

NHS Lothian

# Implementation of Change in Employment Regulations

Internal Audit Report - Final  
November 2025

Level of assurance:

Design

Substantial

Effectiveness

Substantial

IDEAS | PEOPLE | TRUST

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## Report Status

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# Executive Summary

Level of assurance: (see appendix II for definitions)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

Summary of findings		# of agreed actions
H	0	
M	0	
L	4	5
Total number of findings: 4		

## Background

As part of the 2025-26 Internal Audit Plan, it was agreed that internal audit would undertake a review of the Implementation of Change in Employment Regulations at NHS Lothian specifically focussing on the reduction of the working week resulting from Agenda for Change; and the changes to the Protecting Vulnerable Groups (PVG) scheme in Scotland.

A Partnership Programme Board, led by the Director of People and Culture, has been established to oversee the implementation of the Agenda for Change reforms, with a sub-group focussing on the reduction in the working week.

Under the Agenda for Change, relevant staff will see their working week reduced from 37.5 to 36 hours. This change is being introduced in two phases; the first phase was a half hour reduction which was effective from April 2024. A transitional allowance was put in place to pay the equivalent allowance of the reduction until all service areas had implemented the change, which was achieved by NHS Lothian in May 2025.

The second phase of implementation will require a further one-hour reduction and plans should be developed for the reduction by October 2025.

An intelligence gathering exercise was conducted in June 2025 across all service areas to identify potential staff and service impacts resultant from the reduction. Business cases were submitted for those that self-identified as requiring backfill and there is an Investment Decision Tracker in place to track the total record of all investment decisions made in support of this change. The output of the exercise was reviewed by the HR team with data validated and presented at the Corporate Management Team meeting in September. This formed the development of the implementation plan which was submitted to the Board for approval on 8th October 2025.

The Protecting Vulnerable Groups (PVG) Scheme is a legal requirement in Scotland for those in regulated roles. From 1 April 2025, the definition of regulated roles expanded to include certain non-clinical roles in hospitals and hospices, affecting NHS Lothian. From 1 April 2026, lifetime PVG membership will shift to a time-limited membership, requiring renewal every five years.

Two streams of work have been required at NHS Lothian to respond to this change; an education piece for the future recruitment of employees, and retrospective analysis of the existing workforce to identify employees who now require a completed disclosure.

To achieve this, a dedicated resource has been put in place by NHS Lothian to process all submissions through Disclosure Scotland. This work is supported by the Deputy Director of People and Culture, Head of East Region Recruitment, Senior Employee Relations Manager and Senior Recruitment Service Manager. There is a live spreadsheet to track submissions which is updated daily. As per the tracker on 13th October 2025, there were 1,359 applications complete out of approximately 1,850 individuals identified as requiring disclosures.

## Purpose

The purpose of this review was to provide assurance to management and the Audit and Risk Committee around the measures taken by NHS Lothian to prepare for and implement changes around disclosure requirements and reduction to the working week. We reviewed awareness raising exercises, consideration of resource requirements, and oversight arrangements.





# Executive Summary

## Conclusion

Internal Audit recognises the efforts made by management in delivering the best possible outcomes given the constraints in resources and capacity. NHS Lothian has made commendable progress in processing PVG applications despite the digital challenges and oversight limitations due to personal staff information requirements. Regular meetings and pro-active follow ups have helped overcome these issues, with Management working diligently to ensure all applications are processed by the end of October.

As for the Reduced Working Week, there is an effective oversight group in place to support the implementation. As a result, phase one was implemented for the majority of service areas by February 2025, with one to two services that went into May 2025 due to the complexities of staff working with vulnerable children who needed supervision at specific times not being able to finish shifts earlier and therefore, required additional trained backfill was required to cover these types of shifts. Internal Audit acknowledge that the implementation of Phase 2 will be significantly more challenging as services noted that, while they were largely able to absorb the impact of the first half-hour reduction; the further hour reduction will have a much more tangible impact on service delivery. Approximately £1.5m in backfill was requested as part of phase one implementation. To support phase two implementation, all service areas were required to complete an intelligence gathering exercise to highlight the potential impact these changes will have on clinical safety, care delivery, staff safety, activity levels, hand-overs, staff well-being and waiting times. A risk around the Agenda for Change - Reduced Working Week has been added to the Corporate Risk Register going forward and Management are investigating whether Flexible working could be utilised to make the implementation more manageable.

As part of our work, we have identified four findings, which were each assessed as low significance.

