

# NHS National Services Scotland

Report on the 2008/09 Audit

July 2009



 AUDIT SCOTLAND

# NHS National Services Scotland

**Report on the 2008/09 Audit**

# Contents

<b>Key Messages</b>	<b>1</b>	<b>Performance</b>	<b>23</b>
<b>Introduction</b>	<b>4</b>	<b>Looking Forward</b>	<b>30</b>
<b>Financial Statements</b>	<b>6</b>	<b>Appendix A: Action Plan</b>	<b>32</b>
<b>Use of Resources</b>	<b>11</b>		
<b>Governance and Accountability</b>	<b>16</b>		



# Key Messages

## Introduction

In 2008/09 we looked at the key strategic and financial risks being faced by NHS National Services Scotland. We audited the financial statements and we also reviewed the use of resources and aspects of performance management and governance. This report sets out our key findings.

## Financial statements

We have given an unqualified opinion on the financial statements of NHS National Services Scotland for 2008/09. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by Scottish Ministers.

## Financial position and use of resources

The Board carried forward a £2.521 million surplus from 2007/08 and planned to fully utilise this to fund non-recurring expenditure commitments in 2008/09. During 2008/09 the Board achieved a cumulative surplus of £0.161 million, after utilising the surplus which was carried forward from 2007/08.

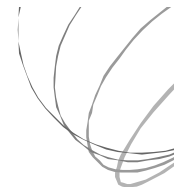
The Board's financial statements include significant provisions, particularly in respect of Agenda for Change payments. Accounting estimates and provisions, by their nature, include a degree of uncertainty and any under-estimate of costs in 2008/09 could have a significant impact in future years.

As outlined in the Board's Financial Plan there will be tighter financial settlements in 2009/10 and future years with an uplift of 3.15% in 2009/10 compared to 6% in previous years. This will have a significant impact on long term financial planning and the control of costs. The Board's efficiency savings target for 2009/10 has identified that approximately £4.9m of cash releasing savings will be required if the Board is to achieve financial breakeven in 2009/10.

## Governance and accountability

Corporate Governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. Overall, the corporate governance and control arrangements for NHS National Services Scotland operated satisfactorily during the year, as reflected in the Statement on Internal Control.

We examined the key financial systems underpinning the organisation's control environment. We concluded that financial systems and procedures operated sufficiently well to enable us to place reliance on them.



Clinical Governance arrangements have continued to be further developed in 2008/09, with further improvement in quarterly reporting by Divisional Clinical Governance structures. Particular progress has been made in all aspects of clinical governance and safety within SNBTS, which was reviewed by internal audit in the first quarter of 2008/09. This review found that significant progress had been made in relation to its clinical governance arrangements and an action plan was produced to address the issues raised.

NHS National Services Scotland is preparing for the third Clinical Governance and Risk Management self assessment and the NHS Quality Improvement Scotland (QIS) review which will take place in November 2009. NHS National Services Scotland has established a small co-ordinating group whose remit is to ensure effective preparation for the Review Process.

## **Performance**

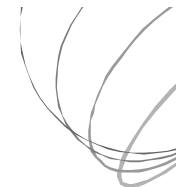
NHS National Services Scotland has a good performance management culture, with regular divisional and departmental performance reviews feeding into half-yearly performance reviews to the Board. The RAG (red, amber, green) system is used in performance reports to highlight progress for each HEAT or KPI target, both for each current quarter and a forecast position for the year-end. Where appropriate, the report outlines recovery plans and remedial action.

NHS National Services Scotland has made significant progress over the course of the year against its Corporate Business Plan targets. Of the 124 targets within the Corporate Business Plan NHS National Services Scotland has achieved 110 (89%) of these, with 13 reported as amber meaning an action plan is in place and action should be completed in the near future. Only one was reported as red where the target has been missed due to particular issues.

## **Looking forward**

NHS National Services Scotland has been going through a programme of organisational alignment resulting in changes within the management structure of the organisation with divisions being aligned within Health, Business, Corporate and Clinical support groups. NHS National Services Scotland has also appointed a number of new Directors and a new Chairman in year.

A significant part of this programme, that of Human Resources realignment, continued throughout 2008/09. This has resulted in the launch of an HR Transition programme which will continue into 2010. The programme will aim to ensure that HR is fit for purpose with processes, systems and professional standards that will support NHS National Services Scotland's new organisational structure in delivering its objectives. This will have a significant impact on the business and staff, eventually resulting in an extensive up-skilling and professional development programme for staff and line managers.

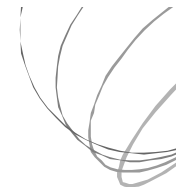


The final part of our report notes some key risk areas for NHS National Services Scotland going forward. These include the challenges of delivering HEAT targets and further efficiencies and responding to the latest developments in healthcare and technology, all in a period of expected lower uplifts in funding allocations. National issues around changes to accounting procedures will also provide challenges in future years.

The assistance and co-operation given to us by Board members and staff during our audit is gratefully acknowledged.



**July 2009**



# Introduction

1. This report summarises the findings from our 2008/09 audit of NHS National Services Scotland. The scope of the audit was set out in our Audit Plan presented to the Audit Committee on 20 March 2009. This plan set out our views on the key business risks facing the organisation 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 Board'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. Best value duties apply across the public sector and, in the health service, best value is a formal duty on all accountable officers. Audit Scotland has adopted a generic framework for the audit of best value across the public sector and throughout this report we comment on aspects of NHS National Services Scotland's arrangements.

## Exhibit 1: Framework for a best value audit of a public body





4. Our comments are made on the basis of information made available in the course of the annual audit. We do not make an overall best value judgement because we do not have enough evidence to conclude on all relevant areas. Our intention is to build up the corporate assessment over time. This report is the first step towards that goal.
  
5. Another building block for our assessment of best value is the national study programme carried out by Audit Scotland on behalf of both the Auditor General for Scotland and the Accounts Commission. We mention the key findings from all relevant reports, and the implications for NHS National Services Scotland, throughout this report. Full copies of the study reports can be obtained from Audit Scotland's website, [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).
  
6. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of NHS National Services Scotland during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website.





# Financial Statements

7. In this section we summarise key outcomes from our audit of NHS National Services Scotland's financial statements for 2008/09 and the accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in the use of those resources.

## Our responsibilities

8. We audit the financial statements and give an opinion on:
  - whether they give a true and fair view of the financial position of the Board 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
  - the consistency of the information which comprises the management commentary with the financial statements
  - the regularity of the expenditure and receipts.
9. 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
  - assessing whether disclosures in the Statement are consistent with our knowledge of the Board.

