The 2017/18 audit of Scottish Social Services Council

Governance and transparency

AUDITOR GENERAL

Auditor General for Scotland

The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
- help them to manage their finances to the highest standards
- check whether they achieve value for money.

The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Environment Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

You can find out more about the work of the Auditor General on our website: www.audit-scotland.gov.uk/about-us/auditor-general

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Introduction

1. The Scottish Social Services Council (SSSC) was established under the Regulation of Care (Scotland) Act 2001 to regulate the social service workforce. It aims to strengthen and support the professionalism of the workforce, raise service standards and practice, and protect the users of social services. The SSSC is based in Dundee and shares office accommodation with the Care Inspectorate and the Office of the Scottish Charity Regulator. It employs 248 WTE staff and is funded through income from registration fees and grant funding from the Scottish Government. In 2017/18, SSSC had net expenditure, before government funding, of £11.1 million and total grant funding of £16.4 million, with a net surplus of £0.4 million.

2. This report is based on the 2017/18 audit of the SSSC and draws to the Parliament's attention governance and transparency issues in relation to digital transformation. It highlights the implications of these issues on shared service arrangements the SSSC has with the Care Inspectorate, and the management of a digital transformation project. The auditor has given an unqualified opinion on the SSSC's annual report and accounts for 2017/18.

Governance arrangements

3. The SSSC is a non-departmental public body sponsored by the Office of the Chief Social Work Advisor within the Directorate for Children and Families at the Scottish Government. The convenor of the council is responsible to Scottish ministers for ensuring that its policies meet their requirements and for the proper running of the council's business. The council is supported by several committees. The chief executive is the accountable officer responsible for the day-to-day running of the council and is supported by an executive management team. (Exhibit 1, page 5)

4. A policy forum has been in place for several years. It is not a committee and membership consists of all council members. It was initially set up to provide an opportunity for council members to discuss informally new developments affecting SSSC policy. The auditor has identified a risk that council members' discussions at forum meetings may replace formal business at council meetings. This could have implications for the governance and transparency of the SSSC as meetings are held in private. No formal record of the policy forum is taken, but a summary of the discussion is reported to the next council meeting.

Governance arrangements for shared services

5. The SSSC shares several services with the Care Inspectorate, including financial, human resources and information and communications technology (ICT). There are also joint posts across the two organisations, including the director of corporate services and the head of finance and shared services. These are provided by the Care Inspectorate and the SSSC pays around £678,000 as a proportion of the salaries to the Care Inspectorate each year. A service agreement is in place covering the shared services, but there is a lack of formal governance arrangements. This means there has been limited formal reporting to the council and the resources committee on the performance of the shared services and there is no formal escalation process in place. The SSSC has indicated that it will review the

arrangements in place for all shared services to assess whether they continue to meet the organisation's needs. This should also include an assessment of best value.

Exhibit 1

Scottish Social Services Council governance arrangements

Council

Chair: convenor

Eight council members: appointed by Scottish ministers

Ninth council member: chair of Care Inspectorate (convenor is also a member of Care Inspectorate Board)

Responsibilities include: complying with statutory requirements, following high standards of corporate governance, setting the overall strategic direction, appointing committee chairs and members, approving corporate strategies.

Cabinet – Scottish ministers

Scottish Government sponsor department

Office of the Chief Social Work Adviser, Directorate for Children and Families.

Chief executive (accountable officer)

Appointed by convenor and council members

Responsibilities include: proper management of public funds, day-to-day operations and management of the SSSC, advising the council on the discharge of its responsibilities.

Resources Committee

Chaired by council member: Develops and scrutinises strategy, budgets and plans ensuring efficient, effective and economical use of the councils resources. Areas of responsibility include: information systems and technology, procurement and contracting, risk management.

Digital Transformation Programme Board

Chaired by chief executive; membership Executive Management Team and digital transformation lead. Updates provided to Resources Committee if deemed necessary by chair.

Executive Management Team

Policy Forum

Chaired by convenor of the council; membership: all members of the council

Remit: not a committee and no executive decision-making powers

Purpose: to provide an informal discussion platform for council members to consider topical or specific issues in more depth to be better able to contribute to the development and formulation of policy and strategy.

Other committees

Audit, Fitness to Practise, Conduct, Registration, Remuneration, Training Appeals Panel.

Source: *Scheme of Delegation*, Scottish Social Services Council, Revised August 2018; 2017/18 Annual Audit Report

6. The SSSC agreed a digital transformation strategy in June 2017. During 2017/18, it became apparent that the way in which the shared ICT network was set up was not compatible with the SSSC's plans for digital transformation. The SSSC was unable to agree a solution with the Care Inspectorate, and future ICT support from the Care Inspectorate was discussed at various forums within the SSSC (Appendix 1). The digital transformation programme board proposed a reduction in the shared service in a report to the council in March 2018, but there was a lack of detail on the financial implications and how this would affect both parties. At its meeting in August 2018, the council approved a proposal to end the ICT service level agreement (SLA) with the Care Inspectorate and to create a SSSC employed and managed digital support team.

