

NHS Lothian

Corporate Management Team
3rd October 2012

Director of Finance

RELEVANT DISCLOSURES IN RESPECT OF THE PUBLIC SERVICES REFORM (SCOTLAND) ACT 2010

1 Purpose of the Report

- 1.1 The purpose of this report is to provide the Corporate Management Team with an overview of the relevant disclosures in respect of NHS Lothian for publication under the provisions of the Public Services Reform (Scotland) Act 2010 ("the Act").
- 1.2 Any member wishing additional information should contact the Executive Lead in advance of the meeting.

2 Recommendations

The Corporate Management Team is recommended to:

- 2.1 Note the dimensions for disclosure of information required by NHS Lothian as a public body under Schedule 8 of the Act and that this data is to be published on the NHS Internet page under "Key Documents- financial".
- 2.2 Note the values for the relevant items requiring disclosure under the Act in section 4 of paper.
- 2.3 Note that expenditure over £25,000 continues to be disclosed as part of an ongoing data gathering and review exercise commencing publication from 1 October 2010.

3 Discussion of Key Issues

Dimensions of disclosure

- 3.1 The Public Services Reform (Scotland) Act 2010 ("the Act") received Royal Assent in April 2010. It contained a number of provisions for the restructuring of Public Sector organisations in Scotland and set up powers for Scottish Ministers to improve the exercise of public functions. It also imposed duties on Scottish Ministers and listed public bodies (including NHS Lothian) to publish information on expenditure and other matters on an annual basis.

- 3.2 Under the Act's information provisions, NHS Lothian must publish annually the following information:
- Expenditure incurred in the financial year on public relations
 - Expenditure incurred in the financial year on overseas travel
 - Expenditure incurred in the year on hospitality and entertainment
 - Expenditure incurred in the year on external consultancy (including that incurred on construction or infrastructure projects)
 - Expenditure payments in excess of £25,000 not including remuneration
 - The number of employees receiving remuneration in excess of £150,000
- 3.3 The timing of public release of such disclosures in NHS Lothian is typically built around the time that the Annual Accounts of NHS Lothian are placed before Parliament.
- 3.4 The following paragraphs summarise the position of NHS Lothian in respect of the disclosures required by the Act in respect of the items in paragraph 3.2 above.

Public Relations

- 3.5 This disclosure is already included within the Annual Accounts for the year ended 31 March 2012. These accounts are now in the public domain after being laid before Parliament in October 2012. The total expenditure in public relations for NHS Lothian reflected in the annual accounts is £625,000 (2010/11) £673,000. The total expenditure includes the running costs of the NHS Lothian Communications department and associated support.

Overseas travel

- 3.6 A number of process improvements have been established to capture this data more routinely from the e-expenses and procurement processing systems. The total cost for financial year 2011-12 has been evaluated at £62,124 (2010/11-£121,932).

Hospitality and Entertainment

- 3.7 This disclosure has also historically provided data collection problems when dealing with Freedom of Information (Scotland) Act inquiries. The data here incorporates all of the relevant cost offset recharges provided through catering services for meetings and events held internally within NHS Lothian and the cost of Board meetings and away days. The total cost for 2011/12 is £102,358 (2010/11-£272,524).

External Consultancy

- 3.8 There are two principal elements to this cost. The first is routine **revenue** costs of bought in resource coded to detail national accounts code 4806 in the financial ledger revenue cost hierarchy. This amounts to £1,763,053 (2010/11-£843,471). The 2011/12 figure includes £1.15m (2010/11- Nil) of costs in respect of RHSC/DCN project.

- 3.9 The other, more significant, element relates to **capital** schemes. Under this category NHS Lothian is required to include such costs relating to construction or related infrastructure. Substantial costs have been incurred in this category in support of project proposals (such as surveying and structural engineering). Accordingly the total incurred for 2010/11 amounts to £4,160,691 (2010/11 £8,722,088); of which £2,703,861 (2010/11-£5,994,591) relates to the RHSC/DCN re-provision project. Stripping out RHSC/DCN costs shows a reduction of £1.2m.
- 3.10 The total consultancy costs incurred by NHS Lothian for 2011/12 to be disclosed therefore amount to £5,923,744 (2010/11-£9,565,559).

Expenditure (excluding remuneration) > £25,000

- 3.11 Reports have been regularly extracted from the financial ledger since October 2010 in order to fulfil the statutory requirements. After review of content and format these are now in publishable form, with suitable redaction of information that would contravene Data Protection Act legislation. In order to complete the expenditure profile, the summaries published retain **aggregate** payment data for payroll costs and payroll deductions paid to HMRC and SPPA in respect of tax, national insurance and pension scheme payments.
- 3.12 Accordingly the monthly expenditure reports' value account for approximately 78% of total gross HCH capital and revenue expenditure flowing through the NHS Board accounts over approximately 2500 lines of information for any one year. The balance is made up principally by expenditure flowing through FHS practitioner services under payments on behalf arrangements.
- 3.13 In order to manage the risk around confidentiality of contracts and data protection the monthly reports extracted from the financial systems were circulated around local finance/management teams, for review in advance of publication.

Employees in receipt of Remuneration > £150,000

- 3.14 This information is capable of extraction from the Annual Accounts but due to the aggregation of employers' pension contributions with gross pay for executive members in the Accounts' remuneration report, a separate disclosure is required to meet the Act's specific requirements.
- 3.15 For 2011/12 the number in receipt of remuneration in excess of £150,000 was 75 (2010/11-90) including 73 (2010/11-89) clinical staff and 2 (2010/11-1) non-clinical. Two (2010/11-three) of the above number are (or were) executive members of the NHS Board during 2011/12.

Voluntary Disclosure

- 3.16 In addition to the above statutory disclosures NHS Lothian incorporate a voluntary disclosure on the aggregate of members' expenses. The amount of the aggregate of expenses is £7,482 (2010/11-£9,280).

4 Key Risks

- The key risks lie with the disclosure process not complying with data protection act requirements in the case of individual identifiable payment

recipients and general reputational risk, linking as it does with possible future inquiries under the FOI legislation into the underlying detail.

4.1 The main financial messages arising from the above data disclosures are

- The remuneration over £150,000 relates principally to expert clinician staff
- The consultancy costs relate to major capital projects which have been procured under the terms of nationally determined contractual arrangements with Scottish Government- with particular reference to the new RHSC.
- Expenditure on hospitality and overseas travel and subsistence through exchequer resources is relatively low in the context of the total number of employees.

5 Risk Register

5.1 There is nothing further which needs to be added to the Board's Risk Register at this time as it already deals with reputational risk under FOISA.

6 Impact on Health Inequalities

6.1 This section is not applicable.

7 Impact on Inequalities

7.1 This section is not applicable

8 Involving People

8.1 This section is not applicable.

9 Resource Implications

9.1 The resource implications are described in section 3 above.

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