Scottish Ambulance Service

Report on the 2005/6 Audit

Contents

Executive Summary

Introduction

In 2005/6 we looked at the Scottish Ambulance Service's key organisational risks. These included delivering safe, sustainable services, managing financial pressures, meeting performance targets, managing people, working with partners and arrangements towards the achievement of Best Value and the Scottish Executive's efficient government targets. We audited the financial statements and looked at aspects of performance management and governance. This report sets out our key findings.

Delivering safe, sustainable service

Delivering for Health, set out the Scottish Executive's vision for the future of health services in Scotland. It was the response to the findings of the Kerr Report, which forecast increasing levels of centralisation of acute service and more community based treatment of patients. The Service therefore, faces changes to the demand for its services over the coming years. In response, the Service has completed a local delivery plan which sets out its proposals to address these new requirements. A number of long term projects designed to modernise the Service, were progressed during 2005/6, including the approval of the business case for the introduction of cab-based terminals.

The Service experienced unusual patterns of demand during 2005/6 and this reduced its performance against its ministerial performance targets. At the year end, the Service reported that its had missed its performance targets for treating patients with life threatening emergencies (category A) and also treating other emergency cases (category B). The Service is expected to respond to 63% of category A calls within 8 minutes, its performance for 2005/6 was 58.5%. Higher than expected levels of demand for services were experienced during 2005/6 and this represents an ongoing risk to Service which could result in a potential loss of stakeholder support if targets are missed in future years.

Managing financial pressures

The Service achieved its financial targets during the year, whilst accommodating cost pressures, including, deficits in two of its divisions, largely as a result of unplanned overtime. There are significant challenges for the Service in achieving financial balance in the longer term and the need to offset cost pressures arising from overtime, unexpected increases in demand, Agenda for Change, from service redesign and efficient government savings.

Financial position

We have given an unqualified opinion on the financial statements of the Scottish Ambulance Service for 2005/6. The Service's financial performance in 2005/6 was as follows:
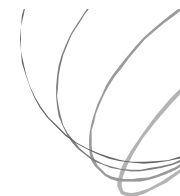
Table 1
2005/6 Financial Performance £000s

Financial Target	Limit as set by SEHD	Actual Out-turn	Variance (Over)/Under
Revenue Resource Limit	154,102	154,101	1
Capital Resource Limit	10,277	10,275	2
Cash Requirement	146,465	146,465	-

The Service managed its financial commitments during the year and reported a saving of £1,000 against its revenue resource limit and a £2,000 saving against its capital resource limit at the year end. This position was partly achieved through the application of a £600,000 capital to revenue transfer, which was approved by the Scottish Executive Health Department in 2004/5. However, this flexibility will not be available in future years. The Service is predicting a break even financial position for 2006/7, but risks remain that financial pressures may impact on its ability to achieve financial targets.

Performance management

The Service has well developed performance reporting arrangements, it tracks its performance against ministerial targets and these are reported to the Board on a monthly basis. It has continued to monitor changes in the composition of service activity through its operational performance management reports. Performance targets were not all achieved during 2006/7, but the Service has initiated an exercise to better understand changes in patterns of demand.

There is no statutory duty of Best Value in the wider public sector, outwith local government. Instead, the SEHD issued draft secondary guidance in August 2003, on the duty of accountable officers to ensure arrangements are in place to secure Best Value. As part our 2005/6 work we carried out a baseline review of Best Value arrangements within the Scottish Ambulance Service. Overall, the Service can demonstrate commitment to Best Value and continuous improvement.

At the launch of the Scottish Executive's Efficient Government Initiative, the Minister for Finance and Public Reform noted that the initiative is a five year programme with the aim of attacking 'waste, bureaucracy and duplication in Scotland's public sector'. During 2005/2006, the Service's applied the 1% cash releasing savings and delivered £1.5 million of savings. It has projected that it will achieve £1.6 million in 2006/7. The Service is participating in the national efficiency programmes including National Shared Services.

