

# NHS Lothian

Internal Audit 2024/25

Financial Escalation Self-Assessment Review

January 2025

## FINAL REPORT

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It is the responsibility solely of NHS Lothian's management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.



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# Executive summary



## Background

The NHS Scotland Financial Delivery Unit (FDU), hosted by Scottish Government, issued financial considerations of the NHS Support and Intervention Framework in June 2024. The framework is a two-stage process:

- Stage One: Assessment of the financial position. Stage One requires the Board to assess the in-year and cumulative level of brokerage as a proportion of Resource Revenue Limit RRL. In 2024/25, the month 12 RRL from 2023/24 was used for assessment; this will be reviewed for 2025/26 due to the impact of brokerage caps in 2024/25. The outcome of the assessment provides an indicative level (1-5) of the Board's financial position.
- Stage Two: Qualitative Assessment. Stage Two requires a wider assessment to be undertaken of the Board's governance, financial management and internal controls. This assessment takes into account twelve factors, with further factors should the Board be at level two or over (identified at Stage One).



## Objectives

The objective of this review is to provide an independent assessment of the information provided by NHS Lothian to Scottish Government relating to Stage Two of the Financial Escalation Assessment.



## Limitations in scope

Please note that our conclusion is limited by scope. It is limited to the objectives outlined above. Other risks exist in this process which our review and therefore, our conclusion has not considered. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.



## Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this review.

# Headline messages



## Conclusion

NHS Lothian has completed a self-assessment of each stage, concluding they currently assess themselves at stage one of the framework. Stage one is described as 'steady state' – Boards are delivering in line with agreed plans with normal reporting arrangements in place and no additional or tailored support is required.

Information regarding the self-assessment has been shared with the FDU for consideration. Decisions on escalation of NHS Boards for finance and other reasons are taken at the Scottish Government's National Planning and Performance Oversight Group.

**Stage one** of the assessment focussed on the Board's financial position at brokerage, both in-year and cumulative in prior years. NHS Lothian has received no repayable brokerage from Scottish Government from 2019/20 to 2023/24, and do not anticipate receiving brokerage during 2024/25. Therefore, NHS Lothian meets Level One of the framework.

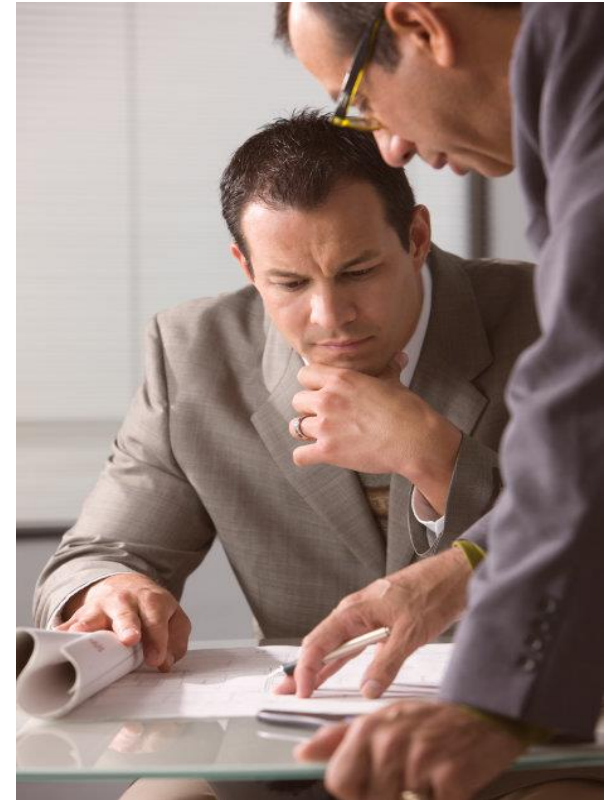
**Stage two** focussed on the twelve factors and follow up questions of the assessment. NHS Lothian undertook the assessment themselves, and evidence to support their responses was gathered and reviewed independently to consolidate the assessment.

Our review confirmed that the finance department structure allows for succession planning, the team liaise with stakeholders, including internal audit, and are involved in national forums. The team was involved in the FDU benchmarking although this was not shared with NHS Lothian Board.