## Overall conclusion

10. We have given an unqualified opinion on the financial statements of NHS National Services Scotland for 2008/09.
11. As agreed, the unaudited accounts were provided to us on 11 May 2009 supported by a comprehensive working papers package. The good standard of the supporting papers and the timely responses from NHS National Services Scotland staff allowed us to conclude our audit within the agreed timetable and provide our opinion to the Audit and Risk Committee on 26 June 2009 as outlined in our Annual Audit Plan.



## Issues arising from the audit

12. As required by auditing standards we reported to the audit and risk committee on 26 June 2009 the main issues arising from our audit of the financial statements. The key issues reported were as follows.
13. **Equal Pay Claims** – NHS trusts in England have settled pay claims for female employees and similar claims have been received by boards in Scotland. As at 31 March 2009, NHS bodies had received some 13,000 claims and these have been referred for the attention of the Central Legal Office (CLO). It is possible that these claims represent a current liability for NHS Boards generally. As at 31 March 2009, NHS National Services Scotland had received 21 claims under the Equal Pay Act and has made disclosures within the Contingent Liabilities note to the accounts.
14. **Agenda for Change** – As at 31 March 2009, £7 million was accrued in respect of Agenda for Change payments for NHS National Services Scotland. This figure includes estimations based on NHS National Services Scotland assumptions and refers to a range of staff posts and grades. There is also a provision within the accounts of £3.2 million. This comprises arrears still to be incurred which mainly relate to people who have already left the organisation and an amount for terms and conditions in relation to Agenda for Change. The Board has provided formal assurances, in a letter of representation, that the accrual and provision, in their judgement, represent a prudent estimate of anticipated costs.
15. **Creditors** – There is an accrual in the accounts for £9.7m which relates to the N3 contract with BT. N3 is the national network for the NHS and it provides connectivity to all NHS organisations in Scotland as well as those non NHS sites providing NHS care. Our review highlighted that there are unbilled amounts totalling £6.5m within the accounts and this includes amounts from 2007 and 2008. These amounts include an element of incentive charges and we found that the system for monitoring these charges requires development. We note that although NHS National Services Scotland liaise with BT on charges, the review could be more regular and systematic. NHS National Services Scotland currently rely on information supplied by BT regarding actual charges and do not undertake a separate check on the figures supplied by BT.
16. **POP accrual** – During a review of the POP report it was noted that VAT had been incorrectly charged on amounts owing to the Boards. This was a result of incorrect codes being used and has resulted in an overstatement of £0.1m. This is not a material amount and the accounts have not been adjusted.
17. **Cost of Capital** – The Cost of Capital calculation is understated by £0.1m. The initial calculation was based on figures which were subsequently updated and the general fund creditor had not been excluded from the calculation. This is not a material amount and the accounts have not been adjusted.



18. **Pension provision** – Due to the fact that the SPPA has not supplied NHS National Services Scotland with fully robust figures for the amounts due for payment relating to early retirement costs, the accrual includes an estimation. NHS National Services Scotland has estimated the accrual using the most recent data received as a base and has decided not to apply a percentage uplift. The Board has provided formal assurances, in a letter of representation that the accrual represents a prudent estimate of anticipated costs.

## Equal Pay Claims

19. Article 141 of the Treaty of Rome requires member states to ensure and maintain “the application of the principle that men and women should receive equal pay for equal work”. This was taken forward by the Equal Pay Directive which made it clear that all such discrimination should be eliminated from all aspects of remuneration. In the UK, the Equal Pay Act 1970 is seen as fulfilling Britain’s obligations in relation to equal pay. The National Health Service in Scotland has received a number of claims for equal pay in which additional back pay is sought, arising from the requirement for equal pay. The NHS Central Legal Office is instructed by the Management Steering Group of the NHSScotland and co-ordinates the legal response of NHSScotland to this issue.
20. There have been some developments in this area over the past year. Some cases are being pursued that also comprise a challenge to the Agenda for Change pay evaluation system on the basis that it perpetuates discrimination. This has slowed the progress of claims. The challenge to Agenda for Change was recently heard at an Employment Tribunal in England. The challenge was unsuccessful and the Tribunal rejected the contention that the Agenda for Change job evaluation scheme was discriminatory. This ruling severely curtails the possibility of claims for any period after 1 October 2004. In relation to claims for the period prior to 1 October 2004, claimants will still have to establish that their jobs at that time were of equal value to the comparator jobs. The CLO have stated that claims currently submitted do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The NHS Scotland Central Legal Office and Equal Pay Unit are monitoring the progress of all equal pay claims in NHS Scotland as well as developments relating to NHS equal pay claims elsewhere that may further inform the position.
21. Discussions have been held between Audit Scotland, their partner firms, the Scottish Government, the CLO and Board representatives to ascertain the appropriate accounting treatment of equal pay claims in 2008/09. Given the CLO’s advice that, although some liability is probable, it is not possible to estimate the impact of the claims, it has been agreed that disclosure as an unquantified contingent liability remains appropriate for the 2008/09 financial statements of affected NHS Boards.
22. We continue to strongly encourage NHS National Services Scotland management, working with the Scottish Government Health Directorates, the CLO and other NHS Boards to form a view of the potential liabilities as soon as possible taking into account the progress of cases in Scotland and England.

**Risk Area 1**

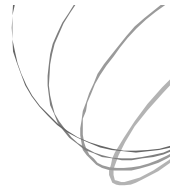


## Regularity

23. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to his view on adherence to enactments and guidance. No significant issues were identified for disclosure.

## International financial reporting standards (IFRS)

24. As announced by the Chancellor in the 2008 Budget report on 12 March 2008 (Budget report paragraph C103), Government departments and other public sector bodies will report using International Financial Reporting Standards (IFRS) from 2009/10. The Scottish Government announced on 25 April 2008 that all Scottish Government Departments, Executive Agencies, Health Bodies and Non-Departmental Public Bodies would be required to produce shadow IFRS based accounts for financial year 2008/09. This was to include a restated balance sheet as at 1 April 2008.
25. In terms of the audit of the IFRS opening balance sheet at 1 April 2008, there were two key dates to achieve as outlined below:
- **28 November 2008** – opening 2008 IFRS-based balance sheet were to be presented to auditors for dry-run audit.
  - **28 February 2009** – dry-run audit of opening balances was to be completed, resulting in a letter to management highlighting the work done, auditors' findings and areas for further work.
26. The opening balance sheet and supporting documentation were not submitted by NHS National Services Scotland for audit for review by the deadline date of 28 November 2008. (They were received along with supporting documentation on 3 December 2008).
27. The restated balance sheet and supporting working papers were comprehensive and NHS National Services Scotland finance officers approached the preparation for the transition to IFRS accounting in a well planned and structured way.
28. We made some recommendations in certain areas for the delivery of the next stage of IFRS reporting the production of the shadow accounts for 2008/09 - and will consider progress on these when we review the shadow accounts later in 2009. These included:
- The calculation of the employee benefits accrual.
  - Further review of information on leases.
  - Further review of fixed assets to identify components.
  - Identification of any embedded derivatives.