Managing people

The Service needs to have access to accurate, reliable and timely workforce information to assist in planning for services and uses the CHRIS system to provide workforce information. It also submitted a workforce plan to the Scottish Executive Health Department (SEHD) in April 2006 which aligned the key workforce objectives of the Service to the SEHD's HEAT targets.
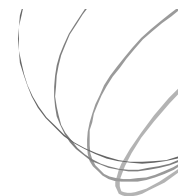
As part of the efficient government initiative, the SEHD has set a 4% sickness absence target for NHS organisations. The Service's current sickness absence rate is 5.6%, which compares favourably to both other UK ambulance services and other emergency services, but it will be a challenge to reach the national target by March 2008.

Governance

Clinical governance arrangements continued to develop during 2005/6 and progress against the clinical effectiveness strategy was routinely monitored.

We also reviewed the progress made by the Service in delivering on the actions agreed in the Staff Governance Action Plan. We concluded that it has made good progress during the year and had completed all of the actions expected during 2005/6. Actions with a target completion date beyond March 2006 were progressing as planned.

Audit Scotland

July 2006

Introduction

1. This report summarises the findings from our 2005/6 audit of the Scottish Ambulance Service. The scope of the audit was set out in our Audit Risk Analysis & Plan, which was presented to the Audit Committee on 15 March 2006. This plan set out our views on the key business risks facing the Service and described the work we planned to carry out on financial statements, performance and governance.

2. We have issued a range of reports this year, and we briefly touch on the key issues we raised in this report. Each report set out our detailed findings and recommendations and the Service's agreed response. Appendix A of this report sets out the key risks highlighted in this report and the action planned by management to address them.

3. This is the final year of a five year audit appointment. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of the Board during the course of our appointment. This report will be submitted to the Auditor General for Scotland and will be published on our website www.audit-scotland.gov.uk.
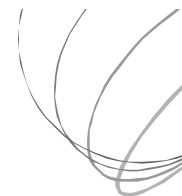
Organisational Risks

Introduction

4. In our audit plan, we identified five main areas of risk for the Scottish Ambulance Service. In this section, we describe these risks and our views on their current status. We also comment on longer term planning issues.

Delivering safe, sustainable services

5. In our audit plan, we commented on the challenges set by *Delivering for Health* to the Scottish Ambulance Service to develop sustainable and affordable proposals for its service. We noted that there is a risk that the Service may not have the capacity to deliver the transformation planned at the pace required or, once delivered, change may fail to produce the performance improvements expected.

6. The Service has developed a local delivery plan as part of its Health Plan for 2006/7 to 2008/9. It is based on the SEHD's HEAT targets and the Service's overall objectives of saving more lives, improving health outcomes for patients and reducing hospital admissions. The plan sets out a detailed programme of projects and initiatives to meet these objectives.

7. The Service is progressing with the introduction of cab based terminals, including satellite navigation technology, in its ambulance fleet, following a pilot in the East Central Division. This project will cost £11 million in revenue expenditure over seven years and £4.8 million capital costs, £4.2 million of which will be met by the SEHD. It is expected that the scheme will be fully operational by November 2006. This project will help modernise the Service and assist it in meeting its performance targets.

8. During 2005/6, the Service experienced higher levels of demand than it had anticipated. This had a significant impact on its performance against ministerial targets. Against its target of responding to 63% of category A calls across mainland Scotland within eight minutes, the Service actually achieved 58.5% for the year. In respect of category B urgent calls, the Service's performance target was to respond to 95% of incidents within 14, 19 or 21 minutes depending on the geography and demographics of the caller. Actual performance was 93% achievement.

9. The Service is aware of the implication of not meeting its targets and initiated steps in March to address some of the causes of underperformance, including absence management processes and dedicated operations room managers. It also continued to liaise with NHS 24 on the categorisation of calls made by its call handlers to reduce the number of category A calls it transfers.

