

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

1. Background to the disclosures

1.1 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.

1.2 Under the Act’s information provisions, NHS Lothian must publish annually the following information:

Section 31 disclosures

- 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

Section 32 disclosures

- Statement outlining the steps taken to promote sustainable economic growth in Lothian
- Statement outlining the steps taken to improve efficiency, effectiveness and economy

1.3 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. The Annual Accounts were laid before Parliament in October 2017.

1.4 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 1.2 above.

2. Section 31 Disclosures

Public Relations

2.1 This disclosure is already included within the Annual Accounts for the year ended 31 March 2017. The total expenditure in public relations for NHS Lothian reflected in the

annual accounts is £543,000 (2015/16 - £628,000). The total expenditure include the running costs of the NHS Lothian Communications department and associated support, the majority of this expenditure relates to staff costs, £511,000 (2015/16 - £588,00),

Overseas travel

- 2.2 This data is captured from the e-expenses and procurement processing systems. The total cost for financial year 2016-17 has been identified at £158,383 (2015/16 - £217,514)

Hospitality and Entertainment

- 2.3 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 2016/17 is £125,059.54 (2015/16 - £148,171.06).

External Consultancy

- 2.4 There are two principal elements to this cost. The first element of consultancy expenditure is in relation to revenue costs. This amounts to £1,264,778 (2015/16 - £1,996,037). Included within the revenue consultancy costs £733,976 (2015/16 - £732,917) in relation to RHSC/DCN.
- 2.5 The other element relates to capital schemes. Under this category NHS Lothian is required to include such costs relating to construction or related infrastructure. There was been a substantial reduction in the costs that have been incurred in this category due to significant projects being out of the initial construction phase. The total incurred for 2016/17 amounts to £210,540k (2015/16 - £5,618,877). A key balance included with this relates to £97,853 (2015/16 - £1,512,309) for the REH project.
- 2.6 The total consultancy costs incurred by NHS Lothian for 2016/17 to be disclosed therefore amount to £1,475,319(2015/16 - £7,614,914).

Expenditure > £25,000

- 2.7 Reports have been regularly extracted from the financial ledger since October 2010 in order to fulfill 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.
- 2.8 Accordingly the monthly expenditure reports' value accounts for approximately 82% of total gross HCH capital and revenue expenditure flowing through the NHS Board accounts over approximately 2400 lines of information for any one year. The balance is made up principally by expenditure flowing through FHS practitioner services under payments on behalf. Publication will continue to be separate months' listings.
- 2.9 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. There are 20 individual payments, amounting in total to just over £1.2m, relating to severance payments and legal compensation awards have been redacted.

Employees in receipt of Remuneration > £150,000

- 2.10 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.
- 2.11 For 2016/17 the number in receipt of remuneration in excess of £150,000 was 126 (2015/16 - 106) including 125 (2015/16 - 105) clinical staff and 1 (2015/16 - 1) non-clinical.

Voluntary Disclosure

- 2.12 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 £17,078.74 (2015/16 - £15,138.50).

3. Section 32 Disclosures

Sustainable Economic Growth

- 3.1 NHS Lothian is the single largest employer in Lothian with over 28,500 employees. NHS Lothian, along with its partner organisations, strives to ensure continued sustainable economic growth for the population of Lothian.

The Lothian economy is supported by a number of construction schemes being undertaken by NHS Lothian. The £48 million Phase One redevelopment of the Royal Edinburgh Hospital campus has been completed. Construction of the new £150 million Royal Hospital for Sick Children and Department of Clinical Neurosciences has continued over the last year.

NHS Lothian has established recruitment, retention, training and development policies that ensure service delivery by a locally based workforce, retaining key professional skills within local communities. By working in partnership with the Prince's Trust on our Get into Healthcare Programmes, NHS Lothian recruited 17 young people into both facilities and clinical roles. Our Employability and Work placement team continue to work with the City of Edinburgh Council, Edinburgh College and IntoWork to deliver Edinburgh Project SEARCH. This is an employability programme for young people (aged 16-24) with a recognised disability who would like to move into employment. In 2016/17, 12 interns were accepted into the programme. Of those 12, 4 have already secured employment with NHS Lothian, and the remaining 8 are entering into their final placements whilst also being supported to search and apply for jobs.