Work is ongoing to deal with a number of the areas specified to complete the balance sheet restatement e.g. review of the employee benefits accrual, continuing investigation into contracts containing embedded derivatives and reviewing the classification and treatment of longer term lease arrangements.

29. For the present exercise, no notes to the main financial statements or associated accounting policies have been provided. The full set of shadow accounts will require the preparation of these elements. The disclosure requirements under IFRS are more onerous than for accounts prepared under UK GAAP. In particular, segmental reporting will impose a significant additional workload on finance staff in identifying appropriate segments and allocating asset values. Continued progress will be required in the next few months to prepare for the shadow IFRS accounts in 2008/09.

## **Risk Area 2**



# Use of Resources

30. Sound management and use of resources (people, money and assets) to deliver strategic objectives is a key feature of best value. This section sets out our main findings from a review of NHS National Services Scotland's:

- financial position
- financial management
- management of people
- management and use of information and communications technology (ICT).

## The Board's financial position

### Outturn 2008/09

31. NHS National Services Scotland is required to work within the resource limits and cash requirement set by the Scottish Government. The Board's performance against these targets is shown in Table 1.

**Table 1**

**2008/09 Financial Targets Performance £ million**

<b>Financial Target</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Revenue Resource Limit	401.38	401.22	0.16
Capital Resource Limit	29.22	28.95	0.27
Cash Requirement	408.00	407.01	0.99

32. The Board has achieved a cumulative surplus of £0.161 million. The Board carried forward a £2.521 million surplus from the previous year which it utilised during 2008/09 to fund a number of non-recurring expenditure commitments, in particular, funding received for projects which spanned both 2007/08 and 2008/09 which were carried forward to ensure completion of these projects.

33. Table 2 below, shows how the surplus of £0.161 million was achieved through non-recurring funding. Historically Boards have relied upon a measure of non recurring funding to achieve financial targets. However, with the tightening financial settlement in future years and the option of capital to revenue transfers no longer available to Boards, there is less scope for reliance on non recurring income to achieve financial balance as Boards seek to rationalise their cost base.



**Table 2**

**Funding Position 2008/09**

	£ Million	£ Million
Recurring income	378.6	
Recurring expenditure	(383.8)	
Recurring savings	5.3	
<b>Underlying recurring surplus/(deficit)</b>		0
Non-recurring income	138.5	
Non-recurring expenditure	(138.3)	
Non recurring savings	0.0	
<b>Non-recurring surplus/(deficit)</b>		0.2
<b>Financial surplus/(deficit)</b>		0.2
<b>Underlying recurring surplus/(deficit) as a percentage of recurring income</b>		0

**Financial sustainability and the 2009/10 budget**

34. There were tighter financial settlements in 2008/09 with an uplift of 3.15% compared to around 6% in previous years. This trend has continued in 2009/10 where the uplift was set at 3.15%. This will have a significant impact on long term financial planning and the control of costs. In addition, in common with other public sector organisations, boards have been set an efficiency savings target of 2% in 2009/10. Given the current economic situation and the impact of any review of national spending priorities, there is also the risk that funding uplifts will continue to be very challenging in future years.
35. The NHS National Services Scotland Local Delivery Plan (LDP) for 2008/09 sets out the board’s long term financial plan covering the period 2009/10 to 2011/12. In preparing the plan the board were required to make assumptions about the uplift rates required in relation to the following key cost drivers: baseline allocations, pay and prices. As these uplift rates represent best estimates of future cost trajectories there is clearly a risk to the board that the actual growth rate in these costs will be greater than assumed. Monitoring and managing the actual increase in these costs will therefore present a significant challenge to the board’s Financial Plan in 2009/10 and going forward.

**Risk Area 3**

36. NHS National Services Scotland have identified that, during 2009/10, £5.0 million of recurring efficiency savings are required to achieve recurring balance. In order to achieve recurring balance, the board will need to monitor the achievement of the identified efficiency savings very closely and take appropriate action to address any potential shortfalls. Delivering these efficiency savings without affecting services will also present a significant challenge for the board.

**Risk Area 4**



## Financial management

37. Audit Scotland is developing a range of audit toolkits to cover key best value principles. These are being developed for use by auditors but can also be used by NHS bodies themselves for self-assessment purposes. The first of the toolkits, which covered financial management, was piloted in NHS National Services Scotland during 2007/08.
38. Our detailed report was issued in December 2008 and drew upon examples of good practice across the NHS in Scotland. Our report concluded that the board's arrangements in this area are soundly based and in 2009/10 we plan to monitor the board's progress in developing an action plan to address the areas where performance could be improved.

## People management

39. The process of Human Resources (HR) realignment within NHS National Services Scotland continued in 2008/09. A review of Human Resources (HR) was undertaken throughout 2008 which has resulted in the launch of an HR Transition programme that will continue into 2010. The aim of this is to ensure that HR is fit for purpose with processes, systems and professional standards that will support NHS National Services Scotland's new organisational structure in delivering its objectives. This will have significant impact on the business and staff which should result in an extensive up-skilling and professional development programme for staff and line managers. This will form a significant part of the programme of work for HR realignment.
40. During 2008/09 we carried out a brief review of NHS National Services Scotland's process for the completion of its staff governance action plan. The work was carried out in response to a request from the Scottish Government to Audit Scotland for external auditors to review boards' procedures in relation to staff governance. In the case of NHS National Services Scotland, we reviewed the procedures followed for the production of the 2009/10 staff governance action plan. The main purpose of our review was to ensure that the staff governance action plan addresses issues arising from:
  - staff survey results
  - mandatory statistics on people management
  - any outstanding issues from the previous year's action plan.
41. Our review also included checking that the staff governance action plan includes clear timescales, identifies responsible officers and sets out measurable actions. Overall, we noted that NHS National Services Scotland has a robust process in place for the production of its staff governance action plan.
42. As with other health boards in Scotland NHS National Services Scotland faces a major challenge in achieving the sickness absence target of 4% by March 2009. The current sickness absence rate for the Board is 4.3%.

**Risk area 5**





## Management and use of ICT

43. As part of the 2008/09 audit we have reviewed the following area of the Board's management and use of ICT:
- information management
  - pathfinder diagnostic review.

### Information Management

44. Audit Scotland is continuing to develop a range of audit toolkits to cover key best value principles. The second of the toolkits, which covers information management, was completed in NHS National Services Scotland during 2008/09. The review sought to establish the board's position in relation to:
- information governance and leadership
  - information for decision making
  - service delivery
  - compliance and control
  - knowledge management.
45. Our review established that the board's arrangements in this area are generally soundly based, with a number of areas of good practice. However, a small number of areas have been identified where the Board's arrangements are at the 'basic' level in our categorisation system. We plan to submit our detailed report in August, drawing upon examples of good practice across the NHS in Scotland and in particular drawing attention to good practice from other Board areas where we believe this could be of benefit to NHS National Services Scotland.