10. It is important that the Service fully understands the nature of demand patterns going forward, so that it will have the right resources in the right place at the right time. Otherwise, there is a risk that it will not meet its ministerial performance targets in future.

<div align="right">**Action Point 1**</div>

Managing financial pressures

11. We noted in our audit plan that although the Service had met its financial targets in previous years and that financial planning and management had historically been good, there are still a number of cost pressures. The Service met its financial targets in 2005/6 and we comment more on this at paragraphs 23 to 27. The Service's Health Plan includes a five-year Financial Plan, which indicates that the Service expects to achieve financial balance each year.
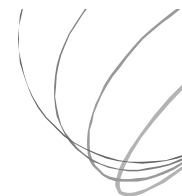
Managing the Workforce

12. Our audit plan highlighted that *Delivering for Health* envisaged a move away from acute service provision to community based care models and this presented challenges to the Service's future workforce plans. The Service has responded to *Delivering for Health* in its local delivery plan and it recognised the challenge that workforce planning presents, particularly determining the role of paramedics and matching its staff resources to changing patterns of demand. The Service submitted its workforce plan to the SEHD in April 2006 which aligned its key workforce objectives to the SEHD HEAT targets.

<div align="right">**Action Point 2**</div>

13. We noted in out audit plan that the Service must have people skills in the right place at the right time and that successful delivery of it organisational objectives are dependent on staff capacity, capability and competency. It currently uses the CHRIS HR system to provide workforce information.

Working with partners

14. We commented in our audit plan that the Service is dependent on effective partnership working to deliver services that meet the needs of patients now and in the future but noted that there is a risk that partners are unable or unwilling to work effectively in a joined-up manner.

15. The Service has worked with NHS 24 to audit the emergency calls transferred from NHS 24 to the Service. Both organisations agreed actions to reduce the number of inappropriate Category A calls to the Service and to improve the handling of Category C calls by NHS 24. This is aimed at improving the Service's performance against ministerial targets, which we have commented on at paragraphs 31

to 36. The Service's *Delivering for Health* programme also sets out its objective of providing an effective telephone system of clinical advice, working in close association with NHS 24.

16. The Service has developed its links with other Boards by working with the South East and Tayside Regional Planning Group on developing the workforce plan for the region as well as consulting with regional planning groups across Scotland on the development of proposals for the inter-hospital transfer service.

17. The Service has developed these proposals and the inter-hospital transfer service is expected to cost an additional £11.5 million in revenue costs annually from 2008/9. The proposals reflect the Service's response to *Delivering for Health,* changes in where health boards are expected to base their healthcare provision in the future with increasing centralisation of treatment, greater use of community-based provision and increases in activity.

Best Value and Efficient Government

18. In our audit plan, we identified that Accountable Officers have a duty to ensure that arrangements are in place to secure Best Value. There is no statutory duty of Best Value in the wider public sector, outwith local government. Instead, the Scottish Executive issued draft secondary guidance in August 2003, on the duty of accountable officers to ensure arrangements are in place to secure Best Value. The Service made good progress against the requirements of Best Value and was able to demonstrate that most of its arrangements were well developed.

19. We carried out an overview of the Scottish Ambulance Service's management arrangements in relation to the requirements of the Scottish Executive's efficient government initiative. All boards are required: to reflect the requirements of efficient government in a programme for delivering efficiency savings; to monitor the effectiveness of change programmes; to take corrective action where necessary and ensure effective leadership throughout the process. Our initial findings are summarised at paragraph 41 to 42 and these will be reported formally to the Service shortly.
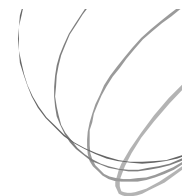
Financial Statements

Our Responsibilities

20. We audit the financial statements and give an opinion on:

   - whether they give a true and fair view of the financial position of the Service and its expenditure and income for the period in question;

   - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements; and

   - the regularity of the expenditure and receipts.

