

Public Audit Committee

2nd Meeting, 2021 (Session 6), Thursday, 20 January 2022

The 2020/21 audit of the National Records of Scotland

Introduction

1. The Public Audit Committee will take evidence today from the National Records of Scotland on the Auditor General for Scotland's (AGS) section 22 report on [The 2020/21 audit of the National Records of Scotland](#), which was published on 30 November 2021.
2. The Committee previously took evidence from the AGS on his report on 9 December 2021. [The Official Report of the meeting can be read here](#).
3. At the meeting on 9 December, the AGS undertook to provide further information to the Committee. His letter of 20 December 2021 can be found in **Annexe A**
4. A copy of the report can be found in the **Annexe B**.

Clerks to the Committee
17 January 2022

20 December 2021

Mr Richard Leonard MSP
Convener
Public Audit Committee
Scottish Parliament
Edinburgh
EH99 1SP

Dear Convener

I briefed the Committee on my report on the *2020/21 audit of National Records of Scotland* on 9 December 2021. As part of this, Committee members requested further information on some areas which I provide below.

Additional costs associated with the census delay

Members were interested in the main sources of additional costs associated with the delay in the census. The information provided below is based on records in our possession. National Records of Scotland (NRS) would be best placed to provide additional detail should this be required by the Committee.

- Online Collection Instrument (OCI) – costs have increased by approximately £2 million for staff resource to support the extended timeline and increased costs for licensing, hosting and support.
- Data Collection Operational Management System (DCOMS) – costs have increased by approximately £2 million. As above, this is driven by staff resource to support the extended timeline, and by increased costs for licensing, hosting and support.
- Print, Logistics and Paper Capture (PLPC) – costs have increased by approximately £4 million. This is partly due to the cost of developing and testing the approach to manual coding and is not directly due to the census delay. The additional costs also include increased management costs, hosting costs and staff resource to support the extended timeline.
- Mobile Workforce Management (MWM) – costs have increased by approximately £1 million due to licensing of the scheduling tool and additional staff resource.
- External Delivery Partner – Costs have increased by approximately £3.5 million, driven by increased use of delivery partner resource and by increased support over the replanning period.
- Internal staff costs have increased by £6.9m. The cost of staffing the programme for an extra year (in the region of £11m in 20/21) has been partially offset by eliminating lower priority posts, advancing dates staff will roll off the programme, and implementing a cap on total staff costs.

Management of in-year financial pressures

Members were interested in how NRS was managing its financial pressures arising from the census.

In December 2021, an update to NRS' Audit and Risk Committee reported that unfunded financial pressures had been reduced from £1.5 million to £0.5 million through a detailed examination of census budgets, including a focus on reviewing delivery costs during the Census Collect phase when the census goes live. This review has drawn on lessons learned from the censuses which ONS and NISRA conducted earlier this year. NRS has also been working with suppliers to manage costs down.

NRS carried out a resourcing review in August 2021 to assess the need for additional staff and ensure that all recruitment is business critical. NRS identified the need for a number of additional posts as well as changes to some posts which were already planned. This was approved by the Executive Management Board in October. There is now a freeze on any further recruitment, with only the Senior Responsible Owner (SRO) and deputy-SRO able to propose exceptions if there is a strong business justification.

Census options appraisal

Members expressed an interest in seeing the detailed options appraisal report which resulted in the census being delayed until March 2022. We do not have this and, as the report is not in the public domain, NRS will be best placed provide it to the Committee. NRS will also be able to provide more detailed information about the work to gain access to other sources of administrative data.

It may also be helpful to clarify a couple of other points which were discussed at the session on 9 December. Mr Beattie mentioned previous Section 22 reports on NRS but I can confirm that the current report is the first Section 22 report prepared on the audit of NRS.

In relation to the expansion of the Census Programme Board membership in 2019, NRS has confirmed that ONS and NISRA have been represented on the Board since its inception. NRS will be able to provide more detailed information on the Board's membership both prior to 2019 and after its expansion.

I hope the Committee finds this information helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Boyle', with a long horizontal flourish extending to the right.

