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Mr Richard Leonard
Convenor Public Audit Committee

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cc. Minister for Business, Trade, Tourism and Enterprise
Permanent Secretary
Director General Corporate
Director of Internal Audit and Assurance

2 December 2022

Dear Mr Leonard

MAJOR ICT PROJECTS – ACCOUNTABILITY AND GOVERNANCE

I refer to your letter dated 22 April 2022, in which you asked for further information in relation to the establishment of the Digital Spend Control service, and my update of 20 May 2022.

I attach as an Annex an update on the work which sets out how our thinking has evolved across the Summer and the implications for the forward workplan.

I hope that you find this information helpful and would of course be happy to provide any further detail at the Public Audit Committee meeting on 8 December 2022.

Yours sincerely

Geoff Huggins
Director Digital

Spend Controls Pilot Outcomes

We undertook two pilots to test the Spend Control process within the Digital Directorate over the summer. One pilot focused on work in relation to future Scottish Government telephony services, and the other was a desk review of the Scottish Government's Payments Service which went live earlier this year.

These pilots were intended to test the proposed service design, and better understand the capacity and resource requirements needed by the service team and the programme or project delivery teams.

There were three principle outcomes from the pilots as follows:

- It was challenging to make spending assessments in the absence of clear rules and mandates regarding the architecture and design of digital services.
- There were overlaps with the Digital Assurance process that need to be worked through further to ensure that work is not duplicated, and to reduce the overall assurance burden.
- The resource requirement for digital specialists required for comprehensive reviews and assessments was significant, and to extend beyond the pilots the team would need to scale significantly.

On the basis of the pilot work and other discussions, including the evidence session with the Public Audit Committee in March 2022, we are developing new thinking on how to secure greater value and improved outcomes in respect of digital delivery.

Our objective is to deliver digital public services that are easy to access, predictable and effective. To secure that objective we need to look beyond individual services and programmes and consider the overall functioning and capability of the system. This requires a common approach to technology, including agreed architectural blueprints, easily accessible components, as well as a single approach to identity.

A New Approach

Shifting the focus from individual projects and programmes to the system level will not happen by chance or through existing ways of working. The Scottish Government is developing a change programme for 2023 focused on portfolio management, the development and implementation of clear frameworks for taking forward digital activity, as well as greater overall control of capability and resources.

The Digital Board will consider the outline programme for 2023 at its meeting on 12 December 2022, and will have oversight of delivery of that work programme. The programme is likely to include:

- Scottish Government level control of digital investments through a prioritisation process, based on business need and contribution to digital public services. This

would deliver a portfolio of programmes and projects which is right-sized to available funds and capability.

- 'Red lines' to apply mandatory requirements for key digital elements such as architecture, data and design to develop the overall system coherence, and leverage investment over time.
- Targeted support for digital transformation, focused on the design, data, architecture, capability and commercial components of the change process.
- Greater control over digital capability, including recruitment, allocation and development, to ensure priority digital initiatives are appropriately resourced, and to enable long-term delivery planning with a reduced reliance on high cost contract resource.

We will be happy to keep the Committee updated on the programme of work, and would intend to write to the Convenor following the meeting of the Digital Board on 12 December with an update.