21. We also review the Statement on Internal Control by:

   - considering the adequacy of the process put in place by the Chief Executive as Accountable Officer to obtain assurances on systems of internal control; and

   - assessing whether disclosures in the Statement are consistent with our knowledge of the Service.

Overall Conclusion

22. We have given an unqualified opinion on the financial statements of the Scottish Ambulance Service for 2005/6, including the regularity of income and expenditure and the Service's statement on internal control.

The Service's Financial Position

23. The Service is required to work within the resource limits and cash requirement set by the Scottish Executive Health Department. The Scottish Ambulance Service's performance against these targets is shown in Table 2 below.

Table 2
2005/6 Financial Targets Performance £ million

Financial Target	Target	Actual	Variance
Revenue Resource Limit	154.102	154.101	0.001
Capital Resource Limit	10.277	10.275	0.002
Cash Requirement	146.465	146.465	-
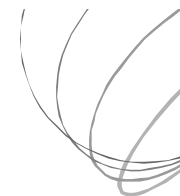
24. The table shows that the Service had a small saving of £1,000 against its revenue resource limit. There was, however, an in-year excess of £49,000 which has been supported by bringing forward the £50,000 cumulative saving from prior years, as shown in Table 3 below.

Table 3
*2005/6 Financial Targets Performance £ million*

Financial Target	£'000
RRL surplus brought forward from 2005/6	50
In-year deficit	(49)
RRL surplus carried forward to 2006/7	1

25. The achievement of the reported surplus for the year was assisted by the application of non-recurring funding of £2.1 million. Non-recurring funding includes a capital to revenue transfer of £600,000, previously approved by the Scottish Executive Health Department in 2004/5. Although non-recurring funding was matched to non-recurring expenditure during 2005/6, there are longer term risks to the Service's ability to maintain a balanced financial position if these amounts fall out of equilibrium.

26. At the financial year end, two of the Service's divisions, West Central and South West reported significant unplanned overspends. The West Central Division's deficit was £709,000 and the South West Division's deficit was £139,000. Higher than expected levels of overtime in both divisions were the major factors contributing to their respective financial positions. In response to these financial pressures, the Service implemented financial recovery plans which reduced the rate of overspending within the two Divisions. Revised management arrangements were also implemented in the West Central Division, designed to improve its overall performance, including its finances. The Service must ensure that there are robust financial management arrangements in its divisions throughout the year and take corrective action when necessary.

Action Point 3

27. Cost pressures arising from the assimilation of staff onto Agenda for Change terms and conditions were tracked during 2005/6. Reports from the Finance Director to the Board consistently estimated that the Agenda for Change accrual within the financial statements would be in the region of £21 million. The figure in the financial statements is £21.0 million. This is a particularly large estimated amount and the Service should continue to monitor its Agenda for Change cost projections against its financial plan throughout 2006/7.

Action Point 4
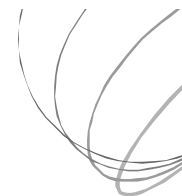
The Issues Arising from the Audit

28. We reported the following main issues to the Audit Committee on 19 June 2006:

- **Agenda for Change and Accruals:** The Scottish Ambulance Service has tracked its Agenda for Change (AfC) accrual throughout 2005/6 and has accrued £21.1 million within the financial statements. The 2004/5 financial statements accounted for AfC costs as a provision, but these have been reclassified within accruals to reflect the increased certainty in the timing and amounts to be paid to staff. We have reviewed detailed documentation in support of this balance and discussions have been held with relevant officers to answer our queries.

  Resolution: Additional documentation and explanations were provided in support of the accrual.

- **Agenda for Change and Contingent Liabilities:** Job evaluation and job matching processes are integral to the implementation of AfC across the NHS. Each post was allocated a position on a job scale, dependent on the skills and qualifications assessed as being necessary to fulfil its requirements. In the event that groups of staff were unhappy with their allocation, there is an appeal process.