To strengthen current reporting arrangements in place, there is an opportunity for Management to enhance governance and reporting for future similar changes, and as they move into phase two of the Reduced Working Week, by formally documenting risks, issues, and performance metrics, ensuring a structured approach to managing the change.

Although Management have ensured staff are well informed through regular communication like Speed Reads, bulletin notices and the Agenda for Change Intranet Page, there is an opportunity for Management to consider providing training and workshops to further support management staff understanding as NHSL approach the phase two reduction.

As a result of our audit, we are able to provide substantial assurance over the design and operational effectiveness of NHS Lothian's arrangements in place in relation to Implementation Changes in Employment Regulations and that management has worked diligently within these limits.

Our testing did not identify any significant concerns surrounding the controls in place to mitigate the following risks:

1. A failure to update policies and procedural guidance to reflect the changes introduced could lead to incorrect processes being followed, resulting in potential legal penalties for NHS Lothian.
2. Insufficient consideration of resource implications risks service disruptions, increased costs, and potential skills shortages, which could compromise patient care and operational efficiency.
3. NHS Lothian may not have effectively implemented the initial half hour reduction to the working week, risking incorrect pay rates, potential legal disputes, and employee dissatisfaction, which could lead to financial liabilities and operational disruptions.
4. NHS Lothian may not have identified all employees working in regulated roles who are required to have a disclosure, risking legal penalties.
5. If NHS Lothian's communication to staff about changes in the working week and PVG obligations is ineffective, it risks confusion, non-compliance, and decreased morale.



# Executive Summary

## SUMMARY OF GOOD PRACTICE

We noted a number of areas of good practice being demonstrated at the organisation in relation to implementation of changes in employment regulations. These include:

- ▶ There is an Agenda for Change page on the Intranet accessible to all staff highlighting FAQs and step by step guides to support the Reduced Working Week implementation. All staff can access this.
- ▶ There are clear governance structures and forums in place for the Reduced Working Week, including the Reduced Working Week Implementation Group and the Agenda for Change Board.
- ▶ Internal Audit are satisfied with the regularity and effectiveness of NHS Lothian's communications to staff through Speed Reads for the RWW and ERRS bulletin notices for the PVG exercise, ensuring staff were made aware of where to seek additional guidance. This was confirmed through staff interviews.
- ▶ Clear process and guidance documents in place with linkage between other existing documents and the information provided via Scottish Government and Disclosure Scotland for both the RWW and PVG.
- ▶ We were provided with evidence that there were training and briefing sessions held over Microsoft Teams. For PVG changes, this included Bite sized training sessions held for ERRS staff which have since moved to monthly meetings until the end of 2025; and awareness sessions held on 26<sup>th</sup> February 2025 and priorities training for Estate and Facilities on 28<sup>th</sup> May 2025. In addition, a session on Part Time Hours for the Reduced Working Week was held 25<sup>th</sup> September 2024.
- ▶ There is a dedicated counter-signatory member in place to coordinate the retrospective PVG exercise.
- ▶ An intelligence gathering exercise was carried out for the Reduction to the Working Week. All service managers were asked to complete an MS form to identify potential staff and service impacts resultant from the phase two one-hour reduction.
- ▶ Budget implications for the Reduction to the Working Week have been quantified, as seen in the Investment Decision Tracker.
- ▶ Internal Audit sampled seven rosters across a range of service areas to confirm that the reduced working week changes had been implemented. We can confirm that the phase one reduction of 30 minutes had been made in all rosters sampled.
- ▶ We were provided with evidence of effective consultation of staff within the Edinburgh primary Care service through an MS form seeking preferences on the implementation e.g., for those working a four-day work week or 9-day fortnight.
- ▶ A live tracker is in place for the team at East Region Recruitment Services to internally track the status of all applications within Disclosure Scotland. Internal Audit sampled 15 applications and can confirm that the status as per the tracker accurately reflected the position of the application.
- ▶ Internal Audit selected a sample of roles initially identified as requiring a PVG check and later determined by NHS Lothian to not fit the criteria. We agreed with NHS Lothian's assessment that these roles did not require a PVG check following the Disclosure Scotland guidance.
- ▶ There is appropriate reporting on changes for both internal management and the Board through the Reduced Working Implementation Group, Agenda for Change Programme Board and Corporate Management Team. Progress Reports on the status of PVG applications are also provided on a regular basis to the Director and Deputy Director of People and Culture.
- ▶ There is a robust implementation plan in place for the Reduced Working Week, highlighting governance, planning parameters by people and organisation, methodology, risk assessment summary and findings, financial considerations, service level analysis, prioritisation and other choices, implementation by 1st April 2026 and escalation and management of risk.