### Pathfinder Diagnostic Review – Main Financial Ledger

46. As part of the 2008/09 audit we carried out a pathfinder diagnostic review of the Board's main financial ledger - eFinancials. This review essentially involves completion of a questionnaire to help us obtain an initial assessment on the ICT risks and control issues relating to a particular software application.
47. The audit concluded that the eFinancials system is adequately maintained and controlled by the eFinancials system team.



## National Studies

### Asset management in the NHS

48. This study examined how the NHS is strategically managing its assets to support effective service delivery. The study's objectives included assessing the extent to which the Scottish Government provides strategic direction to NHS bodies on asset management in general and the assurance that NHS estate is being used in the most economic and effective way. It also evaluated how well NHS bodies strategically manage all of their assets to ensure effective service delivery.
49. The report recommended that NHS bodies should:
- develop strategies for each type of asset and then develop a corporate asset management strategy and plan, which links with their clinical strategies
  - ensure they assess estate condition, statutory compliance, functional stability and space utilisation on a regular basis
  - ensure all information on assets is held electronically
  - review their performance management arrangements and, where required, develop performance measures and targets for assets.



# Governance and Accountability

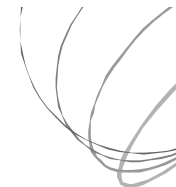
50. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our main findings arising from our review of NHS National Services Scotland's arrangements.
51. Increasingly services are being delivered across the public sector through partnership working, sometimes involving complex governance and accountability arrangements. Best value characteristics also include effective partnership working to deliver sustained improvements in outcomes.

## Overview of arrangements

52. This year we reviewed:
- patient safety and clinical governance
  - partnership working arrangements
  - key systems of internal control
  - internal audit
  - arrangements for the prevention and detection of fraud and irregularity, including standards of conduct.
53. Our overall conclusion is that arrangements within NHS National Services Scotland are sound and have operated through 2008/09.

## Patient safety and clinical governance

54. Clinical Governance within NHS National Services Scotland is overseen by the Clinical Governance Committee which is a sub-committee of the NHS National Services Scotland Board. It receives reports on aspects of the quality assurance of services likely to have an impact (direct or indirect) on patient care and provides regular reports to the NHS National Services Scotland Board on relevant issues. The Committee met on four occasions in 2008/09.
55. Clinical Governance arrangements have been further developed in 2008/09, with further improvement in quarterly reporting by Divisional Clinical Governance structures. Particular progress has been made in all aspects of clinical governance and safety within SNBTS, which was reviewed by internal audit in the first quarter of 2008/09. This review found that significant progress had been made in relation to its clinical governance arrangements and an action plan was produced to address the issues raised.



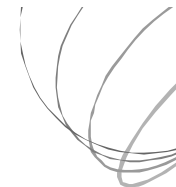
56. The Board continues to work with NHS Quality Improvement Scotland (NHS QIS) to support the implementation of the clinical governance and risk management standards to ensure that clinical governance principles are embedded in local practice. The last review by NHS QIS was in 2007 and the Clinical Governance Committee, established an action plan to address the issues arising from this review and this is now being implemented.
57. Going forward, NHS National Services Scotland is preparing for the third Clinical Governance and Risk Management self assessment and NHS QIS review which will take place in November 2009. NHS National Services Scotland has established a small co-ordinating group who have the remit to ensure effective preparation for the Review Process.

## Partnership Working

58. Partnership working in the NHS covers a number of areas, including partnerships with staff groups, local authorities, the voluntary sector, private healthcare providers and regional planning with other NHS boards.
59. NHS National Services Scotland plays a key role in the delivery of a series of national projects on behalf of NHSScotland. There is a potential risk to the organisation's ability to deliver national projects and services from a lack of clinical 'buy-in' for strategies and inadequate stakeholder involvement in the commissioning of national projects and services. Accordingly, measures have been taken by the organisation to reduce the risks in this area including the development of customer engagement processes and the implementation of a formal external communications strategy. We will monitor the impact of these actions during 2009/10.

## Systems of internal control

60. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements. In their annual report for 2008/09 PricewaterhouseCoopers, the Board's internal auditors, provided their opinion that, based on the internal audit work undertaken during the year, there was reasonable assurance on the adequacy and effectiveness on the systems of internal control.
61. As part of our audit we reviewed the high level controls in a number of NHS National Services Scotland systems that impact on the financial statements. This audit work covered a number of areas including cash and bank, payroll, accounts payable, accounts receivable, capital accounting, general ledger and stock. Our overall conclusion was that NHS National Services Scotland has adequate systems of internal control in place. We identified a number of areas where controls could be strengthened and agreed an action plan of improvements with management. This will be followed-up at a future date to confirm that improvements have been made.



62. In addition we placed formal reliance on aspects of internal audit's systems work in terms of International Standard on Auditing 610 (*Considering the Work of Internal Audit*) to avoid duplication of effort. This work provided us with additional assurances on the adequacy of the internal control environment within National Services Scotland.

## **Statement on internal control**

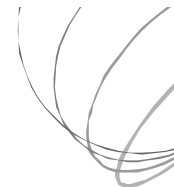
63. The Statement on Internal Control (SIC) provided by NHS National Services Scotland's Accountable Officer reflected the main findings from both external and internal audit work. This recorded management's responsibility for maintaining a sound system of internal control and sets out NHS National Services Scotland's approach to this. The SIC highlighted the steps taken to improve the Board's risk management processes during 2008/09 including the establishment and full roll out of an online corporate Risk Register.

## **Internal Audit**

64. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible and as part of our risk assessment and planning process for the 2008/09 audit we assessed whether we could place reliance on NHS National Services Scotland internal audit function. We concluded that the internal audit service operates in accordance with the Government Internal Audit Manual and therefore placed reliance on their work in a number of areas during 2008/09, as we anticipated in our annual audit plan.

## **Practitioner Services Division – Service Audit**

65. The Practitioner Services Division (PSD) of National Services Scotland is responsible for calculating and making payments to primary care contractors on behalf of each Health Board. Payments to primary care contractors account for more than 20% of the total health expenditure in Scotland.
66. NHS National Services Scotland appointed PricewaterhouseCoopers LLP (PwC), as Service Auditor, to carry out a detailed Statement on Auditing Standard 70 (SAS 70) review of this area. Their review provides assurance on the controls environment for processing practitioner data and paying primary care contractors. The report produced by the Service Auditor provides assurance on the control environment within PSD. It listed 9 control issues, but none of these were identified as being 'business critical' issues. The number of significant exceptions reduced from 5 in 2007/08 to none in 2008/09. Our review (summarised to other external auditors of Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland continues to perform its role in properly managing payments to NHS practitioners.