- Following the completion of job matching process, ambulance technician workers have decided to appeal against the point on the scale allocated to them. They were assigned grade 4 bandings, but their appeal is based on the claim that their skills instead support grade 5 bandings. This is a UK-wide appeal and has significant financial implications for the Service if it proved successful. The Department of Health in England is the lead government department for this matter and are rejecting the appeal. However, we are advised that to date, three English Ambulance Trusts have agreed to grade 5 bandings. We considered that a contingent liability in respect of this matter should be disclosed in the financial statements.

  Resolution: A contingent liability has now been disclosed in the financial statements.

- **Provisions:** The Service records the potential financial impact arising from clinical and medical negligence in its financial statements. Each case is assessed by the NHS Central Legal Office (CLO), who assign a risk rating, reflecting the likelihood of the Service losing the case, and a monetary value to reflect the cost implications. Cases which are assessed by the CLO as being likely to produce an adverse result are categorised as category three and cases which are unlikely to incur losses are recorded as category one. Category two claims fall in between these gradings and indicate greater uncertainty in the likely outcome. The Service currently provides fully for category three claims, but both category one and category two claims are treated as contingent liabilities for accounting purposes. However, we are aware that other NHS Boards routinely provide for 50% of their category two claims. The NHS Board Unified Accounts Manual notes that
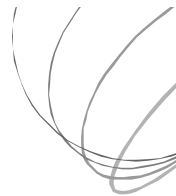
boards should take a view on the likely outcome of Category two claims in conjunction with legal advice from CLO.

- During our testing, we noted two high value category two claims totalling £900,000. Further, we also identified that there has previously been movements in the classification of claims and some category two cases were upgraded to category three during the year. This demonstrates that the categorisation and cost of claims can change during the litigation period. The current treatment is potentially failing to provide adequately for future costs. We required the Service to explain its current treatment and provide evidence that previous Category II claims have not resulted in significant expenditure when settled over the past five years.

   Resolution: Officers view the current treatment as appropriate and provided evidence that their legal advice supported their approach for these high value claims.

Statement on Internal Control

29. The Statement on Internal Control provided by the Scottish Ambulance Service's Accountable Officer reflected the main findings from both external and internal audit work. The Statement refers to areas of internal control that need to be strengthened, including:

- further developing risk management arrangements by ensuring compliance with the finalised NHS Quality Improvement Scotland Healthcare Governance Standards; and

- financial management concerns at the West Central Division.
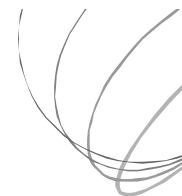
Performance Management

Introduction

30. This section covers our assessment of the way in which the Scottish Ambulance Service secures value for money in the use of its resources. This year we focussed on three main areas:

   - Performance management;
   - Efficient Government; and
   - Best Value.

Performance Management

31. We reported in our 2004/5 Annual Report that the Scottish Ambulance Service's performance management arrangements were a sound method by which the Service can continually monitor its operational performance against key response time targets. The monthly performance assessment framework reports submitted to the Board by executive directors highlight key performance issues and the half-yearly performance reviews by the Chief Executive also highlights the Service's progress against its targets.

32. In December 2005, the Service wrote to the Minister for Health and Community Care advising that it might not achieve its performance targets. The Annual Report within the financial statements notes that the following targets were not achieved during 2005/6:

   - response times to Category A incidents (patients with life-threatening conditions);
   - response times to Category B emergency incidents; and
   - response times to island emergency incidents.