# Executive Summary

## SUMMARY FINDINGS

Notwithstanding the areas of good practice noted, we have also identified areas where further improvements can be made:


- ▶ **Training and Workshops** - To enhance staff understanding of the Reduced Working Week, it is essential to provide sufficient opportunities for guidance through workshops or drop-in sessions. During our interviews with a sample of staff members involved in implementing the change; it was highlighted that there was absence of general training or workshops on the implementation of the Reduced Working Week during phase one and that this would be a welcome addition for phase two.
- ▶ **Terms of Reference** - Whilst a Terms of Reference exists for the Reduced Working Week Implementation sub-group, it currently lacks formal approval and does not include version control or a scheduled review date.
- ▶ **Informal Risk Management** - There has not been an effective risk identification process in place to date for either of the changes. Although Management noted that risks in relation to the changes to the PVG scheme have been the subject of discussion throughout implementation; these have not been formally documented or assigned mitigation strategies. Whilst Phase One of the Reduced Working Week implementation did not have any formal risk management activity; Management have noted that the Agenda for Change (including reduction of the working week) is in the process of being formally recorded as a risk. Internal Audit were also unable to identify whether there is a structured process in place for logging and dealing with issues identified or lessons learned during implementation e.g. payroll inconsistencies, failure to comply with PVG checks. It is recommended that Management consider establishing a formal process for logging issues, lessons learned and developing a formal risk identification and management process.
- ▶ **Performance Metrics** - There are not clear performance metrics in place for the RWW. Whilst Management noted that it would be challenging to establish performance ratings due to the fast pace of implementation, Management should consider implementing project milestones and ratings, comparing against the newly developed implementation plan.

## Detailed Findings



## Detailed Findings

**Risk:** Roles and responsibilities in relation to implementing the changes may not have been assigned or clearly understood leading to a lack of clarity and accountability and failure to implement the changes effectively.


Finding 1 - Training and Workshops			Type
<p>To ensure Phase Two of the Reduced Working Week (RWW) is successfully and efficiently implemented, it is important that there are adequate opportunities in place for staff to seek guidance.</p> <p>Internal Audit interviewed seven staff members from various services, including Edinburgh Primary Care, Estates and Facilities and Midlothian Community Nursing. One Head of Service noted that there has been no general training or workshop on phase one of the implementation of the Reduced Working Week; and that they felt that the first phase lacked structure and national engagement; with a decentralised approach taken. Staff expressed uncertainty around the RWW, and that they would have appreciated the opportunity for a workshop/further briefing session.</p> <p>Management noted that the time pressure of the first phase of implementation allowed for limited opportunity for workshops and training.</p>			Effectiveness 
Implication			Significance
If staff do not have sufficient opportunities to seek guidance, the implementation of Phase Two could be compromised resulting from confusion, inefficiencies, and a lack of engagement, ultimately undermining the success of the RWW.			Low
Recommendations	Action owner	Management response	Completion date
We recommend that Management consider organising more workshops and drop-in sessions for those managing staff involved in implementing the RWW, to enhance staff awareness and understanding of the RWW and to support a smooth implementation process with collaboration and sharing of best practice.	Ruth Kelly	The recommendation will be discussed with the RWW Implementation Group to determine what training would be helpful and this will be delivered during December/January to assist with implementation.	December 2025 - January 2026





## Detailed Findings

**Risk: Poor decision-making processes risk misalignment on key initiatives, missed milestones, and ineffective implementation of changes.**


Finding 2 - Terms of Reference			Type
<p>The Terms of Reference for the Reduced Working Week (RWW) Implementation Group is crucial for guiding the implementation process. The group is responsible for planning and overseeing the implementation of the reduced working week across in a scheduled and phased manner to ensure staff and patient safety for staff employed on Agenda for Change Terms and Conditions across NHS Lothian and HSCPs.</p> <p>It is important that it is formally approved and include version control and a next review date to ensure it remains relevant and effective.</p> <p>Whilst there is a Terms of Reference in place, it currently lacks a record of approval and does not have version control or a scheduled review date.</p>			<div>Design</div> 
Implication			
There is a risk that the Terms of Reference may fail to offer the necessary clarity and structure, resulting in inconsistencies and confusion during implementation.			Low
Recommendations	Action owner	Management response	Completion date
We recommend that Management promptly review and approve the Terms of Reference for the Reduced Working Week Implementation Group.	Ruth Kelly	This will be picked up with the RWW Implementation Group and Terms of Reference reviewed and formally accepted.	30 November 2025



## Detailed Findings

**Risk:** NHS Lothian may not have identified risks related to the changes and therefore may not employ suitable mitigating controls, leading to risks crystallising.

