Business and Digital Transformation Programme Update

Report to: Board

Date: 17 January 2018

Report by: Rami Okasha, Executive Director of Strategy and Improvement
Gordon Weir, Executive Director of Corporate and Customer Services

Report No: B-31-2018

Agenda Item: 15

PURPOSE OF REPORT

To update members on progress of the Business and Digital Transformation Programme.

RECOMMENDATIONS

That the Board

1.   Notes the progress update and implications for future business improvements, efficiencies and savings.

Version: 3.0	Status: *Final*	Date: 09/01/18

Consultation Log

Who	Comment	Response	Changes Made as a Result/Action
Senior Management	Executive Team as Business Transformation Programme Board Chief Executive (V.3)		Report updated
Legal Services			
Corporate and Customer Services Directorate			
Committee Consultation (where appropriate)	Resources Committee 5/12/17 (Version 2)		
Partnership Forum Consultation (where appropriate)			

Equality Impact Assessment				
Confirm that Involvement and Equalities Team have been informed	YES	☐	NO	☒
EIA Carried Out	YES	☐	NO	☒
If yes, please attach the accompanying EIA and appendix and briefly outline the equality and diversity implications of this policy.				
If no, you are confirming that this report has been classified as an operational report and not a new policy or change to an existing policy (guidance, practice or procedure)	Name: G Weir Position: Executive Director of Corporate and Customer Services			
Authorised by Director	Name: G Weir	Date: 15 December 2017		

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1.0   BACKGROUND

At its meetings on 12 September 2017 and 5 December 2017, the Resources Committee received updates on the arrangements for the business transformation programme for the Care Inspectorate. These reports outlined the potential for collaboration with partner public sector bodies, the identification of NHS Education for Scotland (NES) as a digital partner, a three phase approach to the proposed developments along with an outline of the proposed governance arrangements, and activity being taken to modernise our scrutiny approaches in anticipation of digital transformation.

The business transformation programme will modernise our approach to scrutiny of care services, with a strong focus on building an intelligence-led approach to being able to report on care, wherever it happens. The digital transformation programme will ensure that we have the digital tools to be able to deliver new business processes in a modern, effective and efficient way. These two programmes are closely aligned and will use Agile methodology to ensure that the needs of people experiencing, providing and inspecting care are central.

2.0   FUNDING ARRANGEMENTS

Whilst developing some changes to our business process can be made without the need for new digital systems, new digital systems are essential to be able to deliver modern forms of intelligence-led, risk-based scrutiny which will allow the Care Inspectorate to effectively and efficiently report on the quality of care across services and places. The current systems are based on technology which was commissioned in 2001/2 and is no longer commercially supportable. The development of a new digital system therefore requires significant investment, but costs will be minimised by the re-use of public sector technology through NES.

Based on an independently-commissioned options appraisal, a business case for funding was prepared and sent to Scottish Government in July 2017. A copy of the business case was seen by the Resources Committee in September 2017. On 28 August 2017, we received notification that the Scottish Government was content with the procurement arrangements for the proposals. In December 2017, we received confirmation from the Scottish Government that funding of £2.3m would be received over 2017/18 to 2020/21. We are required to pay back this funding over the 2021/22 to 2024/25 financial years. The Scottish Government proposals are attached as Appendix 1.

3.0   DIGITAL TRANSFORMATION – INTERIM ACTIVITY ARRANGEMENTS

Since September 2017, whilst awaiting confirmation of funding, we have undertaken a programme of digital readiness. This involved obtaining specialist advice from an Agile coach, who has prepared the business transformation

| Version: 3.0 | Status: *Final* | Date: 09/01/18 |

team in using Agile techniques; advised on the structures needed to support the delivery; and undertaken analysis and planning on the sequence of activity needed to be able to close down legacy systems and build new ones. Further preparedness with NHS Education for Scotland has also been undertaken in order to be able to use their digital platform to build Care Inspectorate applications and systems. This digital readiness programme has been invaluable in getting the Care Inspectorate to a position where digital development work can commence very quickly after receiving funding. Now that funding has been confirmed, key staff and contractor agencies are being recruited.