NHS Lothian achieved break-even in 2023/24 and has not required brokerage from Scottish Government in its history. 77% of savings during 2023/24 were recurring savings. Clinical Service Managers are responsible for developing annual financial recovery plans (FRPs) to the value of 3% of their recurring budget; and Business Units without 3% FRPs are required to identify other FRPs. NHS Lothian's shortfall is considered when setting future savings target.

The status of each FRP is quantified for reporting purposes and the Finance Improvement Group (FIG) is responsible for reviewing risks associated with saving schemes. Executive-led financial improvement programmes have been identified for 2024/25.

All IJBs include Health and Local Authority membership and all report to the Board. The Board was made aware of the IJB's year-end outturn position for 2023/24. From review of the evidence provided, we agree with NHS Lothian's self-assessment that they are at stage one of the framework.



# Detailed findings

Factor 1. Assessed strength of financial management by current finance Board team.		
Assessment question	NHS Lothian self-assessment	Our findings
Is there effective succession planning in place for senior management?	<p>There is a senior team in place which allows for succession planning.</p> <p>The Department's financial management section is currently going through a restructure which supports senior management succession planning.</p> <p>Also, within the department's work plan for 2024/25, the Staff Governance (T&amp;D sub-group) have an action to develop and update a workforce plan.</p>	<p><b>The Finance Departments structure allows for succession planning.</b></p> <p>We confirmed the Finance Department is undergoing a restructure, as indicated at the Staff Engagement and Consultation meeting held on 3 October 2024. The redesign will result in the creation of new roles aligned to management accounting, aiming to develop staff and increase capacity.</p> <p>Review of the Workplan tracker for 2024/25 gives evidence that a key action sitting within the workforce theme is for the Staff Governance Group to develop a forward-looking Workforce Plan covering skills need analysis, succession planning, training and development and recruitment. This action is due to start in October 2024 and to be completed by 31 March 2025. The Action is currently RAG rated as Green.</p>
Is the finance team sufficiently staffed and able to withstand absences in senior roles? Please refer to finance team benchmarking issued by the SG FDU.	<p>The senior team within Finance is staffed and can withstand absences in senior roles for a period.</p> <p>The Finance team benchmarking by FDU for Lothian did highlight the leanness of NHS Lothian Finance staff especially at the most senior roles.</p>	<p><b>The Finance Team's benchmarking by FDU was not available for review.</b></p> <p>We were unable to obtain the Finance Team's benchmarking by FDU and we were informed the benchmarking was not shared with NHS Lothian's Board. We cannot confirm the benchmarking highlighted the leanness of NHS Lothian's Finance team.</p> <p>At the time of fieldwork for this review, the Finance Team's organisational chart illustrated one vacant senior role (Capital Planning and Projects Team). Experience informs us that senior roles involving capital can be difficult to recruit as they require specific skills. We note that since preparing this report, the capital post has been filled.</p> <p>Carrying vacancies in areas where detailed and technical knowledge is required can leave an organisation exposed to additional risk, over and above that of senior leadership.</p>

# Detailed findings

Factor 1. Assessed strength of financial management by current finance Board team.		
Assessment question	NHS Lothian self-assessment	Our findings
Is the finance team able to liaise effectively with other key stakeholders throughout the Board (e.g. clinical, workforce, or prescribing leads)?	Yes. Finance team through the DoF, DDoF, HoF, the CFOs and Finance BPs can effectively liaise with key stakeholders whether this is at corporate forums (CMT, FIG, FOB, Quarterly Reviews) or with BP's input to Business Units (e.g. Acute FIG).	<p><b>The Finance Team liaise with stakeholders.</b></p> <p>Meetings documentation evidences that the Finance Team liaises with stakeholders. This includes Board meetings, Finance &amp; Resource Committee, Financial Oversight Board, quarterly meetings with Business Units, and Corporate Management Team meetings as examples of engagement.</p>
Is there buy-in regarding the Board's financial challenge across the Executive Team, with each Executive taking ownership for their own budgetary pressures and overspends?	Yes. Ownership from the Executive Team, with executive led cost reduction workstreams put in place in 2024/25. Executive Team members of Lothian FIG.	<p><b>Executive-led financial improvement programmes support the identification of opportunities for cost reduction.</b></p> <p>The Executive Team's report to the Board in April 2024 evidences that the Finance Improvement Group (FIG) has established Executive-led financial improvement programmes to support the identification of opportunities for cost reduction for 2024/25.</p> <p>Review of the FIG Terms of Reference confirms the Group's membership includes the CEO as Chair of the Group, the Director of Finance as Finance lead, and the Deputy Director of Finance, Medical Director, Nursing Director, Employee Director and Finance Sustainability and Value Programme Lead.</p>

# Detailed findings

Factor 1. Assessed strength of financial management by current finance Board team.