**Risk:** There may not be processes in place for tracking issues and lessons learned meaning that improvement actions are not implemented, leading to potential operational disruption.

Finding 3 - Informal Risk Management			Type
<p>It is important that a structured process is established for identifying and managing risks, issues, and lessons learned to ensure that potential challenges are addressed proactively and that valuable insights are captured for future reference.</p> <p>To date, there has not been an effective formal risk identification process in place in relation to the changes. Although Management advised that there has been discussion of risk throughout the PVG work; these risks and their mitigation strategies have not been formally documented anywhere. For the Reduced Working Week, Management note that there were no risks identified for the first 30-minute reduction, however, iterated that it will be done formally for phase 2. In addition, a paper was put forward to the NHS Lothian Board on 8<sup>th</sup> October 2025 outlining the risk description around the Implementation of the Agenda for Change Reform; and the recommendation to add a new risk to the Corporate Risk Register relating to the Reduced Working Week.</p> <p>In addition, Internal Audit were informed that to date there has not been a structured process in place for highlighting the lessons learned from Phase one and building these into Phase two; and logging and dealing with issues identified related to either change e.g. payroll inconsistencies, failure to comply with PVG checks. Internal Audit conducted interviews with several key stakeholders from various services, with one member of staff noting that the complexities of the implementation process and the impact on services has reduced staff wellbeing; whilst another member noted that that they feel far from being ready for the second phase of implementation.</p> <p>Although there is evidence of clear actions through different reporting streams and the reporting reads clearly and demonstrates clear actions owners; there is an opportunity to establish a formal process for logging and sharing issues and lessons learned in a more central way, particularly when moving into phase 2 of the RWW.</p>			<div>Design</div> 
Implication			
Without a formal process, there is a risk of siloed working or overlooking critical issues, which could lead to non-compliance and operational inefficiencies. This may hinder the ability to learn from past experiences, affecting future decision-making and strategy development.			Low
Recommendations	Action owner	Management response	Completion date
1. Whilst we recognise that the PVG changes were a one-off exercise which is drawing to a close; Management should seek to ensure that changes of similar scale in the future include a more formal approach to risk management and tracking of issues and lessons learned. We recommend that Management consider formally logging a risk in relation to the disclosure applications which remain outstanding and the mitigation strategies which are in place to address this.	Ruth Kelly and Morag Campbell, Director of Estates and Facilities	Agree that a more formal approach to risk management would be adopted for similar projects in the future. Contact has been made with Facilities to add a risk to their local risk register in relation to the remaining outstanding applications	31 December 2025



## Detailed Findings

**Risk:** NHS Lothian may not have identified risks related to the changes and therefore may not employ suitable mitigating controls, leading to risks crystalising.


**Risk:** There may not be processes in place for tracking issues and lessons learned meaning that improvement actions are not implemented, leading to potential operational disruption.

Finding 3 - Informal Risk Management			Type
Recommendations	Action owner	Management response	Completion date
2. We recommend that Management consider establishing a formal process for logging issues and lessons learned, particularly when moving into phase 2 of the RWW. This could include creating a standard actions and issues template presented at the RWW group.	Ruth Kelly	This will be discussed with the RWW Implementation Group and an appropriate process agreed for logging issues and any lessons learnt.	31 December 2025



## Detailed Findings

**Risk:** There may not be effective oversight to ensure compliance with the changes, leading to reputational damage and legal action against NHS Lothian.

Finding 4 - Performance Metrics			Type
<p>It is important that clear performance metrics are established to effectively monitor and evaluate the progress of implementation of the Reduced Working Week. Internal Audit identified that there are not clear performance metrics in place. Whilst the Reduced Working Week Project Highlight report outlines risks, issues, escalations and benefits realised, it would benefit from highlighting where the project/implementation is, with the addition of RAG rated performance metrics.</p> <p>Due to the fast pace of implementing the Reduced Working Week, Management noted that it would be challenging to establish performance ratings. Internal Audit acknowledge that in a rapidly changing environment, metrics can quickly become outdated, making it difficult to accurately assess progress and performance, however, without clear performance metrics, there is a risk of ineffective oversight of the Reduced Working Week implementation.</p>			Design 
Implication			Significance
There is a risk that without clear performance metrics; there is a lack of effective oversight of progress in implementing the RWW change, leading to missed opportunities for improvement and hindering the ability to make informed decisions about future adjustments.			Low
Recommendations	Action owner	Management response	Completion date
<p>We recommend that Management develop and implement RAG-rated performance metrics to provide a clear snapshot of the project's status.</p> <p>Management should regularly review and update these metrics to ensure they remain relevant and accurate in the face of rapid changes.</p>	Ruth Kelly	This will be discussed with the Agenda for Change Programme Board and determine what would be appropriate to adopt between now and 31 March 2026 to monitor the status of implementation.	31 December 2025

