Envoy

### ***Intermediary Definition***

#### **Principle 1**

Intermediaries, as defined here, are organisations from the private or voluntary sectors offering services targeted at groups of customers<sup>9</sup>. They do not offer services on behalf of the public sector, and shall not represent themselves as so doing. The intermediary is acting as an agent of the end consumer.

The intermediary will own the customer relationship and typically will bundle and brand a set of services tailored to a target audience. The intermediary is responsible to the customer for delivery of the services. The intermediary is not engaged by the public sector body to provide services on their behalf.

The intermediary, in simple terms, makes the lives of its customers easier, by taking on the liaison role with the public sector body whilst providing an easy to use, intermediary-branded interface.

<sup>9</sup> Customer includes citizens and businesses



## ***Intermediary Qualification/Selection***

### **Principle 2**

Intermediaries shall be free to target any customers for their services

One of the key assets intermediaries bring to the delivery of public services is their relationship with their existing target audience and subsequently their ability to encourage their customers to receive electronic public service through the intermediary.

Departments, in any pre-qualification/selection process must not disadvantage existing or would be intermediaries because of the make-up/type of their current or potential future target audience. (Subject to the compelling proposition. Refer to Principle 4).

### **Principle 3**

Intermediaries are free to offer any legal products or services.

Intermediaries choose and create their business/revenue models. These models might include other products and services as well as advertising.

### **Principle 4**

Intermediary propositions shall only be refused by departments on grounds of explicit and relevant conflicting policy, or where any arrangement with a particular intermediary or types of intermediary would preclude others from intermediating the service.

Departments will apply an assessment process, which identifies intermediaries with adequate potential to increase take up of electronic services whilst at the same time considering the potential costs of involving intermediaries. Intermediaries must offer a sufficiently compelling proposition including evidence of an existing or prospective customer base. (Initially) any refusal would be subject to OeE agreement. An example where intermediation might be refused is where government is the only party that legally can deal with the recipient of the benefit or service. There might be circumstances, particularly in the early development of the market, where to successfully stimulate the creation of a mixed market, the first mover might be given

a period of exclusivity. However this would be dependent upon the circumstances and ensuring that the period granted is the minimum necessary.

### ***Negotiations***

#### **Principle 5**

Negotiations at each stage from inception to launch shall be time-boxed and agreed by both parties.

This agreement will prevent time and resource wastage for all parties involved and ensure that efforts are steered towards execution of intermediary services. In cases where parties fail to agree a decision the OeE will intervene to determine an outcome.

#### **Principle 6**

Partnerships with intermediaries will work best when both parties have a natural, mutual interest in the arrangement and remuneration should not be necessary. In some instances intermediaries may receive a fair remuneration.

In some instances organisations may require payment to engage as an intermediary in the delivery of a public service and to offset costs incurred. In such instances the case for such a payment must be clearly and objectively justified. Partnerships with intermediaries will work best when both parties have a natural, mutual interest in the arrangement. Remuneration should be an exception, not an expectation. Where remuneration is sought, Departments should be clear that (i) other benefits pertaining to intermediaries from the proposition are not sufficient to motivate their engagement, (ii) that the remuneration is no more than is necessary to secure that engagement and (iii) that the benefits Departments will realise clearly justify additional expenditure.

In order to assess the benefits of an intermediary proposition, Departments should produce a total cost of a service and identify a cost per transaction, which can be compared with the cost of an intermediary's proposition. These costs are commercially sensitive public sector data and cannot, therefore, be made available to intermediaries. They will however be accessible to the OeE who may, if necessary, use them in negotiations related to intermediaries seeking to share the savings arising from e-enabling a transaction.

If remuneration occurs, intermediaries shall be treated equally, unless there is sufficient reason to discriminate. Any payments made should be clearly identified (e.g. made on a per transaction basis) and time limited (e.g. reviewed at the end of a specified period).

**Principle 7**

Any charges to intermediaries for the consumption of public sector resources shall be made in accordance with existing Treasury guidelines.

Charges to intermediaries should be made in accordance with existing rules, available in HM Treasury's Fees and Charges Guide and associated guidance. For information assets this is Charges for Information: When and How<sup>10</sup>. The Controller of HMSO is the official with statutory responsibility for licensing the re-use of government information.

**Operation Standards**

**Principle 8**

Intermediaries must conform to legal requirements that enable them to intermediate public services effectively.

For example, an accountant dealing with the Inland Revenue or HM Customs & Excise must meet the required legal standards. The underlying point is the need for compliance with statutory and other regulations not the method used to achieve it.