4.0   BUSINESS TRANSFORMATION – ACTIVITY

The business transformation team comprising inspectors, admin staff, team managers and service managers has, under the guidance of the Agile coach, commenced the discovery and methodological planning work using Agile sprint arrangements. Strong advice from the Agile coach is that it is necessary to have distinct roles around overseeing the digital development and ensuring that it meets user needs, and methodological developments about how our business processes should be structured and developed. The Executive Team has considered the necessary temporary staffing arrangements to deliver these two interconnected elements and put them in place from existing resources. This means that work can commence quickly following receipt of funding and recruitment of technical staff.

The team has developed a draft scrutiny and self-evaluation quality indicator framework which was tested in 21 care homes for older people in November 2017. Further refinements will allow this framework to be introduced from April 2018 in care homes for older people; the development of the framework for other types will roll out thereafter. The existing ICT systems will be modified slightly to accommodate this new framework: its introduction is not contingent on a new system being completed. The framework is based upon the European Foundation for Quality Management model and is informed by the new Health and Social Care Standards. The team is also working closely with colleagues liaising with Education Scotland to develop a shared inspection framework for early learning and childcare.

5.0   GOVERNANCE ARRANGEMENTS

The Care Inspectorate will adopt the principles of effective Agile governance developed by NES in their successful application of the same approaches, and will be informed by the advice from Digital Transformation Scotland on effective digital governance. The Resources Committee and Board will continue to exercise their established governance responsibilities. The Agile approaches being taken help provide continual reassurance through regular sprint reviews, at an operational level, that the developments are meeting user needs. The Care Inspectorate's Programme Board will apply appropriate strategic governance arrangements to the programme of digital and business

| Version: 3.0 | Status: *Final* | Date: 09/01/18 |

transformation, with regular updates and examination to ensure that developments are meeting the strategic change requirements. A reporting schedule for such updates will be agreed by the Programme Board ahead of development work commencing.

6.0   RESOURCE IMPLICATIONS

The Resources Committee agreed at its meeting of 5 December 2017 that the Agile Systems development work should commence irrespective of the availability of Scottish Government funding. This included a planned reduction in our General Reserve balance to 1% of gross controlled expenditure. This was intended to establish a position where we no longer relied on our highest risk Practice Management System (PMS).

The Scottish Government has agreed £2.3m to partially fund the system development work required to provide one integrated scrutiny system i.e. our Regulatory Management System (RMS) is also replaced. The additional cost of this work is estimated to be £3.2m. This creates a budget pressure of £0.9m spread over financial years 2018/19, 2019/20 and 2020/21 (See Appendix 1).

The expenditure on business transformation is expected to deliver savings and the Scottish Government require the additional funding supplied to be repaid over the four year period 2021/22 to 2024/25 i.e. £0.575m per annum. Our baseline grant in aid figure is to be permanently reduced by this amount from financial year 2025/26.

In addition to this, there are other significant budget pressures (as identified to the Resources Committee 5 December 2017). All of this will be considered in the round and addressed in the draft 2018/19 Budget Report to the Resources Committee on 27 February 2018 and subsequently to the Board on 29 March 2018. The partial funding of the Business Transformation work, together with the other budget pressures, make it highly likely that funding the draft 2018/19 budget will still require a reduction in the General Reserve balance.

7.0   BENEFITS FOR PEOPLE WHO EXPERIENCE CARE

Our proposals for business transformation will allow for better ways of applying scrutiny and improvement in all care services and in other places where care happens and will support us in targeting our resources to make the greatest impact. It will also support much better storage and interrogation of data around care, including in local communities, which will support national and local policy development.   It is anticipated that efficiencies that will be generated by changed methodology coupled with a more effective system will allow resources to be invested in the Care Inspectorate's scrutiny and improvement activities, and in meeting future budget pressures.

8.0   CONCLUSION

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The Board is invited to note the arrangements to date.

| Version: 3.0 | Status: *Final* | Date: 09/01/18 |