

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.
- 1.4 The following paragraphs summaries’ 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 The total 2018/19 expenditure in public relations for NHS Lothian is £570,000, (2017/18 - £520,000). This expenditure includes the running costs of the NHS Lothian Communications department and associated support, of which the majority relates to staff costs, £520,000 (2017/18 - £490,000).

Overseas travel

- 2.2 This data is captured from the e-expenses and procurement processing systems. The total cost for financial year 2018/19 is £273,378 (2017/18 £191,819). Following a review of the overseas travel guidance which states “*expenditure incurred on “overseas travel” should be regarded as the full costs incurred in connection with the trip from departure until return, this should include the cost of hotels, conference fees and subsistence*” for 2018/19 we have enhanced the reporting function and are now able to identify costs relating to conference fees/courses. The increase is largely due to the inclusion of £53k in relation to the costs of the overseas courses.

Hospitality and Entertainment

- 2.3 This data 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 away days. The total cost for 2018/19 is £163,458 (2017/18 - £155,341), however £7.2k of the 18/19 costs relate to invoices for 2017/18 hospitality which were not presented to Lothian for payment until Month 02 (May) of the financial year 2018/19.

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 £1,538,777 (2017/8 - £1,607,839). Included within the revenue consultancy costs £897,608 (2017/8 - £863,514) in relation to RHSC/DCN legal and technical advice.
- 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. The total incurred for 2018/19 amounts to £157,366 (2017/18 - £85,100). Majority of these costs relate to the development of the Phase 2 of the Royal Edinburgh Hospital.
- 2.6 The total consultancy costs incurred by NHS Lothian for 2018/19 to be disclosed amount to £1,696,143 (2017/18 - £1,692,939).

Expenditure > £25,000

- 2.7 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 General Data Protection Regulation. 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 86% of total gross capital and revenue expenditure flowing through the NHS Board accounts. The balance is made up principally by expenditure flowing through FHS practitioner services under payments on behalf. Publication will continue to be provided monthly on the NHS Lothian website.
- 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 21 individual payments, amounting in total to just over £1.5m, 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 2018/19 the number in receipt of remuneration in excess of £150,000 was 139 (2017/18 - 140) including 138 (2017/18 - 139) clinical staff and 1 (2017/18 - 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 £14,717.75 (2017/18 - £14,591.27).

3. Section 32 Disclosures

3.1 Sustainable Economic Growth

Please refer to pp 33-34 of the NHS Lothian Annual Report and Accounts for the year ended 31 March 2019 (Statement of steps taken to promote and increase sustainable economic growth).

3.2 Efficiency, Effectiveness and Economy

Please refer to pp 34-35 of the NHS Lothian Annual Report and Accounts for the year ended 31 March 2019 (Statement of steps taken to improve efficiency, effectiveness and economy).