Assessment question	NHS Lothian self-assessment	Our findings
Does the Board engage with Finance Team Benchmarking from the SG FDU, to explore areas of improvement and development compared to similar organisations?	<p>Yes. Input to Finance Team Benchmarking and informal review undertaken, some difficulties in understanding the consistency of approach.</p> <p>Area of focus following benchmarking on staff in training – pilot of changes in training policy being developed through T&amp;D sub-group.</p>	<p><b>Inputs are made to the FDU benchmarking process however, the outcomes including areas for development are not reported to NHS Lothian Board.</b></p> <p>There is evidence that the Finance Department input into the benchmarking process through a meeting held internally, and outputs from the benchmarking have been included in the Team's Training Policy.</p> <p>Review of the draft finance department local staff training and development policy confirms the policy is overseen by the Training and Development sub-group of the Finance Staff Governance Group. There is evidence that the updated Training Policy was submitted to the Finance Staff Governance Group for final approval by the Training and Development Subgroup in August 2024.</p>
Does the senior finance team engage with wider stakeholder groups hosted by the Scottish Government?	<p>Yes. Senior finance team actively involved in national forums. Eg DoF support to Planning and Delivery, DDoF chair of FLG.</p>	<p><b>The Senior Finance Team are involved in national forums.</b></p> <p>We reviewed numerous documents that evidence the Senior Finance Team's involvement in national forums, for example the Director of Finance is a member of the NHS Scottish Planning &amp; Delivery Board, and also attends the NHS Directors of Finance meetings. Several members of the team attend the National Corporate Finance Network, and we reviewed evidence that the Head of Finance has support work for the NHS Board Chief Executive's (BCE) group.</p> <p>In addition, the Terms of Reference for the Finance Liaison Group state the purpose of the group is to act as an operational link between Health Boards and the Scottish Government Finance function. Review of the minutes from the meeting held in October 2024 evidences NHS Lothian's Deputy Director of Finance is the Chair of the Group.</p> <p>Furthermore, the Finance Team also named other forums they attend, including the Capital Investment Network, BCP /WSP Knowledge Sharing &amp; Collaboration Network, and National Infrastructure Board - Equipping, and the National RAM / Prolease User Group.</p>

# Detailed findings

Factor 2. Recommendations and progress against internal audit recommendations around financial governance, controls and management.		
Assessment question	NHS Lothian self-assessment	Our findings
Are recommendations actioned in good time and progress monitored until delivery?	Yes, all Internal Audit actions reported through ARC and Internal Audit follow up reports again reported through ARC.	<p><b>Progress against Internal Audit recommendations is monitored routinely and in good time.</b></p> <p>We confirm progress against Internal Audit recommendations is monitored through to delivery at Audit &amp; Risk Committee meetings via a report produced by the Internal Auditors. Review of the current position of 10 recommendations around financial governance, controls and management shows the following:</p> <ul style="list-style-type: none"> <li>• Five were implemented on time,</li> <li>• Two were implemented 0-3 months from the original due date,</li> <li>• Two were not due at the time of writing.</li> </ul>
Does the finance team actively engage with Internal Audit and proactively request audit days in IA schedule when appropriate?	Yes, actively work with Internal Audit. Request for the review of this self-assessment has resulted in audit days.	<p><b>The finance team engage with Internal Audit as required throughout the financial year.</b></p> <p>The Director of Finance is the Executive Director with lead responsibility for Internal Audit and attends the Audit &amp; Risk Committee, holding oversight of the development, agreement and delivery of the annual plan.</p> <p>There is dialogue in terms of available days, for example review of this assessment was requested within year as an additional review area. Furthermore, the IA Plan was agreed following correspondence with management and senior leadership team throughout the organisation.</p>
Has the finance function rated well in self-assessed against best practice (see HFMA checklist below)?	Not undertaken HFMA self-assessment as yet.	<b>NHS Lothian has not used the HFMA assessment.</b>