Stephen Boyle
Auditor General for Scotland

The 2020/21 audit of National Records of Scotland



AUDITOR GENERAL 

Prepared by the Auditor General for Scotland
Made under section 22 of the Public Finance and Accountability (Scotland) Act 2000
November 2021

The 2020/21 audit of National Records of Scotland

Introduction

1. I have received the audited annual report and accounts and the independent auditor's report for National Records of Scotland (NRS) for 2020/21. I am submitting these financial statements and the auditor's report under section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report that I have prepared under section 22(3) of the Act.

2. The auditor issued an unqualified opinion on NRS's financial statements for 2020/21. I have prepared this report to draw the Scottish Parliament's attention to the challenges facing NRS in the delivery of the census programme. This includes the significant impact the decision to delay the census until March 2022 has had on NRS's costs. There are also ongoing risks to delivery of the programme, including resourcing and financial pressures, which NRS will need to continue to manage so that the census can be delivered successfully in line with the revised budget and timetable.

Key messages

- 1** NRS began to face challenges with delivery of the census programme in 2018 but took steps to improve management of the programme before the Covid-19 pandemic. Delays in procuring key components meant that NRS was unable to deliver a full census rehearsal in autumn 2019 as planned. NRS developed a recovery plan which included reducing the scope of the census rehearsal. The revised rehearsal was delivered successfully.
- 2** In July 2020, Scottish Ministers decided to delay the next census from March 2021 to March 2022. This decision has had a significant impact on NRS's financial plans. Overall lifetime costs for the census programme have increased by £21.6 million (18 per cent) due to the delay, from a pre-pandemic forecast of £117 million. The Scottish Government has committed to provide funding to cover this increase.
- 3** Censuses in the rest of the UK went ahead as planned in March 2021. The other census-taking organisations have access to alternative sources of administrative data which could be used to supplement the census data if necessary. This option is not available for Scotland, so NRS could not be assured that potential risks to data quality could be managed if the census went ahead in 2021.
- 4** NRS reports that it is on track to deliver the census in March 2022. However, it will need to continue to manage the significant issues that remain to ensure its successful delivery, in particular, ongoing challenges recruiting for key roles across the programme.

Background

3. NRS is a Non-Ministerial Department of the Scottish Government, established in 2011 following the merger of the General Register Office for Scotland and the National Archives of Scotland. The chief executive fulfils the role of two non-ministerial office holders: Registrar General for Scotland and Keeper of the Records of Scotland. Unlike in most other public bodies, the director of corporate services is NRS's accountable officer, rather than the chief executive. This is because, in carrying out the statutory functions of Registrar General and Keeper of the Records, the chief executive is a member of the Scottish Administration.¹ In 2020/21, NRS spent £48.9 million against its overall budget of £51.9 million for the year. Scottish Government funding contributed approximately 80 per cent of NRS's income.

4. The census is a national survey of the entire population which takes place every ten years. It is the most reliable source of information that we have about people and households in Scotland. The Scottish Government, councils and other organisations use census data to help plan services and allocate funding. NRS is responsible for planning and running the census in Scotland. Before the Covid-19 pandemic, NRS, along with the other UK census-collecting organisations, had planned for the next census to be carried out mainly online, aiming for 80 per cent of responses to be completed online.

5. On 17 July 2020, Scottish Ministers, in consultation with NRS, announced that the census would be delayed from March 2021 to March 2022, due to the impact of the Covid-19 pandemic (paragraphs 9 and 10). Ministers informed the Scottish Parliament of their decision the same day.

Management of the census programme

6. While the impact of the Covid-19 pandemic on the census programme in Scotland has been considerable, challenges to the programme had been identified before this. In 2018/19, the auditor highlighted that NRS recorded the status of the census programme as 'red' in March 2019, as delays in procuring key components meant that the census collection rehearsal planned for autumn 2019 was not achievable.

7. The Census Programme Board² subsequently approved a recovery plan in May 2019, which set out a revised timetable and approach for the rehearsal. The revised approach was subjected to an independent review, which gave it an amber/green assessment, and omitted the field workforce test ([paragraph 9](#)). It involved the completion of online and paper questionnaires in a sample of three council areas during October and November 2019. NRS used the data

¹ Under the Scotland Act 1998, the functions of statutory officeholders are set out in statute. Section 70 of the Scotland Act 1998 requires members of staff of the Scottish Administration to be designated as accountable officers. As a statutory officeholder, the chief executive is a member, rather than a member of staff, of the Scottish Administration and so cannot be designated as NRS's accountable officer.

² The Census Programme Board meets monthly and is responsible for oversight of the census programme. It includes representatives from NRS, the Scottish Government and the other UK census bodies.

generated from this exercise to test its approach to analysing statistical returns during April to June 2020.

8. The Scottish Government's Programme and Project Management Centre of Expertise carried out an independent Assurance of Action Plan (AAP) in February 2020. The AAP found that the census rehearsal had been delivered successfully and that there had been improvements to governance and programme management. The review gave the programme a Delivery Confidence Assessment of amber, concluding that the census could be successfully delivered in March 2021. A timeline of key events is set out below ([Exhibit 1](#)).

Exhibit 1

Timeline of key events

Date	Event
2015/16	Work on the census programme begins. Budgeted costs in the region of £110 million
2016/17	NRS begins negotiations with potential suppliers
December 2018	Gateway healthcheck review first identifies challenges to the programme
March 2019	Census programme status marked as red due to a variety of challenges including rehearsal delivery readiness, resourcing and maturity of programme and project plans
May 2019	Census recovery plan approved
September 2019	TAF review gives the rehearsal a Delivery Confidence Assessment of amber/green
October-November 2019	Revised survey rehearsal carried out
February 2020	Independent Assurance of Action Plan review gives the census programme an improved Delivery Confidence Assessment of amber
April-May 2020	NRS carries out an options appraisal to assess the impact of the Covid-19 pandemic on the census
July 2020	Scottish Ministers and NRS announce that the census will be delayed until March 2022
September 2020	NRS officials give evidence to the Culture, Tourism, Europe and External Affairs Committee on the decision to delay the census

Date	Event
December 2020	Technology Assurance Framework (TAF)/Gateway review of the census programme gives the programme a Delivery Confidence Assessment of amber ¹
December 2020	Updated census financial plans submitted to the Scottish Government
July 2021	TAF/Gateway review gives the census programme a Delivery Confidence Assessment of amber
November 2021	Further TAF review which is expected to confirm that the census can go ahead in March 2022
March 2022	Revised planned census date

Note: The Scottish Government introduced the Technical Assurance Framework (TAF) for central government bodies in 2013. It is designed to support bodies to deliver ICT and digital projects and involves a series of reviews which take place at key stages of a project.

Source: Audit Scotland

9. The census normally relies on a field workforce, working door-to-door across Scotland to help achieve a high response rate (exceeding 90 per cent) and ensure statistical quality. NRS anticipated needing a field workforce of approximately 3,500 people for the 2021 census. The national lockdown and physical distancing rules in place to limit the spread of Covid-19 meant that the field workforce was not expected to be able to operate as usual. NRS considered the lack of a field workforce to be one of a number of risks to the delivery of the census. Not knowing at the time what restrictions might be in place in March 2021, it undertook a detailed options appraisal exercise to consider the impact of Covid-19 pandemic on the census. The appraisal considered the following options:

- to continue with the census as originally planned
- to allow completion online and on paper but with no field force
- to use online completion only with no field force
- to use paper forms only with no field force
- to delay until 2022.

10. The appraisal concluded that any options to deliver the census in 2021 would represent a significant risk to data quality because of a likely drop in response rate and potential bias in the data. As a result, in June 2020, NRS recommended to ministers that the census be delayed by a year. Other countries, including Germany and the Republic of Ireland, also decided to delay their census.

11. The census in England and Wales went ahead as scheduled in March 2021, primarily online. Covid lockdown restrictions were eased during March 2021 in England, whereas the requirement to stay local remained in Scotland until the start of April. The Office of National Statistics (ONS), responsible for the census in England and Wales, has access to administrative data from other public bodies which it can use to supplement any gaps in census data caused by a reduced response rate. The ONS was therefore confident that it could manage the risks involved in delivering the census in 2021. NRS's director of statistical services and the Scottish Government chief statistician confirmed to the Census Programme Board that the data required to deliver a similar solution was not available for Scotland, so NRS could not be assured that the risks could be managed in the same way in Scotland.

12. Similarly, the Northern Ireland census also went ahead as planned in March 2021. The Northern Ireland Statistics and Research Agency (NISRA), which is responsible for carrying out the census in Northern Ireland, is reliant on the ONS's online questionnaire software, data collection technology and initial processing systems for the Northern Ireland Census. A delay to the Northern Ireland Census would therefore have resulted in additional costs and changes to approach if it was not carried out at the same time as the ONS's census work.

Delaying the census until March 2022 will cost an additional £21.6 million

13. Following the decision to delay the census, NRS carried out a review of its plans, which included negotiations with suppliers of goods and services, such as print and postal services, IT and office services and equipment. NRS then submitted an updated census financial plan to the Scottish Government in December 2020. This highlighted that the additional costs associated with the census moving from March 2021 to March 2022 were estimated to be £21.6 million over the life of the project, compared to the pre-pandemic projected total cost of £117 million. Much of this is due to increased supplier costs of £14.4 million ([Exhibit 2, page 7](#)), largely because of the cost of extending supplier contracts as well as an increase in the cost of goods. NRS considers it would also have incurred additional expense due to Covid mitigations had it proceeded with the census in March 2021, but it has not quantified these costs.

Exhibit 2

Impact of the census delay on the cost of the programme

	Costs prior to 2020/21 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Updated financial profile	43.7	25.0	35.1	30.3	3.1	1.4	138.6
Financial profile before postponement	43.7	38.4	23.5	5.4	4.3	1.7	117.0
Increase / (Decrease)		(13.4)	11.6	24.9	(1.2)	(0.3)	21.6

Source: Scotland's Census Programme Update

14. The Scottish Government agreed to provide additional Grant in Aid to cover the £21.6 million increased costs. While NRS is confident that it can deliver the census in line with the revised budget profile, there are ongoing risks relating to supplier price changes and staffing costs. NRS identified additional financial pressures of £1.5 million on the census earlier in 2021/22. NRS has since reported reducing the financial pressure to £0.5 million through implementation of mitigating actions. Further action remains a priority with a view to achieving financial balance during 2021/22.

15. NRS reports that this overspend arises from the need for additional staff resource, including contractor extensions as well as filling additional posts which have been identified. NRS continues to review all additional resources or contractor extensions to ensure they are critical to the successful delivery of the census programme. It is important that NRS continues to monitor and manage these pressures to ensure outturn is in line with the budgeted £35.1 million expenditure for the year.

NRS is managing a number of challenges associated with the 2022 census

16. The Census Programme Board monitors progress with the census programme. This board meets on a monthly basis and includes senior representatives from NRS, including non-executive directors, as well as representatives from the Scottish Government, and UK counterparts such as the Office for National Statistics. The board discusses operational aspects of the programme, risk management, finances and resourcing.

17. Various groups and organisations have carried out reviews of the census programme, including the Scottish Government Internal Audit and Assurance Directorate and the Office for Statistics Regulation. The Scottish Government's Technology Assurance Framework (TAF) is intended to improve the delivery of central government digital projects and programmes. The programme has maintained a status of amber since February 2020 ([Exhibit 1](#)). An amber status is not unusual for a programme of this scale and complexity. For example, the ONS and NISRA also went live with their census while at amber status.

18. The July 2021 TAF review found that substantial progress had been made since the December 2020 review. It concluded that, while there were still significant issues which needed to be managed over the remaining stages of the programme, NRS was in a much better position to successfully deliver the census in March 2022. The review made eight recommendations, including the need to carry out a planning exercise to confirm which elements of the programme are deliverable within the planned timescales and which may not be. The auditor has noted that NRS has a plan in place to address the TAF review's findings and work to implement the recommendations is ongoing.