# Observations





# Observations

## 1. PVG Governance Working Group

Whilst there are a number of counter-signatories in place and a dedicated resource to conduct and co-ordinate the PVG exercise, supported by Management, there was not a formal governance group in place, as there was for the Reduced Working Week. Management acknowledges that ideally, a working group would have been established for this change, however, due to time constraints, there was insufficient time to formally implement such a group.

## 2. Reduced Working Week

During the initial 30-minute reduction, Agenda for Change staff members received a transitional allowance, ensuring they were compensated until their unit or department was ready to implement the change. Management notes that most areas completed implementation by February 2025, with one or two services extending into May 2025 due to complexities in staff shift timings. Additional backfill has now been trained to cover these shifts. The first 30-minute reduction is now in place for all relevant NHS Lothian staff.

Internal Audit did not test against payroll records as the change was conducted automatically for all full-time staff members under the national payroll system from 1st April 2025.

## 3. Key Stakeholder Feedback

Internal Audit conducted interviews with several key stakeholders from various services within the business, including Edinburgh Primary Care, Midlothian Community Nursing, DATCC Acute Imaging and Radiology, and Estates and Facilities. The following concerns were raised:

- If no additional money for backfill is granted to recruit more staff to deliver the level of service currently available, there is concern that they will be required to reduce some service delivery to meet the capacity constraints.
- Staff interviewed noted that whilst they were aware of the half hour change for some time, implementation of the change demanded a concerted effort at the last minute and a lot of manpower. The same staff noted that they feel far from being ready for the second phase of implementation. It was also noted that rosters will require significant manual adjustment and will not be able to be automatically rolled forward come 1 April as they have done in previous years.
- One member of staff interviewed perceived that the initiative was meant to be supportive of staff wellbeing, however, they feel that the complexities of the implementation process and the impact on services have reduced staff wellbeing.

These areas of feedback were relayed to Management who noted that these areas of concern have previously been raised to them by staff and are under consideration as they continue to navigate phase two of the implementation.

## 4. PVG Membership Renewal Process

Management noted that once the retrospective exercise concludes, the plan is to establish a routine & regular process to extract those leavers in regulated roles and to notify DS to remove interest. DS are currently developing a process for notifying & managing removals of interest through their online system. The PVG membership renewal process is currently being developed by DS and it was noted that they await further information as to how this will work in practice, to then develop an aligned local Board process for renewals.



# Observations

## 5. PVG Delays

Legislative changes came into effect from 1<sup>st</sup> April 2025, with a two-month grace period put in place to identify existing employees who now fall into the category. As at 13<sup>th</sup> October 2025, 1,359 applications were complete where the staff member shared Disclosure Scotland certificate and the check was complete. Management are estimating circa 1,890 applications required in total; however, note that this figure might be subject to change as the exercise is still ongoing at the time of this audit and has not concluded.

There have been several digital challenges, particularly for staff members from Facilities and Estates, e.g., wrong email address provided, not having access to a computer; causing delays in applications. If staff do not complete the application within 14 days, their application is cancelled and must be restarted.

Initially, so that managers could oversee and manage the process for each of their staff groups, they used the department email addresses. Disclosure Scotland (DS) did not allow this and as a result, staff had to provide individual email addresses, which took away the ability for managers to have proper oversight of what was being done, contributing to difficulties ensuring the last 8-10% to complete the process.

At the beginning of September, the lead counter-signatory co-ordinating this piece of work and the rest of the ERRS team involved in this exercise went through every application that was not fully complete, checking the reference from DS and making those that are terminated and following up with hiring managers.

As a result, there have been regular meetings with Management, Heads of Service and Business Support to work through these issues.