**Principle 9**

Intermediaries and Departments will conform to the government technical standards for interoperability and information exchange.

Departments will provide and publish technology and systems requirements. It is the intermediary's responsibility to comply with these guidelines. Over time these will replace a large part of technical standard, interoperability and information exchange negotiations. These guidelines include the e-GIF<sup>11</sup>, which is mandated on all

<sup>10</sup> [http://www.hm-treasury.gov.uk/about/open\\_government/opensgov\\_charging.cfm?](http://www.hm-treasury.gov.uk/about/open_government/opensgov_charging.cfm?)

<sup>11</sup> Link to 'e-Government Interoperability Framework' (part 1)

[http://www.govtalk.gov.uk/interoperability/egif\\_document.asp?docnum=534](http://www.govtalk.gov.uk/interoperability/egif_document.asp?docnum=534)

(part 2) [http://www.govtalk.gov.uk/interoperability/egif\\_document.asp?docnum=643](http://www.govtalk.gov.uk/interoperability/egif_document.asp?docnum=643)

systems for electronic service delivery. Other guidelines exist to ensure the efficiency and integrity of public sector system.

However, an intermediary may collect information from the customer using a variety of approaches. A successful “intermediation” is one that presents the correct information (etc) in the right format, to all parties with few or no errors therefore costs of “rework” shall fall to the intermediary.

**Principle 10**

Intermediaries can expect effective and efficient access to public sector informational and human resources to enable successful mediation in the supply of public services.

Once any intermediary relationship has been enabled, we will ensure that effective, efficient and quality access to the necessary public sector resources is provided during the ongoing facilitation. Private sector experience has shown that this is vital for the successful development of a competitive market.

**Principle 11**

Intermediaries can adopt their own brand<sup>12</sup> in their interface with their customers.

Use of a brand may be interpreted as endorsement by the brand owner. Intermediaries must not use a public sector brand without public sector agreement and adherence to public sector sponsorship and branding guidelines.

An intermediary using a public sector brand must indicate clearly sources of content. Adapted public sector content is no longer “public sector”, and cannot be branded as such unless this adaptation is endorsed by the original provider.

**Competition**

**Principle 12**

Incumbents must not abuse their [dominant] market position.

We face the challenge of creating a successful and competitive market place, which delivers both innovation and private investment in customer service.

Experience in the private sector has shown that the creation of a competitive intermediary market will encourage intermediaries to continually improve their services and so contribute to greater take-up of e-enabled public services. Similarly, we want a competitive market for intermediaries in public sector delivery.

The OeE will develop guidance informed by models drawn from market regulators.

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<sup>12</sup> **Brand** (*Chartered Institute of Marketing*): The set of physical attributes of a product or service, together with the beliefs and expectations surrounding it – a unique combination which the name or logo of the product or service should evoke in the mind of the audience.

## Resolving Policy Issues

Above, we have set out the principles to stimulate intermediaries into delivery of public services. It is expected that, as the mixed economy develops and new policy issues arise, these principles will evolve and be amended if/when necessary.

Particularly in the early stages, there is likely to be a need for a facilitating party with the aim to resolve policy issues arising in the various stages of intermediary involvement. The need for this role is drawn by analogy from the challenge of encouraging new entrants in vertically integrated energy markets.

The OeE will take on and develop the nature of this role, working with others to establish its form and how it might be invoked. This role will be “light touch” designed to:

- achieve equity for all market participants (e.g. in principle intermediaries should be treated equally in their desire to intermediate government services, Principle 4);
- ensure speedy and efficient negotiations (Principle 5);
- ensure that relevant criteria, e.g. pricing for the release of government information, are established and followed (aiming for the most competitive outcomes, Principle 6);
- safeguard market efficiency (in particular competitiveness, Principle 12).

It is expected that, over time, the need for this role will decrease.

This section outlined the key policies and principles for government and stakeholders to successfully create a mixed economy for delivering public services above. The next section goes on to describe the facilitating function we have founded in the Office of the e-Envoy.

## SECTION 4

# FACILITATION

The challenges and potential barriers outlined in previous sections indicate that, for our intermediary policy to succeed, we need to offer practical assistance to intermediaries and departments. We need to actively facilitate intermediary involvement and champion the role of private and voluntary sectors within government. To support this work we have also put in place the necessary critical infrastructure.

### **Critical Infrastructure**

A core part of the transforming government programme is the provision of the necessary infrastructure to e-enable services. This infrastructure includes the government secure intranet (GSI) and the government gateway. In particular, the government gateway provides a method for secure authentication of transaction with departments and plays an important role in sustaining the trust relationship between the citizen and government. By providing the gateway, government has put in place an important component of the underpinning structure for e-enablement of government services

### **e-Venturing Unit**

The PIU report “e.gov<sup>13</sup>” recommends that the e-Envoy should take on this facilitating role, in particular pressing Departments to become “open for business” and support private and voluntary organisations who seek to deliver electronic government services but experience difficulties.