## **National IT Services – Service Audit**

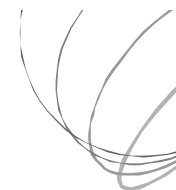
67. NHS National Services Scotland manages a range of IM&T services used throughout Scotland including: the National IT Services contract (an 11-year contract with the Atos Origin Alliance (AOA) commenced on 1<sup>st</sup> April 2007); the General Practice Administration System for Scotland (GPASS); the national data network; and the Community Health Index (CHI). These systems underpin the delivery of NHSScotland's eHealth Strategy and are integral to the activities of NHSScotland.
68. National Services Scotland appointed Scott-Moncrieff as Service Auditor, to carry out a detailed SAS 70 review of the processes operated by AOA. The report produced by the Service Auditor provides assurance on the control environment within AOA. It identified a number of controls issues, including six which were categorised as 'significant'. However, none of these issues were deemed critical. Our review (summarised to other external auditors of Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland is properly managing the National IT service which is provided by AOA.

## **Logistics – Service Audit**

69. During 2008/09, NHS National Services Scotland National Procurement continued to implement a Logistics service for NHSScotland, targeted on the delivery of savings to a number of health boards through the centralisation of the ordering, storage and distribution of supplies.
70. NHS National Services Scotland appointed Scott-Moncrieff as the Service Auditor, to carry out a detailed SAS 70 review of the processes operated by Logistics. The report produced by the Service Auditor provides assurance on the control environment within Logistics. It identified a number of controls issues, including one which was categorised as 'high risk'. However, none of these issues were deemed critical. Our review (summarised to other external auditors of Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services is appropriately managing the provision of a logistics service for NHSScotland.

## **Payroll – Service Audit**

71. During 2008/09, NHS National Services Scotland provided payroll services on behalf of the three NHS Scotland Boards as noted below:
- NHS Quality Improvement Scotland (QIS)
  - NHS 24
  - NHS Education for Scotland (NES).
72. On 2 March 2009, NHS National Services Scotland appointed PwC as the Service Auditor of the hosting of payroll services by NHS National Services Scotland. The report produced under SAS 70 by the Service Auditor provides assurance to the relevant NHS Boards on agreed control objectives, and on their operating effectiveness.



73. The Service Auditor's report identified a number of controls issues, including nine significant exceptions. Although again, none were deemed critical. Our review (summarised to other external auditors of Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland is appropriately managing the provision of payroll services for these NHS Boards.

## **eFinancials – Service Audit**

74. Under the "New Way Forward" National Programme led by NHS National Services Scotland, the intention is to develop and deliver a programme of foundation and pathfinder activities together with Health Boards in Scotland, leading to the implementation of financial shared services across Scotland. NHS National Services Scotland is a key driver in the shared services agenda and it leads in one of the four consortia which have been established. Within the NHS National Services Consortium there are seven NHS Boards and these are detailed below:

- NHS National Services Scotland (Lead Board)
- NHS Quality Improvement Scotland (NHS QIS)
- National Waiting Times Centre
- NHS 24
- NHS Lothian
- NHS Grampian
- The State Hospital.

75. As these consortium arrangements continue to develop and progress, an increasing number of responsibilities are being shared between consortium members. As the lead consortium Board, NHS National Services Scotland recognises the need to introduce robust governance and control frameworks over the services which are currently being provided by the Board on behalf of consortium members, namely the hosting of eFinancials.

76. Since 1 April 2008 NHS National Services Scotland has provided the hosting of Cedar eFinancials version 3.4 for NHS National Services Scotland, NHS QIS and NHS 24. Migrations through 2008/09 were as follows:

State Hospital	7 April 2008
NHS Grampian	3 June 2008
National Waiting Times Centre Board	20 August 2008
NHS Lothian	3 November 2008



77. NHS National Services Scotland also processes a limited number of transactions on behalf on NHS 24, NHS QIS and the State Hospital. The processing of these transactions was excluded from this year's review in anticipation of new technologies shortly being developed and introduced but this area will be addressed during 2009/10.
78. NHS National Services Scotland had recognised the need to provide third party assurance to members of the consortium and in January 2009 appointed PWC as the Service Auditor of its eFinancial arrangements. The report produced by the Service Auditor under SAS 70 provides assurance to the consortium Boards on agreed control objectives, and on their operating effectiveness. It identified a number of controls issues, including six significant exceptions, but no critical issues. Our review (summarised to other external auditors of Health Boards) concluded that we could place reliance on the work of the Service Auditor and that NHS National Services Scotland is appropriately managing the provision of efinancials services for specified NHS Boards.

## Prevention and detection of fraud and irregularities

79. NHS National Services Scotland has in place a number of measures to prevent and detect fraud, including Standing Financial Instructions, Standing Orders and supporting policies and procedures. The board has a formal programme of internal audit work, which, although not designed to detect fraud, does provide assurance on the operation of the control systems which are designed to prevent fraud. The Board has also agreed a formal protocol covering a programme of Payment Verification checks with the Practitioner Services Division of NHS National Services Scotland. In 2008/09 these checks included verification against patient records, requesting patients to confirm treatment by letter, visits to practices and examination of patients.

## NFI in Scotland

80. In 2008/09 NHS National Services Scotland took part in the National Fraud Initiative (NFI) in Scotland. The SGHD and NHS Counter Fraud Services have strongly supported the involvement of health bodies in the exercise, which is undertaken as part of the audits of the participating bodies. NFI brings together data from health bodies, councils, police and fire and rescue boards, and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. Health bodies provided payroll data for the exercise. The NFI has generated significant savings for Scottish public bodies (£40 million to date) but, if fraud or overpayments are not identified, assurances may be taken from internal arrangements for preventing and detecting fraud.
81. The NFI 2008/09 results (data matches) were made available to health bodies on 11 February 2009 via a secure web-based application. Participating bodies follow up the matches, as appropriate, and record the outcomes of their investigations in the application. We monitored the board's involvement in NFI 2008/09 during the course of the audit.





82. The current NFI process is still at an early stage but the board require to ensure that sufficient time and resources are made available to fully investigate the data matches relating to NHS National Services Scotland employees in accordance with the prescribed timetable. As part of this process a local action plan should be developed detailing each stage of the NFI process and it is the expectation that key officers from Human Resources and Payroll will be allocated specific responsibilities to review and investigate the matches.

**Risk Area 6**



# Performance

83. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. Key features of best value include:
- setting a clear vision of what the organisation wants to achieve, backed up by plans and strategies to secure improvement, with resources aligned to support their delivery
  - a performance management culture which is embedded throughout the organisation and a performance management framework which is comprehensive and supports the delivery of improved outcomes for citizens.
84. In this section we comment on:
- the Board's corporate plan and risks to its achievement
  - performance against targets
  - performance management arrangements.