# Detailed findings

Factor 3. Review of most recent external audit report for view on financial governance and sustainability.		
Assessment question	NHS Lothian self-assessment	Our findings
Has any internal audit investigation into financial governance reported adverse findings?	None	<p><b>No IA adverse governance findings during 2023/24 delivery.</b></p> <p>Review of the Internal Audit recommendation tracker indicated that no adverse governance findings have been found during 2023/24.</p>
No Section 22 raised by Auditors for financial governance and sustainability.	No. Section 22 report for NHS Lothian.	<p><b>No Section 22 was raised during 2023/24.</b></p> <p>The 2023/24 Annual Audit Report does not identify that a Section 22 was raised by the External Auditors for financial governance and sustainability.</p>
Are any/all audit recommendations from prior years/ current year being progressed and showing realistic action being taken against them?	Yes. Actions in relation to recommendations made in 23/24 audit report are on track. External auditors also noted good progress NHS Lothian made in implementing audit recommendations made in 22/23 audit report. Although not all assessed as completed, progress work and revised target dates were agreed.	<p><b>Good progress made to implement external audit recommendations during 2023/24.</b></p> <p>We have reviewed the finance audit tracker document which tracks progress made against the recommendations raised as part of the external audit process.</p> <p>Review of the 2023/24 AAR indicates that NHS Lothian made good progress in implementing the audit recommendations made in the prior year. For actions not implemented, revised responses and timescales were agreed with management.</p>

# Detailed findings

Factor 4. Historical financial performance and confidence in system to deliver.		
Assessment question	NHS Lothian self-assessment	Our findings
Has the Board historically improved their position against financial plans without reliance on additional in year funding/consequential?	Yes, NHS Lothian historically improved its financial position throughout the year to deliver break even by year end. Mainly through the delivery of our FRP programmes at Business Units and any corporate initiatives.	<p><b>NHS Lothian achieved break even for 2023/24.</b></p> <p>Review of the 2023/24 Annual Audit Report evidences budget processes continued to be appropriate and supported the achievement of break-even by the year end.</p> <p>Review of the 2023/24 financial outturn report to the Board in June 2024 evidences that NHS Lothian's Financial Recover Plan (FRP) programme achieved a 2.6% saving against a target of 3%. FRPs continue to be identified and discussed at appropriate meetings, including the Board.</p>
Does the Board effectively engage with non-finance directorates to drive system to deliver sustainable services?	Yes, the Board actively challenges Business Units to move to sustainable service models.	<p><b>Delivery of sustainable services are discussed by the Board.</b></p> <p>Board meeting papers and minutes evidence that there is discussion around the ability of services to deliver sustainable services. For example, in August 2023 the Finance and Resource Committee reported on the sustainability and value - efficiency savings processes to the Board, stating that the Sustainability and Value team work closely with the Centre for Sustainable Delivery at various stages of projects, including service redesign, making use of the Sustainability Tool for value improvement.</p> <p>Furthermore, we noted:</p> <ul style="list-style-type: none"> <li>The Healthcare Governance Committee reported to the Board in August 2023 that a different model may be considered next time when retendering properties as part of the GP sustainability risk mitigation plan.</li> <li>In August 2024, the Board noted the challenges to delivering sustainable levels of compliance within the regional infectious diseases unit had led to the relocation of that service.</li> </ul>