7. The SSSC's decision to terminate the ICT SLA has potential implications for value for money. The SSSC has employed one member of staff from the shared ICT support team, however the Care Inspectorate is still incurring the costs of a service that it cannot immediately reduce.

Digital transformation project

8. The digital transformation strategy was not clear about the intended benefits, beyond an update to Microsoft Office, new IT infrastructure, and a new case management system. Since the termination of the ICT shared service agreement, the project now also includes setting up a new network and ongoing ICT support costs, which were not factored into the strategy.

9. SSSC has not followed good governance or project management and the auditor has identified many other concerns. These include:

- The SSSC did not set out a clear business case at the start of the project, and no further detailed scope or project plan was developed.

- The SSSC did not produce a separate detailed budget for the project. This meant there was no clear outline of the total recurring and non-recurring costs or the spending profile throughout the project, and anticipated savings were not quantified.

- The SSSC did not clearly articulate the quantitative or qualitative benefits of the project at the outset, including the outcomes and efficiencies for SSSC and the users of its services. Executive management team presented a high-level paper to the council in October 2018 outlining intended benefits from improved efficiency and effectiveness. These included reducing time and costs from processing applications and call handling; increasing productivity and accuracy of inputting data; and improving customer experience of its website. It is not clear if the information required to measure the benefits is available; and baselines and timescales are unclear.

- The governance arrangements for the project have not been clearly defined, including the roles of the accountable officer and the digital transformation board overseeing the project.

- The resources committee and council received updates on project spending from the chief executive, but reporting was sporadic and often for information only. The lack of a clear fully costed budget at the start of the project, revised when changes were made to

the scope, means it is difficult for the committee and council to monitor financial performance and to identify and scrutinise movements in cost.

- Papers were presented to the council in March 2018 about setting up a separate network and in August 2018 on options for future ICT support. These lacked detail, particularly information on financial analysis, decisions that had been taken previously, and wider implications of the identified technical issues to the organisation beyond the project. Some of this detail was provided to the policy forum instead.

- The SSSC did not effectively identify or manage all the risks related to the project. A high-level risk register for the project mainly focused on operational ICT technical risks. Potential risks in relation to the ICT shared services were not identified until later in the project.

- Several contractors have been employed to oversee the project. In the last 12 months the ICT contractor employed as digital lead has changed three times, which means there has been no continuity in managing and implementing the project.

10. The SSSC advised the auditor that the initial estimated budget was £4 million, but this is difficult to follow in budget documents. It projects that the total spending for 2017/18 and 2018/19 will be £4.12 million. In 2019/20, the project moves into a maintenance phase and ongoing development subject to funding available. The Scottish Government has provided around £3.1 million funding for digital improvement during 2017/18 and 2018/19 within its budget allocation to the SSSC. The SSSC has advised the auditor that the overspend for 2018/19 will be partly funded by ICT money from the Scottish Government carried over from the previous year and partly funded from underspending in other budgets.

11. Given the lack of detail in the digital transformation strategy and the absence of a proper business case and fully costed budget, the SSSC cannot demonstrate that the project has delivered value for money.

Conclusion

12. The SSSC has fallen short of the expected standards of governance and transparency in its decision to withdraw from the shared services agreement, in implementing a digital transformation strategy, and in managing the project. Roles and responsibilities, delegated authorities and lines of accountability were unclear. The SSSC's planning, reporting and monitoring of the digital transformation project were inadequate, and the council failed to fulfil its important scrutiny role.

13. All public bodies must demonstrate clear and effective governance and make key decisions in an open and transparent way. There should be sufficient information provided at the right levels of governance to allow effective scrutiny and challenge and decision-making that makes the best use of public money. It is important that formal governance arrangements are also in place for shared services, along with good working relationships and a focus on providing efficient high-quality services.

14. Audit Scotland has published material on lessons learned and good practice in managing projects on the infrastructure and investment and digital hubs on its website. The *Forth Replacement Crossing* report highlights good practice in effective project management and sound governance and *Principles for a digital future* provides guidance for public bodies on ICT projects. The *Role of boards* report highlights the importance for all public bodies to have clear lines of accountability, effective governance arrangements, strong leadership and scrutiny of performance, financial management and risk management.