33. We identified in our audit plan that failure to meet ministerial targets represented a risk to the Service and could result in the potential loss of stakeholder support. In response to its problems in meeting performance targets, the Service has undertaken some preliminary activity analysis. It reported to the Minister at the Annual Review meeting in June 2006 that some of its increased activity was attributable to the revised out of hours arrangements. It is therefore essential that the Service continues to work with its partner organisations, including NHS 24, to manage its resources effectively. Analysis of the increases in emergency demand indicates that out-of-hours demand has increased as well as call referrals from NHS 24. The Service has worked with NHS 24 to improve call handling and referrals.
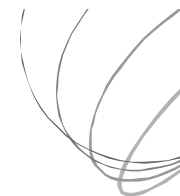
34. There are a number of initiatives planned by the Service to improve its performance against targets, particularly for Category A response times. These include improving project management techniques, increasing the utilisation of rapid response units in urban areas and improving triage arrangements.

35. The SEHD has moved to align NHS boards' performance management arrangement more closely with ministerial objectives. The Service completed a local delivery plan which aligned its service redesign activities with *Delivering for Health*.

36. The Service has used local divisional accountability reviews to monitor the performance of its divisions. These meetings, which take place in June each year, represent an effective means of holding each division to account for its performance for the previous year. They also help identify organisation wide issues and provide an opportunity to deliver improvements.

Best Value

37. There is no statutory duty of Best Value in the wider public sector outwith local government. Instead, the SEHD issued draft secondary guidance in August 2003, on the duty of accountable officers to ensure arrangements are in place to secure Best Value. In May 2005, Ministers decided that they would not bring forward legislation which extends Best Value in the wider public sector. However, Ministers do wish to encourage and embed the principles of Best Value across the wider public sector, and the Best Value and Performance Team within the Scottish Executive were tasked with taking this forward. Revised guidance was issued in April 2006 and included in the Scottish Public Finance Manual.

38. Audit Scotland issued a baseline review checklist to measure the status of Best Value in the wider public sector across nine characteristics. We completed the baseline in consultation with the Finance Director and reviewed a range of evidence to support the Service's progress against the requirements of Best Value. Our preliminary conclusion was that the Service has well developed Best Value and continuous improvement arrangements against seven of the nine criteria and the other two criteria are under development. The Service's continuous improvement manager has a key role in embedding Best Value throughout the organisation. These findings are summarised in Table 4 below:

Table 4

2005/6 Best Value Review – preliminary findings

Best Value Characteristics	Under Development	Well Developed
Commitment and Leadership		√
Sound Governance at a Strategic & Operational Level		√
Accountability	√	
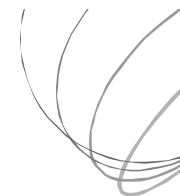
		√
Sound Management of Resources & Contractual Arrangements		√
Responsiveness and Consultation		√
Use of Review and Options Appraisal		√
Contribution to Sustainable Development		√
Equal Opportunities Arrangements		√
Joint Working		√

39. We also identified, in discussion with management, the following area of good practice:

   ▪ The Service introduced a scheme in Easterhouse in Glasgow to help the long term unemployed back into employment. They employed people to drive patients from the local area to the Beatson Oncology Unit for specialist cancer care. A number of drivers were given permanent positions within the Service.
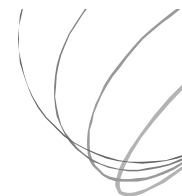
40. Audit Scotland's Best Value working group is developing anonymised sectoral reports. An overarching report highlighting key themes and instances of good practice will also be reported to the Scottish Executive. We will incorporate these findings together with our own detailed findings into a report for the Service, which will be issued in early course.

Efficient Government Initiative

41. The Minister for Finance and Public Reform noted that the Efficient Government initiative is a five year programme with the aim of attacking waste, bureaucracy and duplication in Scotland's public sector. The primary objective is to deliver the same services with less money or to enable frontline services to deliver more or better services with the same money. The Efficient Government Plan sets targets to achieve £745 million (rising to £900 million) of cash-releasing savings, and £300 million (rising to £600 million) of time-releasing savings, by 2007-08. The NHS in Scotland is expected to contribute £166 million of cash releasing savings and £173 million of time releasing savings per year.