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<sup>13</sup> e.gov – Electronic Government Services for the 21<sup>st</sup> Century, September 2000

We have therefore created an e-Venturing Unit in the Office of the e-Envoy. The Unit will not seek to duplicate the role of HMSO with regard to information assets. The need now is for a catalyst of joined-up private and public sector initiatives and as an accelerator of an intermediary's individual innovative ideas. More specifically, the role of the Unit is to:

- enable (attract, evaluate and assist) intermediary proposals;
- champion intermediaries proposals;
- act as intermediary expert adviser and knowledge repository (centre of best practice).

This is outlined in more detail below.

### *Enabling*

The Unit will act as a place where promising ideas for customer centric/joined-up public services can be taken for rapid evaluation and assistance to make them happen. It will be the particular role of the Unit to act “outside the box” and foster innovation.

We will apply a structured process to filter and assess the validity of intermediary proposals. Our assessment criteria for intermediary proposals include ‘potential to increase take-up’ (projected level of use), ‘potential to offer services in a joined up manner’, and ease of introduction (set up costs/requirements). Ideas can be submitted online (either via the e-venturing website or e-mail) by completion of a standard, structured questionnaire.

The enabling function will include the following:

- we will act as a proactive *Broker* for well-formed and significant propositions and provide individual targeted support, offering advice and guidance to ensure speedy and successful outcomes.
- we will function as *Guide and Validator* for ideas in their earlier stages of development and help those with most promise to develop into valid propositions.



For each of the above, we will help structure ideas and identify future business models, as well as provide support to produce business plans that meet the criteria of the transforming government agenda.

### *Champion Intermediary Proposals*

In addition, the unit will be taking on the role of “champion” for intermediary proposals within government and facilitate relationships between intermediaries and departments.

We will work closely with department representatives to raise the profile of the intermediary agenda, and aid them to identify potential areas for intermediary involvement and support them to overcome potential issues/barriers to successful intermediary involvement.

Further, we will facilitate private and voluntary sector organisations, guiding them through the experience of dealing with Departments.

It is expected that over time and with increasing intermediary activity, this championing role will be embedded into departments themselves, with the OeE taking a more hands-off approach.

### *e-Venturing Website*

An important mechanism of our facilitation unit will be the e-Venturing website, which is currently being set up. The website provides the first point of contact for interested parties (both intermediaries and departments) and has the following objectives:

- raise awareness of the opportunity among all interested parties;
- inform visitors of our intermediary vision and the market framework (principles);
- explain the e-Venturing function and outline the process of application (including the Gate 0 questionnaire, a standard, structured online questionnaire);
- provide a discussion forum for industry and departments (to be agreed);

- provide links to knowledge repository for departments and intermediaries for all matters concerning intermediary involvement. By acting as a centre for best practice, the Unit will aid intermediaries and departments to rapidly design and implement improved services.

## **Contact**

Intermediaries who are interested in progressing this opportunity, can contact the e-Venturing unit through the website of the Office of the e-Envoy [www.e-envoy.gov.uk](http://www.e-envoy.gov.uk), via the website: [www.e-venturing.gov.uk](http://www.e-venturing.gov.uk) or by contacting the e-Venturing unit in the Office of the e-Envoy on 020 7276 3168 or by writing to: *e-Venturing unit, Stockley House, 130 Wilton Road, London SW1V1LQ*

## SECTION 5

# INTERMEDIARY PROGRAMME

### Focus of Intermediary Involvement

In-line with the e-Government Delivery Programme we intend to focus intermediary involvement on nine service areas.

The e-Government Delivery Programme at its widest covers all 520 services. These services may be delivered directly by central or local government or through other mechanisms including intermediaries. As a part of the Spending Review 2002, the Public Sector Expenditure (Electronic) PSX(E)<sup>14</sup> Committee agreed a core programme of e-Services, which will be the focus for government. Nine service areas were prioritised for their potential to offer the greatest benefits to users and efficiency savings for government. These are: *Business to Government, Benefits and Personal Tax, Transport and Travel, Education, Health, Crime, Land and Property, Agriculture and e-Democracy*.

PSX(E) also identified seven key building blocks (common data sets, identity verification and IT infrastructure)<sup>15</sup> needed to deliver this programme, which should be managed in a co-ordinated way, either by building them centrally or by identifying a lead Department to implement common solutions.