## Vision and strategic direction

85. The Corporate Strategy 2008-2012 outlines NHS National Services Scotland's purpose:

*“To deliver effective national and specialist services which enable and support improvements in the health and well being of all the people of Scotland.”*

and a Vision by 2012 to be a:

*“World class, customer-focused support organisation:-*

- Preferred supplier recognised as understanding customer needs
- Achieved highest class EFQM excellence (or equivalent) for quality
- Valued world class partner
- Streamlined working practices supporting quality service delivery
- Using continuous improvement and innovation to deliver best value
- Highly trained and respected leaders throughout the organisation
- Highly motivated staff, valued and developed to realise their full potential for NHS National Services Scotland work.



86. In order to achieve their overall vision the Corporate Strategy sets out seven strategic enhancement themes:

Service Enhancement Themes	Ways of Working Enhancement Themes	
	<i>Processes</i>	<i>People</i>
1. Improve Customer Service	4. Modernise working practices	6. Enhance leadership capability
2. Strengthen Partnership Working	5. Increase efficiency	7. Develop people
3. Ensure Quality and Innovation		

It is from these themes that NHS National Services Scotland derives its strategic objectives of:

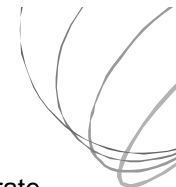
- Improve service delivery
- Enhance customer and partner engagements
- Build organisational capability
- Develop and support staff.

## Managing risk

87. There a number of key challenges and risks for the Board in delivering its plan. The Board has put in place robust systems for the identification and management of risk with the adoption of a single corporate risk register, corporate risk management policies and the issuing of guidance for managers. These corporate risk arrangements are supported by local divisional risk registers and arrangements. The challenge for the Board will be embedding a risk aware culture within the organisation for the future management of existing and emerging risks in the medium to long term.

88. The main risk areas are:

- **Financial management and affordability** – As has been noted earlier in this report, one of the significant challenges that the Board faces relates to its ability to fund a sustainable level of service and implement major service developments, in particular the requirements of delivering safe and sustainable services. NHS National Services Scotland has also identified that during 2009/10 £5.0 million of recurrent efficiency savings are required to be achieved to remove the Board’s reliance on non-recurring funding and to achieve recurring balance. Delivering these efficiency savings without impacting on services presents a significant challenge for the Board
- **Effective Partnership Working** – NHS National Services Scotland plays a key role in the delivery of a series of national projects on behalf of NHS Scotland. As stated previously, there is a potential risk to the organisation’s ability to deliver national projects and services from a lack of clinical ‘buy-in’ and inadequate stakeholder involvement. Accordingly, measures are being taken by the organisation to reduce the risks in this area.

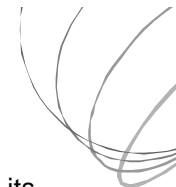


- **Performance Management** – The importance of having robust systems of relevant, accurate and understandable information has been recognised by the Board. Significant developments in the performance management framework have been demonstrated during the year and NHS National Services Scotland is continuing to develop this by the production of a strategic map which links SGHD priorities through to the Local Delivery Plan and divisional plans, which will then be linked to staff personal objectives. Performance measures are mapped to each level of objectives and performance is regularly monitored against corporate business plan objectives with a half yearly report to the board. It is recognised that this is an ongoing process and we will continue to monitor progress in future years.
- **Service Redesign & Development** – With the current level of service redesign, investment in new and innovative services and organisational change required to address these corporate objectives, there is an inevitable increase on the demands of senior officers of the Board in terms of knowledge and skills to manage the individual service priorities. The board will require to take account of this as part of their overall planning process.

89. These risk areas are complex and comprise multiple issues which will require careful management to resolve. We continue to monitor the Board's progress in each of these areas, and we comment on these areas within this report.

## Service Development

90. In December 2007, the Cabinet Secretary for Health and Wellbeing launched the "Better Health, Better Care - Action Plan" which emphasised patient participation, improved healthcare access and a focus on the challenges of improving Scotland's public health and tackling health inequalities. NHS National Services Scotland has reviewed the Action Plan and identified the major issues which have to be addressed to make progress. All actions from the Action Plan have been incorporated into the board's corporate objectives for 2008 and beyond within its Corporate Strategy and performance is reported on a quarterly basis to the Board. We will continue to monitor the development of shared service arrangements and the management of the related risks.
91. Our audit plan drew attention to a number of emerging issues within NHS National Services Scotland's National Procurement Division. The UK Government was served with an Infringement Notice from the EC indicating perceived technical breaches of regulations during the tendering process for the NHSScotland Managed Voice Network Contract which is managed by NHS National Services Scotland. Confirmation has now been received that no action will be taken by the EC and that the case is now closed.



92. Significant changes have been implemented in National Procurement following the resignation of its Director in 2008. A number of internal audit reviews of the processes within the National Procurement Division have been undertaken in year. As a result, areas requiring urgent management action were identified and an action plan produced, all actions identified are being progressed and will be followed up by internal audit. We will continue to monitor progress and risks in this area.

#### **Risk Area 7**

93. NHS National Services Scotland continues to make progress in developing National Procurement arrangements across NHSScotland. Over the last year it has seen the implementation of the logistics contract rise to 80% with strategic sourcing delivering £24 million of savings. However there has been a shortfall in efficiency savings achieved in year resulting from delays in implementation within some boards, and the associated lower volumes. The position is being recovered and is expected to be back on target by summer 2009. We will continue to monitor progress in this area.

94. Problems with the level of blood donations are continuing and there is now a significant risk of insufficient blood supplies being available for patient needs in Scotland. The Scottish National Blood Transfusion Service (SNBTS) has identified, in consultation with staff and stakeholders, four primary strategic objectives for the service:

- enough blood for patients
- facilities for the future
- focal services for patients
- developing sustainable tissue services.

95. A business case has been developed for plans to reverse the donor decline by the end of 2009/10. The option recommended to the Board, and approved in November 2007, has two aims:

- *“to rebuild the donor base to compensate for attrition since 2004, thereby restoring normal service”*
- *“to build additional resilience into the donor base in anticipation of vCJD testing being introduced by end 2009/10”.*

The Local Delivery Plan for 2009/10 includes an NHS National Services Scotland specific target *“Ensure adequate blood and tissue supply and quality to meet demand without invoking the integrated plan for meeting blood shortages”*. Measures to achieve the target largely comprise of enhanced supply and demand planning and stock management processes. However, funding was secured from January 2008 for an integrated marketing and publicity campaign to be carried out over a period of 27 months. There is still a risk that should this fail to continue, a donor shortfall may arise. Effectiveness in achieving the necessary reversal in donor decline will be monitored by NHS National Services Scotland, and appropriate corrective action taken.