# Detailed findings

Factor 5. Forecast financial position and extent of development of a realistic plan to reduce the financial deficit or reach brokerage caps.		
Assessment question	NHS Lothian self-assessment	Our findings
Are pressures accurately quantified and mitigating actions set out to manage the financial position?	<p>Yes, all financial pressures are quantified as part of the routine forecasting undertaken. Though the Management forums and the Quarterly review process these pressures are discussed along with mitigation actions.</p> <p>More recently an escalation process has been developed to FOB.</p>	<p><b>The status of Financial Recovery Plans is quantified for reporting.</b></p> <p>Quarterly reports to the Financial Oversight Board (FOB) and minutes of quarterly review meetings with Business Units provides evidence that the delivery of Financial Recovery Plans (FRPs) is monitored and the status quantified for each Business Unit, including the proportion of FRPs against the 3% target and whether there is a need to escalate to the FOB due to slippage.</p> <p>We noted that the quarterly review meetings with the Business Units include discussion of delivery of FRPs, along with any risks identified along with a sensitivity analysis to understand any material impacts on projections. All actions agreed are detailed in meeting notes.</p> <p>The escalation criteria is written within all quarter reports to FOB.</p> <ul style="list-style-type: none"> <li>• Business Units with FRPs of &lt;80% of their target (Q1)</li> <li>• Business Units with &gt;50% of FRPs categorised as high risk (Q1)</li> <li>• Business Units where delivery has slippage of &gt;20% of the value of their savings plans at quarterly review (Q3)</li> <li>• Overall Business Units financial performance arising from other initiatives to break even.</li> </ul>
Are L3 Choices being progressed in order to move closer to brokerage caps?	No brokerage for NHS Lothian ie cap = 0.	<p><b>The Board delivered a balanced outturn without the requirement of brokerage from Scottish Government.</b></p> <p>Board papers evidence that NHS Lothian have a history of delivering financial balance, and in 2023/24, the Board again delivered a balanced outturn without the requirement for financial support in the form of brokerage from the Scottish Government.</p> <p>There is also evidence that the Board has no intention to seek any Brokerage from Scottish government during 2024/25.</p>

# Detailed findings

Factor 5. Forecast financial position and extent of development of a realistic plan to reduce the financial deficit or reach brokerage caps.		
Assessment question	NHS Lothian self-assessment	Our findings
Are risks documented, quantified, and effectively communicated to SG?	<p>Through the Lothian FIG risks and impacts are reviewed and communicated to SG through normal communication channels.</p> <p>For 24/25 these impacts were laid out in Lothian FP and ADP.</p>	<p><b>The Financial Improvement Group are responsible for reviewing risks associated to saving schemes.</b></p> <p>Review of the 2024/25 Annual Delivery Plan evidences that decisions to reduce activity were led by the relevant Recovery Board, and a set of principles were developed, tested and supported by the Financial Improvement Group (FIG). The annual delivery plan details the risks associated with the decision to reduce activity and the plan is approved by Scottish Government.</p> <p>In relation to FIG, the group's terms of reference state risk ratings of all schemes are reviewed by the group and escalated to CMT when necessary.</p> <p>Board papers evidencing financial challenge are discussed at both FIG and CMT, and the financial improvement programmes developed with the support of FIG will continue to be overseen and monitored by FIG.</p>

# Detailed findings

Factor 6. Achievement of prior year savings plan and balance of recurrent and non-recurrent savings delivered.		
Assessment question	NHS Lothian self-assessment	Our findings
Has the Board excessively relied on non-recurrent schemes to manage historic deficits?	<p>NHS Lothian delivers a combination of recurring and non recurring FRP savings. Competing demand on performance results in recurring FRP savings being more challenging to deliver.</p> <p>In 23/24 our recurring FRPs (£36m) were 74% of the total FRPs identified (£50m).</p> <p>The Boards underlying financial gap is also routinely reported.</p>	<p><b>77% of savings were recurring savings during 2023/24.</b></p> <p>NHS Lothian's FRP savings and the 2023/24 outturn report were reported to the Board in June 2024. FRPs achieved £47.827 million against the schemes identified at £49.822 million, of the overall 3% target of £54.782 million. However, we noted the outturn report does not differentiate between recurrent and non-recurrent savings.</p> <p>Review of NHS Lothian's return to Scottish Government confirmed the figures stated in the Outturn report and provides more detail. This report states that £36,920 million were recurring savings and £10,907 million were non-recurring savings. This equates to 77% recurring savings.</p> <p>Furthermore, Board papers evidence that the Board's financial gap is reported. For example, in December 2023, the Quarter two financial update informed the Board that the forecasted financial gap was reduced from £27 million to £22 million. In addition, the Board was presented with a 5-year financial outlook, in April 2024, this includes the forecasted financial outlook gap before and after the FRPs.</p>
Has the Board had to restate savings targets due to unachievably high levels of unidentified savings?	No	<p><b>The Board has not restated savings targets.</b></p> <p>There is no evidence of savings targets being restated.</p>

