

Title of report	Section 22 Action Plan Update
Public/confidential	Public
Action	For endorsement
Date of publication	After meeting
Summary/purpose of report	To update Members on the progress of the action plan arising from the Section 22 report and 2017/2018 external audit report.
Recommendations	The Committee is asked to: 1. endorse the approach taken by the Management Team.
Link to Strategic Plan	The information in this report links to: Outcome 4 – Stakeholders Value our work. Priority 6 – High standards of governance
Link to the Risk Register	Risk 6 –The SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements
Author	Chris Weir Head of Legal and Corporate Governance Tel: 01382 346456
Responsible Officer	Lorraine Gray Chief Executive Tel: 01382 207113
Documents attached	Appendix 1: Section 22 Action Plan

1. INTRODUCTION

1.1 The 2017/2018 external audit highlighted issues with the governance of the SSSC's digital transformation programme and led to a report by Audit Scotland to the Public Audit and Post Legislative Scrutiny Committee.

1.2 Following that process, the Management Team prepared an action plan which pulled together the recommendations in:

1.2.1 Audit Scotland's s22 report

1.2.2 Grant Thornton's external audit

1.2.3 Digital Transformation Healthcheck report

as well as general observations about what we could do to improve our governance arrangements generally.

1.3 This report is intended to give an update to the Members of the Audit Committee about the progress made to date against the recommendations and seek endorsement that the Committee is content with the Management Team's approach.

2. OVERALL PROGRESS

2.1 The Action Plan is set out at Appendix 1 to the report. Generally, there has been good progress towards the key actions outlined in the plan. The Committee will note that a number of the actions have revised timescales for completion. It has been a challenging year for the organisation, and on reflection, the timescales originally committed to were unrealistic. The revised timescales are therefore a more realistic estimation for completion of the actions outlined in the plan.

2.2 The Committee's attention is drawn specifically to a key area of concern set out below.

3. SHARED SERVICES UPDATE

3.1 Representatives from the SSSC and Care Inspectorate (CI) met to review and update the service level agreements (SLAs) in November 2018. There was disagreement about the right approach to take and it was decided between the Chief Executives of both organisations that an update of the SLAs alone would not be enough to reach a consensus for the effective delivery of these services to both organisations.

3.2 CIPFA was commissioned jointly by both organisations to work with representatives of the SSSC, CI and Shared Services in order to help us to identify and develop:

3.2.1 what the needs are for shared services for both provider and recipient

3.2.2 a shared services strategy that meets those needs

- 3.2.3 what model best suits the provision of those services
 - 3.2.4 the governance arrangements that will best serve the needs of shared services.
- 3.3 After carrying out a desktop review of key documents and interviewing officers from SSSC, CI and Shared Services, the CIPFA representative held a plenary session drawing together areas of agreement and highlighting areas of disagreement between those involved. That session took place on 14 August 2019 and four actions were agreed:
 - 3.3.1 all to reflect on what has been presented and said at the plenary session
 - 3.3.2 CIPFA to produce an independent view of the Shared Service using analysis of existing documentation, including performance data, compared and contrasted with CIPFA benchmarking data
 - 3.3.3 CIPFA to include some suggestions for practical alternative ways to tackle the areas of difference
 - 3.3.4 a further plenary session to be reconvened to review the independent view and the alternatives and action plan a way forward.
- 3.4 Logistically, it has been challenging to get a date where the key people are available for the plenary session to take place. Due to a combination of leave and pressures of business, it will not be possible for the plenary session to take place before 4 November 2019. This will, however, give sufficient opportunity for CIPFA to ingather the information they need to produce their report. A proposed timeline is:
 - 3.4.1 w/c 14 October 2019 – CIPFA to issue their independent view of the Shared Service
 - 3.4.2 4 November 2019 – plenary session to review the independent view and action plan a way forward.
- 3.5 The proposed timescales will cause understandable concern for the Committee however we wanted to give reassurance that this matter is being treated with the utmost seriousness and given due care and attention. While it might be possible to hold the plenary session earlier, this would be at the expense of key individuals being present and having relevant input. For this piece of work to be most effective, it is important that all the parties involved have sufficient input and therefore rushing to conclude it quicker is likely to be more detrimental in the longer term. Our external auditors are content with this explanation and are satisfied that we are giving the matter relevant due care and attention.
- 3.6 The Committee may be expecting to receive an annual report detailing the performance of shared services. This has not been prepared and much of the same content is likely to be covered by the work currently being done by CIPFA. To avoid potential duplication and to prevent the detraction of resources away from this key piece of work, we have decided not to prepare an annual report in this instance. We will bring proposals regarding the governance arrangements to the Council, which will include

appropriate monitoring and oversight arrangements, once the work being carried out by CIPFA has concluded.

4. RESOURCE IMPLICATIONS

- 4.1 Resources for completion of the action plan are being managed within existing budgets therefore the committee is not being asked to approve any additional expenditure.

5. EQUALITIES IMPLICATIONS

- 5.1 An Equality Impact Assessment has not been carried out. I confirm that this policy will have no negative impact on people with one or more protected characteristics and a full Equality Impact Assessment is not required.

6. SUSTAINABILITY

- 6.1 There are no sustainability issues arising as a result of this report.

7. LEGAL IMPLICATIONS

- 7.1 There are no specific legal implications arising as a result of this report.

8. STAKEHOLDER ENGAGEMENT

- 8.1 No external stakeholder engagement has been carried out.

9. IMPACT ON USERS AND CARERS

- 9.1 There is no negative impact on users and carers arising as a result of this report.

10. CONCLUSION

- 10.1 The steps taken in the action plan are designed to address some of the areas of concern arising as a result of recent external audits. This report is intended to give assurances to the Committee that the Management Team are taking appropriate courses of action to address these concerns.

11. BACKGROUND PAPERS

- 11.1 None.