Appendix 1

Timeline of key stages and decisions for SSSC's digital transformation project

Date	Key stage/decision in relation to ICT shared services and digital transformation project	Comments
May 17	Approval by Resources Committee to award new contract for Sequence software for system used for managing data and interactions with registered social care workers.	Contract was due to expire with current supplier in September 17. SSSC worked with the Scottish Government digital transformation and procurement teams on the procurement exercise.
Jun 17	Approval by Resources Committee to award new contract for SSSC website.	Contract was due to expire with current supplier in August 17. SSSC worked with the Scottish Government digital transformation team on the procurement exercise.
Jun 17	Approval by council of draft digital strategy 2017-2020 and the appointment of a temporary digital transformation lead.	Digital strategy published on SSSC's website in July 2017.
Sep 17	Discussion by programme board about potential for additional case management functionality to added to Sequence software – this would reportedly improve efficiency and reduce staff required to process cases in relation to fitness to practice concerns and hearings.	Scottish Government digital transformation team confirmed this could be procured under existing contract. Programme board agreed to supplier carrying out scoping work for this. No costs or benefits analysis carried out to quantify potential efficiencies.
Nov 17	Approval by Executive Management Team (EMT) for proposals presented by digital transformation lead to implement Office 365 and new IT equipment for all staff. This also highlighted a reduced need for ICT shared services support from the Care Inspectorate.	The report contained early proposals and initial estimated costs and timescales, acknowledging more work would be required to confirm these. There was no detailed project plan and risks were not identified.
Nov 17	Programme board meeting – update on additional workstreams and additional ICT support.	Implementation of Office 365 had been approved by EMT and two ICT analysts had been recruited to support additional digital work.
Dec 17	Programme board meeting – discussion around risks with SSSC implementing its new case management system within the current network hosted by the Care Inspectorate.	The risks in relation to the shared network did not seem to have been considered up to this point. Concerns raised by the chief executive that the risk had not been identified and due diligence had not been carried out. The digital transformation lead indicated that the supplier had not been consulted about how they manage the risks.
Jan 18	Programme board meeting – discussion about network separation and seeking approval to appoint a supplier to manage this.	The Scottish Government digital transformation representative highlighted that the work may be more than just network separation as the scope was unknown yet.a
Feb 18	Approval by Resources Committee for proposals presented by digital transformation lead to implement Office 365 and new IT equipment for all staff.	Approval was for the proposals in principle recognising the detail may change as work progressed. Provided authority for the chief executive to sign contracts to the value of £600,000, excluding VAT.

Date	Key stage/decision in relation to ICT shared services and digital transformation project	Comments
Feb 18	Policy Forum meeting – council members discussed digital transformation and acknowledged challenges with ICT infrastructure leading to separation of the shared network with the Care Inspectorate and a review of future ICT support.	This meeting was held in private and the SSSC were unable to locate the presentation provided at the meeting.
Mar 18	Approval by council for SSSC to separate from the shared network with the Care Inspectorate and for officers to prepare an options paper for Resources Committee in relation to future ICT support.	This was the first time that challenges with the digital transformation project had been discussed at a council meeting. The head of shared services raised concerns about whether risks had been fully explored and there being insufficient funding for the project and that savings would need to be identified from other budgets. The chair of the Care Inspectorate raised concerns about the potential to end shared ICT support not being flagged to the council earlier.
Jun 18	Council meeting – director of regulation provided an update on potential digital support for SSSC, costs, risks.	Little detail in the minutes of what was discussed around the position, next steps, risks and financial implications. The convenor reminded members that there was a Policy Forum meeting 17 July and a council meeting 7 August to consider fully and progress the matter.
Jul 18	Policy Forum meeting – presentation on digital transformation project by chief executive and director of regulation addressing concerns that had been raised by council members.	This meeting was held in private and the concerns addressed were not covered in the council meeting in August.
Aug 18	Council meeting – chief executive presented five options for future ICT support. Council unanimously agreed, by the members present, that option 4 – create a SSSC employed and managed digital support team – would deliver the SSSC's future digital support requirements most effectively.	Apologies received from the convenor and four council members, including chair of Care Inspectorate. No update on discussion held at Policy Forum meeting in July. Chief executive advised having taken further advice only two of the options were practical – option 1 continued delivery through Care Inspectorate ICT shared service or option 4 create a SSSC employed and managed digital support team. The other options, which involved outsourcing to an external provider would cause significant delays. No detail in the minutes of discussion by members of options, risks, costs and time frame. There was little mention of risks in the paper. Paper states 'while we have demonstrated our commitment and delivery of Best Value principles throughout this process, cost-effectiveness may not be the primary consideration of council members in view of the potential savings made through increased efficiency and productivity that may be realised in other business areas'.

The 2017/18 audit of Scottish Social Services Council

Governance and transparency

This report is available in PDF and RTF formats, along with a podcast summary at:
www.audit-scotland.gov.uk

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500
or **info@audit-scotland.gov.uk**

For the latest news, reports and updates, follow us on: