

Summary

Key findings

The Department's policy for managing conflicts of interest

1 The Department for Education (the Department) has guidance on conflicts of interest and what people need to do. The Department makes it clear that people must declare any potential conflicts of interest to their manager at the earliest opportunity. It requires all senior civil servants to record their interests and any occurrences of conflict as part of their annual Assurance Framework Record. They must also discuss the conflict and agree a proportionate response with their line manager, for example, divestment of financial interests, recusal from involvement in procurements or restriction of activity. Any agreed actions should be recorded in the individual's annual Assurance Framework Record (paragraphs 1.3, 1.9 and 1.10).

Appointing the Chief Social Worker

2 The Chief Social Worker was selected in April 2013 after a competition overseen by the Civil Service Commission. The 2011 Munro review on improving the child protection system called for the appointment of a Chief Social Worker for the government. After an initial unsuccessful competition, the post was split to cover children and adults separately. At the time she applied for the post the prospective Chief Social Worker was a director of Morning Lane Associates, a consultancy that supplied local authorities with training and support on children's social work. At that time, Morning Lane Associates did not have any contracts with the Department (paragraph 2.1).

3 The prospective Chief Social Worker stood down as a director of Morning Lane Associates and sold her shares in the organisation prior to taking up post. The Chief Social Worker told us that, upon being offered the role, she immediately stated her intention to sell her stake in Morning Lane Associates. There is no Departmental note which explicitly references the sale of shares, but the Department told us that it understood the share sale was discussed with the then Director General whose record of the conversation noted the importance of the Chief Social Worker being completely distanced from Morning Lane Associates. She subsequently stood down as a director of Morning Lane Associates and sold her shares in the organisation on 31 August, before taking up post on 1 September 2013 (paragraphs 2.2 and 2.4).

4 The Chief Social Worker's letter of appointment in July 2013 makes clear the need to adhere to the Civil Service Code, which includes the management of potential conflicts of interest. However, the Department has no record of agreed actions to manage any actual or perceived conflict of interest flowing from the Chief Social Worker's previous involvement with Morning Lane Associates. The Department required the Chief Social Worker to conduct herself in accordance with the provisions of the Civil Service Code (paragraphs 1.4 and 2.5).

Managing the potential conflict after appointment

5 The Chief Social Worker raised a potential conflict of interest when she was appointed to the Investment Board of the £100 million Innovation Programme in September 2014. The Department invited applications from the public and private sectors, and from not-for-profit and voluntary organisations to develop, test and spread more innovative and effective ways of supporting children and families who need help from children's social care services. The Innovation Programme had a budget of £100 million for 2014 to 2016 and the Department appointed the Chief Social Worker to the programme's Investment Board. On appointment to the Investment Board, the Chief Social Worker immediately raised the issue of a potential conflict of interest, should Morning Lane Associates bid for funding, which she defined as a close and personal relationship with the sole remaining director at Morning Lane Associates. The Chief Social Worker asked the Department for advice on how to manage the potential conflict. The Department advised that the potential conflict should be discussed with the Board Chair and registered in board minutes. The Chief Social Worker told us that she did discuss her situation with the Chair, but there is no record of the conflict being declared or how it should be managed in the initial meeting of the Investment Board (paragraphs 3.2, 3.4 and 3.5).

6 The Chief Social Worker recused herself from discussion of Morning Lane Associates' bid for the Innovation Programme on conflict of interest grounds. When the Investment Board considered a bid for a grant from Morning Lane Associates and five local authorities in October 2014 the minutes record the Chief Social Worker as recusing herself from the decision-making. The bid was not initially accepted, as more information was required. When the revised bid was considered in November 2014, the Chief Social Worker is again recorded as recusing herself from the discussion (paragraphs 3.7 and 3.8).

7 There is no evidence that the Chief Social Worker had any role in considering or approving the grant to the consortium which included Morning Lane Associates. However, there is no record of how the Chief Social Worker recused herself from decision-making for the Innovation Programme. The board minutes do not record, on either occasion that Morning Lane Associates' bid was discussed, whether she actually left the room at this point or just did not take part in the discussion. The Chief Social Worker and Departmental officials told us that she left the room and returned after the Morning Lane Associates discussion had finished. The Chief Social Worker did participate in the consideration of other bids for the cash-limited programme funding (paragraph 3.8).

8 In July 2016, the Department reminded the Chief Social Worker about declaring conflicts of interest when she was reappointed to the Innovation Programme Investment Board. Her letter of reappointment asked that she declare any personal or business interests, which might, or might be perceived to, influence her judgement in performing her functions. The Chief Social Worker recorded that she would need to declare a conflict of interest as she had done previously, as she had a close and personal relationship with the director of Morning Lane Associates (paragraphs 3.9 and 3.10).

9 The Chief Social Worker was not involved when the Department contracted with Morning Lane Associates to appoint it to a call-off contract as an expert adviser. In 2015, the Department appointed Morning Lane Associates to its call-off contract for expert advisers. The Chief Social Worker told us she was not involved in assessing or moderating bids under both rounds and the evidence we have seen supports this (paragraph 3.11).

10 There is no record of how the Chief Social Worker and Department determined in advance what action was appropriate to manage her potential conflict of interest in the process to procure a partner to run the assessment and accreditation scheme for social workers. The Department ran an open competition to select a third party to develop and test a system of assessment and accreditation for social workers. The tender document was clear that the proposed assessment system would need to command the confidence of the Chief Social Worker, Ministers, employers and professional bodies. The Chief Social Worker was originally due to chair the panel that assessed bids for the scheme. The Chief Social Worker's interaction with Morning Lane Associates was expected to be in line with the Civil Service Code, however there was no agreed protocol for any contact the Chief Social Worker should have with Morning Lane Associates, against the background of a declared conflict of interest (paragraphs 1.4, 2.5, 3.13 and 3.14).

11 The Chief Social Worker withdrew from the process of assessing bids for developing a 'proof of concept' social work assessment system once it became clear Morning Lane Associates were part of a bidding consortium. KPMG disclosed in its tender for this contract the relationship between the Director of Morning Lane Associates and the Chief Social Worker. Once it became clear in January 2015 that Morning Lane Associates were part of the bidding consortium led by KPMG to develop a 'proof of concept' social work assessment system, it was agreed that the Chief Social Worker should withdraw from the procurement process. The bid evaluation and interviewing process was led by Departmental officials with support from the Department's procurement and commercial experts and an external expert. The Department received three proposals but the proposal from KPMG with Morning Lane Associates was the highest scored proposal, assessed as 40% better than the next closest proposal. The KPMG proposal was given preferred bidder status, as the Department considered that it was the only viable bid, in February 2015 (paragraph 3.14).

12 The Chief Social Worker was involved in discussions about whether or not the successful bid would fully deliver what Ministers required. Once the competitive process was complete and the KPMG proposal was identified as the only bid the Department considered to be viable, the Chief Social Worker was invited to consider the proposal, having previously been excluded from the process. The Chief Social Worker and the Department told us that this course of action was taken to consider whether the winning bid would fully deliver what Ministers required and ensure that value for money was achieved and it was considered acceptable at the time for her to discuss the proposal with officials and the preferred bidder. The Chief Social Worker raised concerns about the proposal because it did not include an element of observation of social work practice. Officials organised a meeting with KPMG and Morning Lane Associates, which the Chief Social Worker also attended. Following this conversation, officials agreed with KPMG that it would commission an independent review of assessment approaches to determine whether an element of observation of social work practice was necessary (paragraphs 3.14 to 3.18).

13 Following the independent review of assessment approaches, the Department negotiated a contract extension to include an element of observed simulated practice in the assessment process. The original contract for £2.6 million, agreed in March 2015, increased to £3.8 million in October to incorporate the additional work. The Chief Social Worker played no role in contract negotiations. The Department told us that the decision to consult the Chief Social Worker after the competitive procurement process was taken in order to ensure the strongest possible assessment system and thereby ensure maximum value for money. It has also told us that it considers the results of the 'proof of concept' work show this was achieved. However, the Department recognises that alternative approaches might have been taken to more fully manage any perception of a conflict – for example, seeking the views of other social work practice leaders, rather than the Chief Social Worker, on the preferred bid (paragraphs 3.18, 3.19 and Figure 2).

14 There is no record that the Chief Social Worker had been asked to complete an Assurance Framework Record since her appointment in September 2013, despite this being the Department's policy. Under the Civil Service Management Code of Practice, all members of the senior civil service have to complete an annual return outlining any actual or perceived conflicts of interest. The Department told us that a review of Departmental records showed that as a result of an error a very small number of senior civil servants, without budget or management responsibilities were not asked to complete the relevant parts of an Assurance Framework Record. This included the Chief Social Worker and some policy advisors. The Department is taking action to collect assurances from all those involved, and will take further action to ensure this error does not recur (paragraphs 1.9, 2.5 and 3.20).