19. NRS expects the census to be delivered according to the revised timetable. A further TAF review is planned for late November 2021, which is intended to confirm whether the census can be delivered as planned in March 2022. NRS anticipates that there will be further follow-up assurance activity before the census goes live. The overall status of the programme is now at amber, with no projects at red status, 15 sitting at amber and 12 at green. Plans are in place to ensure amber projects are assessed as green prior to the census's launch.

20. There continues to be a number of risks, primarily around resourcing, which could have an impact on delivery. Since 2018/19, the auditor has reported NRS's increased use of temporary staff to deliver the census programme. Temporary staff costs in 2020/21 were £12.1 million, up from £9.7 million in 2019/20. This accounts for 38 per cent of total staff costs and is mainly attributable to the need for specialist high-cost contractors for the census and other IT projects.

21. The census is a complex programme and is currently one of the Scottish Government's biggest ICT projects. Previous Audit Scotland reports have commented on the risks and challenges involved in managing public sector IT projects. For example, in [Principles for a Digital Future](#), we highlighted the critical need for organisations to identify people with the right skills and experience as part of their planning for major IT projects. Public bodies often lack people with the required skills already present within the organisation.

22. This report also noted the need to ensure stable leadership, with leaders who demonstrate initiative and commitment to driving the project forward. In 2019/20, the auditor reported a number of changes in leadership of the programme during the year associated with the development of the recovery plan in May 2019 (paragraph 7). NRS reported difficulties in recruiting a suitably experienced programme director for the census but took a number of other steps to strengthen leadership of the programme and programme management. NRS's chief executive took on the role of senior responsible officer (SRO) for the census programme, supported by an independent programme and project

management consultant. NRS has also established a permanent delivery directorate to build greater internal expertise and sustainability for the future. It appointed a delivery director in February 2020 to oversee the establishment of this new function. The July 2021 TAF/Gateway review noted the role of NRS senior management in driving improvements.

23. While NRS is confident that it now has appropriate senior programme management in place, there are ongoing challenges recruiting for other roles across the programme, which NRS has reported to the Census Programme Board. Some of these challenges relate to longer lead-in times for Scottish Government recruitment processes caused by the Covid-19 pandemic. NRS is aware of the ongoing risks around resourcing and has undertaken a number of exercises to explore other routes of bringing in the necessary skills, including discussions with other UK census-taking bodies.

24. NRS management presented plans to ensure value for money in resourcing to its Audit and Risk Committee in December 2020, including outlining the control procedures in place to ensure affordability and budget control. It is vital that NRS balances the need to get people with the right skills and experience against the need to ensure value for money. The Audit and Risk Committee approved NRS plans and continues to monitor the position.

Conclusions

25. The Covid-19 pandemic, and the resulting decision to delay the census until March 2022, has had a significant impact on the cost of delivering the census. While NRS has updated its financial plans to reflect this and the Scottish Government has committed to provide additional funding, there are ongoing pressures which it will need to continue to review regularly. NRS reports that it is working closely with stakeholders and the other UK census-taking bodies to minimise the impact of the delay on Scotland's population estimates and the funding allocation formulas which are based on these estimates. Plans for a future census will be decided in due course by Ministers and the Scottish Parliament.

26. Audit Scotland has repeatedly reported on the challenges faced by public sector organisations when implementing major ICT projects and programmes. The auditor has noted that NRS is aware of the risks and challenges facing the census programme and that there are oversight arrangements in place to review progress. NRS has made substantial progress in management and governance of the census programme. However, significant risks remain and it is of the utmost importance that NRS continues to monitor and manage them. NRS should also ensure that it continues to act on the outstanding TAF/Gateway review recommendations. I expect the auditor to continue to monitor NRS's progress with delivering the census programme and its management of ongoing financial pressures.

The 2020/21 audit of National Records of Scotland

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