NHS Lothian developed a strategic plan - Our Health, Our Care, Our Future 2014-2024 – which set out what we propose to do over the current decade to address the health needs of our growing and ageing population and to meet the challenges this presents while continuing to provide a high quality, sustainable healthcare system for the people of Lothian. Whilst universal healthcare is available to everyone in Lothian, health inequalities are still a predominant issue. This is something that has been tackled in the Board's Health Inequalities Strategy, 2014. The Board continues to work with Health and Social Care Partnerships and is an active Community Planning partner as we seek to address the determinants of health that are the fundamental causes of health

Inequalities. Prevention, including a focus on early year's services, is key to addressing health inequalities in Lothian and is something the Board is prioritising.

NHS Lothian complies with the Procurement Reform Act (Scotland) in order to support Economic Growth. The Procurement Reform Act is a significant element of the continuing Public Procurement Reform Programme. The Programme centres on the Scottish Model of Procurement, which puts procurement at the heart of Scotland's economic recovery. It sees procurement as an integral part of policy development and service delivery. It is a simple concept - business friendly and socially responsible. Looking at outcomes not outputs, it uses the power of public spend to deliver genuine public value beyond simply cost/quality in purchasing. The Procurement Reform (Scotland) Act builds on the work achieved so far in the reform of public procurement in Scotland. It establishes the laws regarding sustainable public procurement, and allows us to maximise the economic benefit brought to Scotland from effective and efficient public procurement activity.

Further development work has taken place during 2016/17 on the NHS Lothian Catering Strategy. Underpinning this strategy is an acknowledgement of the key role of procurement in contributing to health improvement, supporting economic growth and addressing national and local sustainability strategies. A key objective of this strategy is that the Catering Service will provide the highest quality and most appropriate meals for our patients to aid their recovery and ensure they receive the best possible nutrition for them.

Efficiency, Effectiveness and Economy

3.2 NHS Lothian achieved its three key financial targets for the year 2016/17:

- ✓ Revenue Resource Limit
- ✓ Capital Resource Limit
- ✓ Cash Requirement

The successful achievement of these targets was made possible through the delivery of efficiency savings totalling £24.5 million during the course of 2016/17. These savings were delivered through a range of initiatives including workforce, procurement, prescribing and estates.

As a responsible steward of public resources, NHS Lothian recognises its responsibility to consistently strive to deliver increased value through improvements in the economy, efficiency and effectiveness of its functions.

NHS Lothian is committed to supporting business by paying bills quickly, and aims to pay all undisputed invoices within 10 working days. In 2016/17 the average number of days the Board took to pay an invoice was 11 working days. No payments were made under Late Payment of Commercial Debts Act 1998 in 2016/17.

There is a standard that 95% of patients are to wait no longer than 4 hours from arrival to admission, discharge or transfer for A&E treatment. NHS Lothian has put in place a rolling programme of improvement work which has led to an improved performance.

2016/17 also saw an improvement in access to mental health services following a significant injecting of resources both in terms of additional staffing and through targeted investment. The Mental Health Information Station offers support, information and sign posting for anyone affected by health and wellbeing issues, and welcomed

1,000 visitors in the first 12 months.

A high employment vacancy rate is a national issue, and in 2016/17 NHS Lothian launched a programme of work to reduce the vacancy rate in the number of health visitors in Edinburgh. The rate has reduced from 25% to 10%, and a further plan is in place to manage the remaining vacancies in order to reach the required staffing level to deliver a new health visitor pathway.

During 2016, Dr Simon Watson took up a new role of the Board's Chief Quality Officer, to lead the work to create an enhanced whole organisation approach to quality assurance and improvement, and to make quality the focus of how we carry out our activities.

The recently established Quality Management System (The QMS) is the means to turn this aspiration into reality. The QMS approach begins by understanding and describing the systems underpinning core, day-to-day processes and pathways. We then deploy our analytical service to extract the data underpinning these pathways to understand the causes and consequences of unwarranted variation. By training, enabling and empowering front line teams to manage quality, tests of change to continuously improve performance are then undertaken. These will be supported by patient-level costing systems, which will enable us to understand the cost savings associated with reduction in unwarranted variation and waste.