# Detailed findings

Factor 6. Achievement of prior year savings plan and balance of recurrent and non-recurrent savings delivered.		
Assessment question	NHS Lothian self-assessment	Our findings
Has the Board historically delivered the level of savings set out within its financial plan, and if not are the causes of the shortfall understood and considered when setting future savings targets?	<p>All FRPs are developed prior to the finalising of the Financial Plan and therefore delivery &amp; monitoring plans in place.</p> <p>Where FRPs slip through the Quarterly review process we aim to identify alternatives.</p> <p>The NHS Lothian financial position is also managed in totality so alternatives can be identified out with individual Business Units.</p>	<p><b>NHS Lothian's shortfall is considered when setting future savings target.</b></p> <p>Board papers evidence NHS Lothian has historically delivered financial balance every year of its history.</p> <p>The SOP developed as guidance around the quantification of Financial Recovery Programmes (FRPs) evidences that NHS Lothian's shortfall is considered when setting future savings target. FRPs are developed in line with the financial planning process which starts in September each year with the final iteration planned for mid-February.</p> <p>FRPs are reviewed quarterly at financial review meetings with Business Units. An improvement recommendation to introduce a formal recording of meetings was implemented following the Internal Audit of Financial Sustainability as part of the Internal Audit Plan 2023/24.</p>

# Detailed findings

Factor 7. Impact of IJB performance and risk share as a contribution to the requirement for brokerage.		
Assessment question	NHS Lothian self-assessment	Our findings
Is the Board fully engaged with Local Authority(s) to manage the financial pressures within IJB?	Yes, in line with the Integration schemes.	<p><b>All IJBs include both Health and Local Authority membership and report to the Board.</b></p> <p>NHS Lothian's Health &amp; Social Care Partnerships (HSCPs) each have an Integrated Joint Board (IJB) with both Health and Local Authority membership.</p> <p>All HSCPs share the minutes of the IJB meetings with NHS Lothian's Board, including financial updates.</p>
Is the Board aware of the financial position of the IJB and is the risk share accurately presented in NHS Board returns to SG?	<p>Yes, all Health delegated budgets are monitored and reported as part of the total Lothian financial position to avoid any financial risks and adverse movements late in the financial year.</p> <p>In line with integration schemes.</p>	<p><b>NHS Lothian Board was made aware of the IJB's year-end outturn position for 2023/24.</b></p> <p>Review of the HSCPs' IJB meeting minutes evidence presentation of financial reports, including financial forecasts, quarterly updates, challenges and recovery plans to NHS Lothian Board. Outcomes of the IJBs' audited annual accounts are shared with NHS Lothian Board, as are the IJBs' MTFPs.</p> <p>We confirm NHS Lothian Board was made aware of the IJB's year-end outturn position for 2023/24.</p>

# Detailed findings

Factor 8. Understanding and mitigating drivers of brokerage requirement, e.g. to maintain patient safety or performance levels.		
Assessment question	NHS Lothian self-assessment	Our findings
Have these drivers been communicated to the appropriate SG contact setting out the financial challenge?	No brokerage	<p>The Board delivered a balanced outturn without the requirement of brokerage from Scottish Government.</p> <p>Board papers evidence NHS Lothian has a history of delivering financial balance in every year of its history, and in 2023/24, the Board again delivered a balanced outturn without the requirement for financial support in the form of brokerage from the Scottish Government.</p> <p><b>Note:</b> The remaining questions in this section are not relevant as no brokerage has been required.</p>



# Detailed findings

Factor 9. Time at current escalation level.		
Assessment question	NHS Lothian self-assessment	Our findings
Does the Board have a clear and credible plan to move out of escalation by meeting the required financial threshold and how this will be achieved or started within 18 months?	Level 1	<p><b>NHS Lothian has no brokerage and therefore is at Level 1.</b></p> <p>The financial position table included in the assessment indicates that Boards with no brokerage are at Level 1. There is evidence that NHS Lothian have no brokerage and therefore at Level 1.</p> <p><b>Note:</b> The remaining question in this section is not relevant as at Level 1.</p>