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<sup>14</sup> Cabinet Committee with the following **Terms of Reference:**

To drive forward the Government's strategy for making the UK the best place for e-business, in particular by ensuring that the quality and efficiency of government services is transformed by the development of electronic delivery of services and by changes in internal processes; to support the integration of services across organisational boundaries; and to promote the use of new online delivery channels; by ensuring that opportunities opened up by new technologies are socially inclusive; and making recommendations as necessary to the Committee on Public Services and Public Expenditure.

<sup>15</sup> Common IT Infrastructure, Identity Verification, Citizen Information Database, Geographic data, Health records, Criminal and court records, Driver and vehicle records.

The criteria for selecting the nine focus areas were:

- Volume of business
- Scale of government and user benefits
- Likely take-up rates
- Set-up and on-going costs
- Government's priorities for service delivery
- Complexity of service

We are actively encouraging departments and intermediaries to develop propositions around these priority areas. We are open to all types of intermediation and innovation, which helps government to deliver its targets and reduce the risk of non-delivery, low usage or excessive costs for e-government services.

### **e-Government Programme Risk**

Discussions with senior-level officials within departments responsible for delivering core services and Ministers on PSX(E) have highlighted three key risks to successful delivery of our e-government targets as follows:

- departments may fail to put services online by 2005;
- uptake of available electronic services may be low;
- electronic service delivery will incur excessive costs.

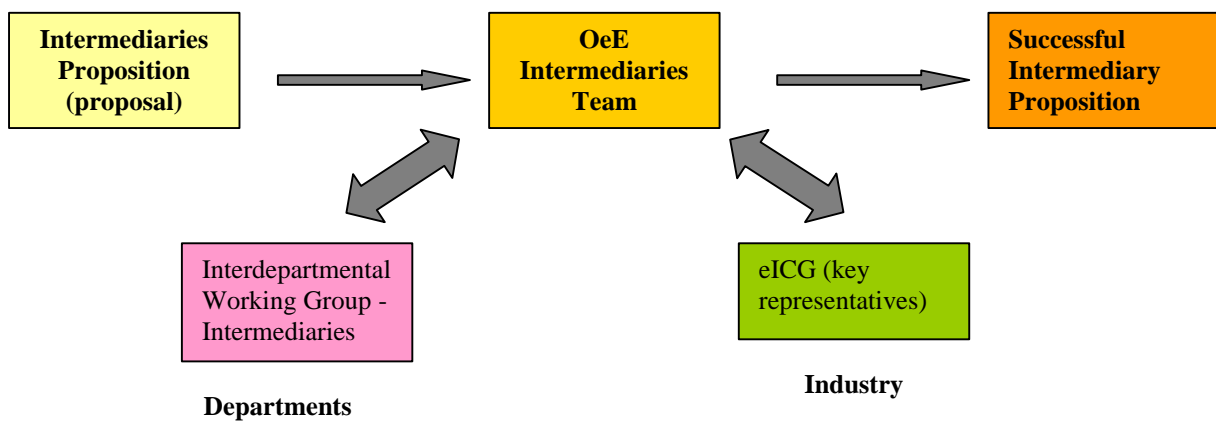
In the overall e-Government Delivery Programme, intermediaries have been identified as important drivers to increase take-up and decrease cost of electronic government services and thus limit two of the risks identified. The potential intermediaries offer government in this respect is detailed in Section 2 of this document.

## SECTION 6

### WAY FORWARD

#### Working with Industry and Departments

We are committed to engage actively with industry and departments to speedily move towards the successful implementation of the mixed economy for the delivery of public services. To this effect, we will liaise with two working groups as illustrated below:



#### ***Interdepartmental Working Group - Intermediaries***

This is a new working group, which will be set up by the OeE in the short term (see Annex A for draft Terms of Reference). It will be made up of representatives from key departments and have the remit to actively drive the intermediary agenda in departments, highlight potential issues which need resolving and provide initial feedback on promising intermediary proposals. The group will, initially be chaired by the intermediaries' team in the OeE and meet on a quarterly basis.

#### ***eICG***

In addition, we will be working closely, ad hoc, with key representatives of the electronic Industry Consultation Group (eICG). We will be consulting the group with regards to further developments of the market framework (principles) as well as seeking their advice with regards to intermediary proposals, when applicable.

## **Action Plan**

In the following, an action plan outlining key actions required to drive the intermediary agenda is presented. The first part of the action plan focuses on actions related to the principles outlined in this policy framework, the second part outlines the high level activities the e-Venturing unit envisages to undertake to fulfil their role as enabler, champion and intermediary expert advisor as outlined in Section 4 under facilitation.