#### **Risk Area 8**



## Performance Overview

96. NHS National Services Scotland has made significant progress over the course of the year against its Corporate Business Plan targets. NHS National Services Scotland split their Corporate Business Plan Targets across 3 main groups:

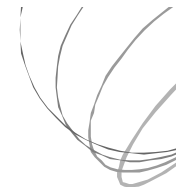
- Local Delivery Plan HEAT Targets (mandatory for all boards)
- NHS National Services Scotland specific LDP targets
- NHS National Services Scotland Non LDP Corporate Business Plan Targets.

97. **Mandatory HEAT Targets** – Five of the six targets (83%) were successfully completed. However, the HEAT target to achieve 4% sickness absence fluctuated throughout the year but always remained well within 1% point of the target, finishing in the last quarter within 0.3% of the target. The position for the whole year is reported on SWISS as 4.3%, and is therefore shown as not being met. Significant work is underway throughout NHS National Services Scotland to bring the overall figure down. It should be noted that some areas of NHS National Services Scotland returned an absence rate of less than 1% whereas others have more significant challenges. We will monitor ongoing progress.

98. **NHS National Services Scotland specific LDP Targets** - In addition to the mandatory targets, NHS National Services Scotland agreed 11 other principal targets with SGHD as part of its LDP. Some of these contain several strands, totalling 23 reporting elements. Twenty out of the twenty-three targets (86%) were achieved in full; meeting the required scale of delivery, quality, and costs. The three targets that were not achieved were:

- **Screening Services** – 5 out of 6 boards delivering the services achieved the target but one is finding it difficult to recruit staff with a consequential delay in issuing the screening results.
- **Logistics** - there has been a shortfall in efficiency savings stemming from delays in implementing in some Boards, and the associated lower volumes.
- **E-Health programme** - tightening of delivery definitions and tolerances took around two-thirds of the portfolio into Amber/Red status. This does not reflect a decrease in delivery but is a reporting issue, which is being addressed with SGHD.

99. **NHS National Services Scotland Business Plan Non LDP Targets** - There are 95 Business Plan targets embracing regular service delivery, as well as the progression of important initiatives. Of these, 85 (89%) were completed fully, with ten targets (11%) which had not been met. However there are actions underway across all areas to improve the delivery in order to meet the targets. We will monitor ongoing progress.



## Performance Management

100. NHS National Services Scotland has a good performance management culture, with regular divisional and departmental performance reviews feeding into half-yearly performance reviews to the Board. The RAG (red, amber, green) system is used in performance reports to highlight progress for each HEAT or KPI target, both for each current quarter and a forecast position for the year-end. Where appropriate, the report outlines recovery plans and remedial action.
101. NHS National Services Scotland has, however, recognised that its arrangements are not yet sufficiently outcome focused and is aiming to develop long-term measures which assess the impact of its work on the wider NHS in Scotland and the National outcomes. We will continue to monitor the progress in developing these measures and the achieved performance levels
102. NHS National Services Scotland is continuing to develop its performance management framework by producing a strategic map which links SGHD priorities through to divisional plans and these will then be linked to staff personal objectives. Performance measures are mapped to each level of objectives and roll out of this approach will continue during 2009/10, we will monitor the progress made.
103. The Cabinet Secretary of Health and Wellbeing as part of the Annual Review of NHS National Services Scotland highlighted areas where specific action would be required to ensure that certain performance targets are achieved. These included the 4% sickness absence target, ensuring that engagement with staff on developing KSF outlines is delivered in a positive manner outlining the benefits available, exploring the possibility of embedding the various screening programmes into the Keep Well strategy and keeping the Health Directorates informed on how they are dealing with the 90% target on hand hygiene compliance. An Annual Review action plan has been compiled which identifies the Board officer responsible for progressing actions agreed with the Cabinet Secretary.

## Efficiency

104. In 2008/09 the Board had a cost savings target of £4.9m as part of the Scottish Government Efficient Government – Efficiency Savings Initiative. The Board met and exceeded this through a range of cost savings initiatives which resulted in the achievement of £5.3 million of recurrent savings. As identified in paragraph 33 above, the challenge for 2009/10 onwards will be significant for the Board.
105. Service redesign has contributed to the overall ability of the Board to derive savings and efficiencies from its activities. This affects a range of both clinical and support functions. Moving forward, NHS National Services Scotland will need to ensure that service redesign and other cost savings initiatives, while delivering required efficiencies, are not having a detrimental effect on customer experience.



106. The Board continues to derive cost efficiencies through a programme of divisional reviews and budget monitoring. The cost savings plan includes projects designed to produce recurring and non – recurring savings which are incorporated into the financial plan. A corporate approach is adopted for the identification of suitable cost reduction programmes and savings targets are devolved to operational budgets where appropriate.

## National Studies

107. Audit Scotland's carries out a range of studies each year which relate to the area of NHS performance. As NHS National Services Scotland carries out a very specific role within NHSScotland, relatively few of these have an immediate bearing on their operations. However, members and executives are encouraged to review and engage with the study reports and to identify what impact they may have for the organisation. The key reports are listed below and can be accessed on Audit Scotland's website at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

- A review of palliative care services
- Day surgery in Scotland – reviewing progress
- Review of NHS diagnostic services
- Drug and alcohol services in Scotland
- Overview of mental health services in Scotland.





# Looking Forward

108. NHS National Services Scotland faces a number of challenges in 2009/10, which include:

- **Financial management and affordability** – The financial settlement in 2009/10 provides an uplift of 3.15% which may be at least equally challenging in 2010/11, given the current economic situation and the impact of the UK Government budget in April 2009. This will have a significant impact on long term financial planning and the control of non pay costs. NHS National Services Scotland has also identified that during 2009/10 £5.0 million of recurrent efficiency savings are required to be achieved to remove the Board's reliance on non-recurring funding and to achieve recurring balance. Delivering these efficiency savings without impacting on services presents a significant challenge for the Board.
- **International Financial Reporting Standards (IFRS)** – Officers are required to prepare shadow accounts under IFRS for 2008/09 by September 2009. The move to full compliance in 2009/10 will require significant resource and it will be important that these issues are addressed early in 2009/10.
- **Scotland Performs** – The Scottish Government is continuing to develop its approach to performance management based on a National Performance Framework and outcome agreements. The National Performance Framework is based on the outcome based 'Virginia-style' model of performance measurement and reporting. In support of this the Scottish Government has developed a new electronic tool and website to communicate to the public on Scotland's progress. This will include progress on overall delivery of the administration's purpose for Government, the five strategic objectives for Scotland and other aspects of the outcomes based National Performance Framework. We will consider how NHS National Services Scotland is addressing this developing area as part of the 2009/10 audit.
- **Efficiency, future funding and economic developments** – Budgets for 2009/10 and the immediate future will need to be managed within a tighter funding regime. This includes significantly less scope for the application of end of year flexibility until the next Spending Review and the impact of the introduction of International Financial Reporting. The challenge for NHS National Services Scotland is to prioritise spending, identify efficiencies and review future commitments to ensure delivery of key targets and objectives. This will be even more challenging in the context of the current economic downturn which may impact on a number of elements of the Board's operations including both its resources and the demand for its services.