# Detailed findings

Factor 10. The success of support already provided to the Board under the terms of the framework.		
Assessment question	NHS Lothian self-assessment	Our findings
Has the Board actively engaged with the support provided by SG and external providers?	N/A	<p>Not relevant as at Level 1.</p> <p>Note: All questions in this section are not relevant a at Level 1.</p>

# Detailed findings

Factor 11. Progress towards 3% recurring savings plan against baseline budget.		
Assessment question	NHS Lothian self-assessment	Our findings
Are credible saving schemes set out to deliver the target each year, and are savings beyond 12 months regularly considered to achieve a long term sustainable financial position?	<p>Yes, FRPs are only included once plans in place to deliver.</p> <p>FRP SOP in place to support the identification and the monitoring of FRPs in Lothian.</p> <p>This includes recurrency</p>	<p><b>It is the Clinical Service Manager's responsibility to develop annual FRPs to the value of 3% of their recurring budget.</b></p> <p>Financial Recovery Plans (FRPs) should be developed in line with the NHS Lothian financial planning process which starts in September each year with the final iteration in mid-February.</p> <p>The Quantification of FRPs SOP states that it is the Clinical Service Manager's responsibility to develop annual FRPs to the value of 3% of their recurring budget. The final sign off of FRPs is the Finance Business Partner and General Manager/Director's responsibility.</p> <p>They are also responsible for:</p> <ul style="list-style-type: none"> <li>identifying, planning and delivering FRPs and the related local performance monitoring frameworks.</li> <li>ensuring appropriate structures are in place to oversee the effective planning and delivery of FRPs for their respective area.</li> </ul>

# Detailed findings

Factor 11. Progress towards 3% recurring savings plan against baseline budget.	
Assessment question	Our findings
<p>Does the Board continue to seek new schemes during the year to achieve the 3% target if not already identified?</p>	<p><b>Business Units without 3% FRPs are required to identify other FRPs.</b></p> <p>The monitoring of Financial Recovery Plans (FRPs) takes place at Quarterly Financial Review meetings with Business Units, and representatives are requested to attend the Financial Oversight Board (FOB) if there is slippage in FRPs.</p> <p>There is evidence of the escalation criteria within all quarterly reports to FOB:</p> <ul style="list-style-type: none"> <li>• Business Units with FRPs of &lt;80% of their target (Q1)</li> <li>• Business Units with &gt;50% of FRPs categorised as high risk (Q1)</li> <li>• Business Units where delivery has slippage of &gt;20% of the value of their savings plans at quarterly review (Q3)</li> <li>• Overall Business Units financial performance arising from other initiatives to break even.</li> </ul> <p>Furthermore, there is evidence in Board papers that Business Units without 3% FRPs should focus on identifying other FRPs.</p>

# Detailed findings

Factor 12. Type and extent of support required to drive improvements, and the Board's engagement in using this support to develop its own internal recovery plan.		
Assessment question	NHS Lothian self-assessment	Our findings
Does the Board have a credible path to continue with the progress made after the end of support programme?	N/A	<p>Not relevant as at Level 1.</p> <p>Note: All questions in this section are not relevant a at Level 1.</p>

# Appendices

# Appendix 1: Documents reviewed

## Documents reviewed

- Board Executive Team meeting documentation
- Board meeting documentation
- Corporate Management Team meeting documentation
- Finance & Resource Committee meeting documentation
- Finance Department draft Training policy
- Finance Department organisational structures
- Finance Directorate Workplan tracker
- Finance Improvement Group meeting documentation
- Finance Liaison Group meeting documentation
- Finance Oversight Board meeting documentation
- Finance Staff Governance Group meeting documentation
- Financial Recovery Plans delivery update reports
- National Corporate Finance network meeting documentation
- NHS Directors of Finance Meeting documentation
- NHS Lothian Annual Audit Report 2023/24
- NHS Lothian Annual Delivery Plan
- NHS Lothian financial return to Scottish Government 2023/24
- NHS Lothian Internal Audit recommendation tracker
- NHS Lothians Internal Audit of Financial Sustainability report 2023/24
- NHS Scottish Planning & Delivery Board meeting documentation
- Quantification of FRPs SOP
- Quarterly Financial Review Meeting reports and update reports
- Restructure staff engagement session slide set
- Senior Finance team – Efficiency and Financial Improvement Group meeting documentation
- Training & Development Sub-Group meeting documentation