The Royal Hospital for Sick Children and Department of Clinical Neurosciences project has won the GO Sustainable Procurement Award at the National GO Excellence in Public Procurement Awards 2017/18. These awards showcased the very best in the UK's public procurement community and the project has been recognised for its collaborative working to deliver employment opportunities, training and development for the people of Lothian, investment in local and Scottish businesses, environmental schemes and charity projects in the local community.

During 2016/17 NHS Lothian's overall aim is to implement and realise a "step change" in the delivery and performance of Operational Services in a consistent and strategic approach across NHS Scotland – doing this "Once for Scotland". The services currently involved in a shared services approach include: Procurement, Human resources, facilities management, finance and eHealth. The first stage of this approach was to establish regional working where opportunities became available. NHS Lothian and NHS Tayside have continued the agreement to jointly fund an Associate Director of Procurement to lead both Procurement Teams thus supporting the standardisation of process and maximising economies of scale.

Two further senior Procurement roles are being shared and a project to merge both Teams is underway. The merger project is governed and supported by a Steering Group which includes Staff Side and Human Resources representatives from each Board.

Within the Payroll service, NHS Lothian and Forth Valley now jointly share a Payroll Manager; this is a positive step forward to regional working and is the base for future regional collaborative working.

Public Sector Reform Act 2010 guidance on Section 32

1. Sustainable economic growth

- 1.1 Section 32(1)(a) provides that as soon as is reasonably practicable after the end of each financial year each listed public body must publish a statement of the steps it has taken during that financial year to promote and increase sustainable growth through the exercise of its functions. Since this requires the publication of a statement it is not sufficient simply to refer to other published material such as the Annual Report. The statement can, of course, draw on such material.
- 1.2 The Government Economic Strategy, which was published in November 2007, sets out the Government's central Purpose is *"to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. By sustainable economic growth we mean building a dynamic and growing economy that will provide prosperity and opportunities for all, while ensuring that future generations can enjoy a better quality of life too."*
- 1.3 The National Performance Framework was developed to provide a clear focus and direction for the whole of the public sector in Scotland and in common with the rest of the public sector, all public bodies are expected to align their activity (demonstrated through their corporate and business plans) in support of the Purpose, Purpose Targets and the 15 National Outcomes set out in the Framework.
- 1.4 Further information about the National Performance Framework, together with the Government Economic Strategy and the Economic Recovery Plan which was first published in January 2009 and most recently updated in March 2010, can all be found on the Scottish Government's website at: www.scotlandperforms.com.

2. Efficiency, effectiveness and economy

- 2.1 Section 32(1)(b) provides that as soon as is reasonably practicable after the end of each financial year each listed public body must publish a statement of the steps it has taken during that financial year to improve efficiency, effectiveness and economy in the exercise of its functions. Once again, this may draw on other published material but should take the form of a self-standing statement.
- 2.2 The Scottish Government publishes guidance on the definition of efficiencies as part of the Efficient Government Programme. It also publishes Efficiency Delivery Plans which explain how various public bodies intend to deliver efficiencies together with an annual outturn report which sets out the extent to which that has been achieved. All of these documents can be found at:
<http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment>
- 2.3 As part of their drive to improve the efficient and effective delivery of public services and to achieve maximum economy, Scottish Ministers are keen to ensure that public bodies actively explore and implement as appropriate all opportunities for sharing the provision of back office and front line functions. In the statement required under section 32(1)(b), public bodies should therefore provide details of the current level of shared

service activity in which they are engaged, either as a provider or a user, including details about the functional areas involved and the scale of the activity.

- 2.4 The Scottish Government's Guidance on Shared Services is currently being revised and the new version will be a live web-enabled document, regularly updated, to provide information, guidance and case studies on shared services. The Guidance can be found at: <http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment/SharedServices/Resources>.
- 2.5 Statements under section 32(1)(b) should also include details of the steps taken to improve procurement processes and capability, including contract management; managing risk in the supply chain; acting on procurement capability assessments; and savings achieved through collaborative and local contracts. Guidance on best practice in relation to procurement is available at: <http://www.scotland.gov.uk/Topics/Government/Procurement>.