This action plan assigns responsibilities and some timescales for completion and has yet to be agreed by key stakeholders.

## **Updates to this Framework**

This framework, the principles of involvement and facilitation function, represents the starting point of our strategy to create a mixed economy in the supply of public sector services.

For our strategy to succeed we need to consistently ensure the right market structure and processes are in place and develop and enhance our strategy, delivery programmes and action plan over time. We will therefore update this document, the principles it outlines and the proposed action plan at regular intervals. The latest version of this document will be found on [www.govtalk.gov.uk](http://www.govtalk.gov.uk).

## Intermediaries Action Plan

<b>Guideline</b>	<b>Action</b>	<b>Who</b>	<b>By when</b>
<i>Involving Private and Voluntary Sectors /Departments</i>	The OeE will actively engage with the private and voluntary sectors (terms of reference to be decided) and set up an interdepartmental working group to speedily move towards the successful implementation of the mixed economy.	Office of the e-Envoy Departments Private Sector Voluntary Sector	Ongoing
<i>Principle 2</i>	Where Departments plan to select specific intermediaries, they will develop and apply a fair assessment process which identifies those with adequate potential.	Departments	Ongoing
<i>Principle 5</i>	The OeE will provide, and departments will apply an agreed code of conduct offering rapid and efficient negotiations with intermediaries.	OeE Departments	Ongoing
<i>Principle 6</i>	Departments must produce a total cost of a service and identify a cost per transaction to the OeE. If necessary These costs will be used in negotiations with intermediaries.	Departments OeE	Ongoing
<i>Principle 10</i>	Departments will include the need for sufficient intermediation resources in their business plan.	Departments	Ongoing
<i>Principle 12</i>	The OeE will develop initial and ongoing guidance to prevent anti-competitive behaviour in the mixed economy.  Dominant intermediaries (size to be determined) must allow access to their service delivery infrastructure for competing intermediaries with non-predatory pricing agreements.	OeE	Ongoing
<i>Resolving Issues</i>	The OeE will take on the role of a “light-touch” facilitating party with the aim of resolving policy issues arising in the various stages of intermediary involvement. This role is expected to evolve over time.	Office of the e-Envoy	Quarter 3/2004

## Intermediaries Action Plan continued

<i>Workstream</i>	<i>Action</i>	<i>Who</i>	<i>By when</i>
<i>Policy Development</i>	Publicly consult on and publish the Intermediaries policy framework	OeE	Q2/03
<i>Department Facilitation</i>	Identify key contacts in departments and develop stakeholder management plan	OeE working with Customs & Excise	Q1/03
	Aided by departments, identify already existing intermediaries in departments (case studies), and identify opportunities for cross-learning and implementation	OeE (working with Customs & Excise) Departments	Q2/03
	Jointly with departments, identify intermediation opportunities (either existing or potential) and drive them forward	OeE working with Customs & Excise Departments	Ongoing
<i>Proposition Development with Intermediaries</i>	Identify promising intermediary proposals, support development of business cases (where required)	OeE in consultation with departments	Ongoing
	Champion promising intermediary proposals in departments and facilitate negation and implementation	OeE	Ongoing
<i>e-Venturing Website</i>	Develop and publish e-Venturing website to inform and attract intermediaries and departments	OeE	Q2/03
<i>Marketing Communications</i>	Develop and execute a series of internal and external communications activities to educate and attract departments and intermediaries to the mixed economy	OeE	Q1/03 - ongoing
<i>Updates</i>	The OeE will lead the update of this document, the framework of principles and the resulting actions on a regular basis.	Office of the e-Envoy Departments Industry	As required



## Annex A - DRAFT TOR Interdepartmental Working Group

(Please note: TOR will be agreed by IWG, once appointed and is subject to change)

### *Objective*

The Interdepartmental Working Group (IWG) advises the e-Envoy, Office of the e-Envoy officials and departments on how best to create and implement the mixed economy in the supply of e-government services

### *Role*

The IWG will:

- Provide input to, and comments on, the direction of the development of the mixed economy
- Identify opportunities for public sector wide approaches to implementation
- Comment on trends that are identified in the e-business strategies being adopted by government departments and the wider public sector
- Suggest e-business opportunities that may have been missed
- Identify key issues associated with partnership working to deliver electronic services.

### *Chair*

To be decided/appointed

### *Meetings*

Quarterly

### *Membership*

Senior representatives from Government Departments/Agencies, who are responsible for the strategy/policy of electronic service delivery.

Membership limited to 20 representatives.