42. All NHS organisations have 1% cash releasing savings targets in each of the next three years and the Service has identified £1.6 million of savings to be achieved in 2006/7, representing 1% of its RRL for the year. The efficient government initiative includes a target of reducing sickness absence throughout the NHS to 4% of total hours worked. The Service's current sickness absence rate is 5.6%, which compares favourably to both other UK ambulance services and other emergency services. It will be challenging for the Service to reach the national target by March 2008.

Action Point 5

National Studies

43. In 2005/6, Audit Scotland carried out three national studies:

   - Staff Governance review of previous year's action plan. Our findings are reported in paragraph 50 to 53 of the section on governance;

   - Tackling Waiting Times in the NHS in Scotland (reported to the Scottish Parliament in February 2006); and

   - Implementing the NHS Consultant Contract in Scotland (reported to the Scottish Parliament in March 2006).

Tackling Waiting Times in the NHS in Scotland

44. This national study reviewed the performance of the NHS in Scotland against current waiting times targets for elective healthcare. It evaluated whether the current approach produces value for money and assessed whether current strategies are likely to achieve sustained reductions in waiting times.

45. The report concluded that significant progress had been made towards meeting waiting times targets, but that the total number of people waiting for inpatient and day case treatment has changed little in the last two years. It recommended that more efficient use be made of the Golden Jubilee National Hospital.

Implementing the NHS Consultant Contract in Scotland

46. This report concluded that there were no clear benefits from the £235 million cost arising from the implementation of the consultant contract. It also highlighted that the new contract offers an opportunity to focus the work of consultants on priority areas, and improve patient care. However, it is not yet being used to its full potential and there is limited evidence of benefits to date. The report also noted that the consultant contract had contributed to cost pressures for boards as the national costing model used by the SEHD contained inaccuracies and it underestimated the financial cost by £171 million, on a national basis, for the first three years.
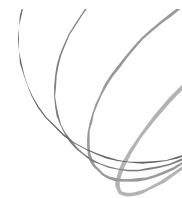
Governance

Introduction

47. This section sets out our main findings arising from our review of the Scottish Ambulance Service's corporate governance as it relates to:

   ▪ clinical governance;

   ▪ corporate governance; and

   ▪ staff governance.

Clinical Governance

48. The Service's Statement on Internal Control notes some of the key clinical governance developments over 2005/6. These include adopting the Australian/New Zealand risk scoring system, achieving level three compliance with NHS QIS's Healthcare Governance Standards and reviewing and developing its clinical and performance reporting arrangements.

49. We have also monitored progress against the Service's Clinical Effectiveness Strategy and the achievement of its clinical performance targets. The Service has achieved most of its year-end milestones in clinical effectiveness. The Medical Director tracks progress against a series of clinical indicators, including the use of thrombolysis by health board areas and uptake of this treatment across divisions. Clinical indicators are reported by the Medical Director in the monthly Board report.

50. The Service's Clinical Governance Committee has also been pro-active in considering the governance implications of service redesign initiatives, particularly the extended role of the paramedic practitioners.

Corporate Governance

51. Our work on corporate governance focused on our Code of Audit Practice responsibilities as they relate to systems of internal control; prevention and detection of fraud and irregularity; standards of conduct and the Service's financial position. We have made comment on the financial position at paragraphs 23 to 27.

52. We relied on the work of Internal Audit to give us assurance in these areas and also reviewed the controls within the Service's key financial systems. Additionally we considered a range of internal control areas as part of or own audit procedures. A separate report was issued to management
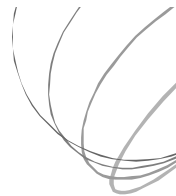
highlighting particular areas for inclusion in the Statement of Internal Control. We made a number of recommendations on the controls within these systems which have been agreed with senior officers.