- **Equal Pay** - The Equal Pay Directive has made it clear that pay discrimination should be eliminated from all aspects of remuneration. NHS National Services Scotland has received 21 of the 13,000 claims submitted nationally on this matter. Significant ongoing uncertainties have been identified by the CLO resulting in an unquantified contingent liability disclosure in 2008/09. However, Board management, working with the Scottish Government Health Directorates and other NHS Boards, will require to form a view of the potential liabilities as soon as practicable, taking into account the progress of cases in Scotland and in England. NHS National Services Scotland has a significant part to play in this area, given the CLO's central role in managing the national caseload.
- **Best Value** - The concept of Best Value is seen as a key driver of modernisation and improvement in public services. Audit Scotland is committed to extending the Best Value audit regime across the whole public sector and significant development work has taken place over the last year, particularly in the area of Use of Resources. NHS National Services Scotland will wish to respond to this important initiative as it develops.

109. The Board recognises these challenges and is taking steps through its planning processes to address them. We will continue to monitor the progress that the Board is making on these key issues.



# Appendix A: Action Plan

## Key Risk Areas and Planned Management Action

Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
1	The issue of reaching a resolution to Equal Pay claims is a general one for NHS Boards. Management of the national process is undertaken by the Equal Pay Unit, on instruction of the Management Steering Group, with legal advice being provided by CLO. There is a risk that, if the arguments submitted in defence of the Health Boards and NSS are not accepted by the Employment Tribunal, there could be a greater financial impact on such NHS Boards and NSS.	<p>The NHS Scotland strategy for the conduct of the litigation will continue to be reviewed at the Equal Pay Reference Group. Instructions will continue to be sought where appropriate from MSG and regular updates will continue to be provided to HRD's, DoF's and the equal pay leads for the Boards. CLO will manage the data it holds in relation to claims on a specially designed data base. Advice will continue to be sought from Senior Counsel in relation to all critical stages of the litigation.</p> <p>The NSS Risk Register will continue to be under review and updated when necessary. Steps will continue to be taken to ensure that the necessary data and organisational knowledge is safeguarded for use in defence of the claims.</p>	Steve Conway	Mar 2010
2	Continued progress is required to prepare the shadow IFRS accounts for 2008/09 in accordance with the prescribed timetable. There is a risk that NHS National Services Scotland will be unable to commit sufficient resources to produce the shadow accounts by the deadline.	NSS plans for IFRS are well advanced. The Finance team has earmarked appropriate resources to complete the project well within current timescales. Risk is judged to be very low.	Simon Belfer	Sep 2009
3	The Board faces a wide range of financial challenges in 2009/10. The longer term financial plan remains at risk of not being affordable and is a significant challenge to the Board moving forward.	The Board believes that current financial plans are robust, based on current expectations of costs, income and uplifts. However the Board is aware of wider uncertainties resulting from the current economic climate and is actively developing contingency plans to ensure that future services can be managed in an affordable way if financial circumstances change.	Simon Belfer	Mar 2010
4	During 2009/10 £5.0 million of recurrent efficiency savings are required to achieve recurring balance. Delivery of these efficiency savings may present a risk to the quality of current services.	The Board has a track record of achievement against efficiency targets. Plans are in place to meet targets for 2009/10. The targets are challenging and will require regular management review but the Board is confident that these will be achieved without detriment to service quality.	Simon Belfer	Mar 2010



Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
5	There is a risk that the Board will fail to meet the sickness absence standard of 4%.	<p>Implement OHSxtra approach to tackling long-term absence during 2009, monitoring absence figures throughout the 2 year project.</p> <p>Introduction of the Feel Good project in April 2009 initially within the Edinburgh area aimed to address the acceptability/feasibility for research on the effect of early Occupational Health Service intervention and Positive Mental Health Training on sickness absence.</p> <p>Continue to monitor joint outcomes specifically in areas of return to work interviews and sickness case management approach.</p>	Jim Gibson	Mar 2010
6	There is a risk that potential occurrences of fraud highlighted in the NFI data matches are not fully investigated by the Board.	An initial review has been carried out to identify any high risk matches. Any such instances were followed up immediately. The remaining matches are being reviewed in detail through July and August and where necessary will be followed up appropriately.	Craig Marshall	Aug 09
7	There is a risk that the improvements recently initiated within National Procurement processes are not fully bedded in and implemented.	<p>An internal audit review group (including PWC input) have reviewed and approved all process and work instruction activity identified within the management response.</p> <p>This continues in the form of a revised 'healthcheck' process for 100% of all 2009/10 contract activity, with associated corrective actions and shared learning as appropriate.</p> <p>Positive progress validated through interim internal audit (although small sample very encouraging evidence of bedded in changes)</p> <p>Full validation planned for Nov 2009 for further PWC internal audit of wider sample.</p>	Colin Sinclair	Nov 09



Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
8	There is a risk that current plans to address any future shortfall in blood donations may prove ineffective.	<p>SNBTS's Five Strategic Themes are embedded in both the SNBTS Strategic Development Plan and the annual SNBTS Business Plan:</p> <ul style="list-style-type: none"> <li>▪ Enough Blood for Patients.</li> <li>▪ Facilities for the Future.</li> <li>▪ Sustainable Tissue Services.</li> <li>▪ Services for Patients.</li> <li>▪ Organisation Fit for the Future.</li> </ul> <p>▪ The priority accorded to Enough Blood for Patients is consistent with the SNBTS-specific HEAT Target, "ensure adequate blood and tissue supply and quality to meet demand without invoking the integrated plan for meeting blood shortages". Key testimony to success lies in this plan not having to be invoked.</p> <p>▪ Supply &amp; Demand planning has been further developed from the Blood Express project, now business as usual, with more closely integrated stock management arrangements with selected hospitals. These will continue to be rolled-out elsewhere across Scotland.</p> <p>▪ Funding allocated in Jan 07 for an integrated marketing and publicity campaign to reverse the decline in donors has had the desired effect, and efforts continue to further build resilience into the donor base in anticipation of a vCJD screening test.</p> <p>▪ Progress is monitored within the SNBTS Supply Chain, by the SNBTS Clinical Governance &amp; Safety Committee and at the SNBTS Management Board, and is reported to both the NSS Clinical Governance Committee and the NSS Board.</p>	Keith Thomson	<p>Strategic Development Plan 2013</p> <p>Business Plan 2009/10</p> <p>Annually</p> <p>March 2010</p> <p>2009 - 10</p> <p>Monthly</p>