Agenda for Change

53. We also monitored developments in the implementation of the Agenda for Change process during 2005/6. The target date for implementation of Agenda for Change, through the completion of all assimilation and payment of arrears has been revised to 31 December 2006. However a number of local and national factors will have an impact on the achievement of this date, particularly those staff going through the job evaluation process. This is used when their job plans do not match the Agenda for Change profiles and could slow down the final assimilation process if appeals are initiated. Approximately 20% of operational staff have appealed against their banding and as noted in the financial statements, this represents a risk to the Service's financial position, if the appeals are successful.

54. The Service has moved some of its staff onto the new Agenda for Change terms and conditions and all other staff will follow on a phased based throughout 2006/7.

Staff Governance

55. The Scottish Ambulance Service completed a self assessment audit and a staff survey to assess its effectiveness in staff governance. The self-assessment process was carried out in partnership with significant staff involvement. The resulting action plan was approved by the Partnership Forum and Management Team, and so had agreement and support across the organisation. This work is part of an ongoing NHS Scotland initiative designed to recognise the value and importance of staff in service delivery and generally improve staff relations in the NHS.

56. This year we identified and assessed the risks associated with Staff Governance as part of the audit planning process and we reviewed the evidence that the previous year's action plan is being delivered.

57. We concluded that the Scottish Ambulance Service had made good progress in achieving actions agreed last year. The Service completed all the actions required of it during 2005/6 and these included the appointment of a new Workforce Planning Manager, the review and implementation of a Health and Safety Strategy as well as conducting an IT skills audit. For actions with target dates beyond the end of March 2006, progress has been as planned on the implementation of the Management of Change policy throughout the Service, and on developing the Staff Appraisal and Knowledge and Skills framework implementation plans.

Looking Forward

58. The Scottish Ambulance Service faces significant challenges in 2006/7 which include:

- the continuing pressure to achieve its ministerial performance targets. The Service needs to have the right resources in the right locations to meet demand patterns in the future. It should continue to liaise with partner organisations, including NHS 24 to achieve this objective.

- the need to maintain financial balance within its divisions. The Service need to control overtime and identify the reasons behind the high levels during 2005/6.

- the Best Value agenda will play an increasingly important role throughout public services in Scotland. The Scottish Ambulance Service has made good progress thus far, but recognises that there is still work to be done to develop the arrangements which will demonstrate commitment to Best Value and continuous improvement.

- the Efficient Government initiative has placed upon the Scottish Ambulance Service a challenging set of savings targets to be achieved. In addition, national initiatives, such as shared support services, will also have an impact on the Service.

- the Service plans to implement a number of projects during 2006/7, including, the procurement of new ambulances; the provision of cab-based terminals for front line emergency staff to assist the service in meeting it clinical and emergency response time targets especially for life threatened patients and the inter-hospital transfer service. These projects will all have a significant impact on its business and contribute to the achievement of its objectives.
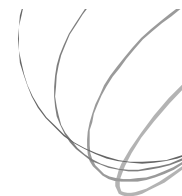
Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
1	10	Unplanned increases in activity increase the risk that the Service fails to meet its performance targets.	Identify reasons for increase and engage NHS24, NHS Boards and SEHD in developing plans to address	Chief Operating Officer	August 2006
2	12	There is a risk that the Service long term workforce plans do not adequately address changing patterns of demand for its services.	Workforce plan continues to be developed	Director of HR	Ongoing
3	26	Unplanned overtime represents a risk to the Service's achievement of its financial targets.	Enhanced management control of overtime	General Managers	Ongoing
4	27	The costs arising from the full implementation of Agenda for Change may be higher than planned and not adequately reflected in the Service's financial plans.	Ongoing monitoring of costs in place and contingency arrangements kept under review	Director of Finance	Ongoing
6	42	There is a risk that the Service will not achieve the efficient government initiative's sickness absence target.	Action plan being developed	Director of HR	October 2006