Management have recently drafted letters to be circulated to approximately 50 staff members who show no evidence of engaging in the process at all as well as letters to all staff who have either started the process, but it is not complete, or they have completed the process but there is lack of evidence of the DS confirmation. With the deadline at the end of October, Management need to get confirmation otherwise, these staff members cannot be working in a regulated role.

Management confirm that they have been in contact with Disclosure Scotland addressing these issues and DS are satisfied with current progress.

# Appendices



## Background

It was agreed as part of the 2025-26 Internal Audit Plan that Internal Audit would conduct a review of the Implementation of Change in Employment Regulations at NHS Lothian.

The Protecting Vulnerable Groups (PVG) Scheme is a legal requirement in Scotland for people working in regulated roles - as on 1 April 2025, the definition of regulated roles has been extended and may now include additional non-clinical roles in hospitals and hospices, which will impact on NHS Lothian. As of April 2026, a further change will be introduced whereby lifetime membership of the PVG scheme will be replaced by a time-limited membership, with renewal required every five years.

Health care specific guidance on the changes to the scheme has been issued. Two strands of work have been undertaken in this area; an education piece for recruitment of future employees, and retrospective analysis of the existing workforce to identify employees who are now classed as working regulated roles.

NHS Lothian issued a Microsoft Form to service areas to identify which roles they believed now needed a disclosure and how many staff this would entail. This information was then consulted by the Deputy Director of People and Culture, Head of East Region Recruitment, Senior Employee Relations Manager and Senior Recruitment Service Manager; and a further MS form was sent out for service managers to provide personal details and complete the ID verification process for all individuals that met the requirements.

Communications related to this exercises has been through the East Region Recruitment Services Bulletin Notice regarding further updates to pre-employment checks for Hiring Managers. There is also a Teams Channel for all ERRS staff, with a sub-folder related to the Disclosure Scotland and PVG exercise that all counter-signatories can keep up to date with any developments or key actions.

There is a PVG Tracker to track all applications submitted to Disclosure Scotland and a retrospective Progress Tracker that is shared with the Director and Deputy Director of People and Culture on a regular basis.

As per the tracker on 13<sup>th</sup> October 2025, there were 1,359 applications where the staff member shared Disclosure Scotland's certificate and the check was complete out of approximately 1,850 required disclosures identified.

Further changes to employment regulation are being introduced through the reduction to the working week for Agenda for Change staff in NHS Scotland, with a 36-hour working week effective from 1 April 2026. A first wave of reduction was implemented as of April 2024, with a half hour reduction from a 37.5 to a 37-hour working week. A transitional allowance was put in place to pay the equivalent allowance on pay to counter act until all service areas has implemented the change.

A Partnership Programme Board, led by the Director of People and Culture, has been established to oversee the implementation of the Agenda for Change reforms, with a sub-group focussing on the reduction in the working week.

Key communications are filtered down from the Deputy Director of People and Culture via Speed Reads to all staff or directly via email to Service Managers. All speed reads have hyper links to additional guidance relevant to each key topic i.e., annual leave calculator, examples on calculating TOIL.

There is an Agenda for Change page on the Intranet, HR online, where all staff can access information and up to date guidance on the Reduced Working Week.

NHS Lothian has recently collected returns from all service areas analysing the potential impact of the change from a staff and service perspective; which were reviewed by the HR team with data validated and presented at the Corporate Management Team meeting in September. From this, formed the development of the implementation plan which was submitted to the Board for approval on 8<sup>th</sup> October 2025.

The implementation plan sets out the findings from the work undertaken in NHS Lothian, the range of approaches agreed in partnership by which colleagues will be enabled to reduce their hours and the work to be completed between 1st October and 30th March 2026 to enable the reduction in a way that managed the associated short-term risks to as low as reasonably practical. Within the plan, there is a list of services indicating no backfill required where the approach can be confirmed and a list of services where a backfill request has been made that will need confirmation of the outcome before the approach can be confirmed.



## Appendix I: Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.





## Appendix II: Terms of reference

### Extract from terms of reference

#### Purpose

The Implementation of Changes in Employment Regulations Internal Audit was to provide assurance to management and the Audit and Risk Committee around the measures taken by NHS Lothian to prepare for and implement changes around disclosure requirements and reduction to the working week; including awareness raising exercises, consideration of resource requirements, and oversight arrangements.

#### Key risks

- A failure to update policies and procedural guidance to reflect the changes introduced could lead to incorrect processes being followed, resulting in potential legal penalties for NHS Lothian.
- Roles and responsibilities in relation to implementing the changes may not have been assigned or clearly understood leading to a lack of clarity and accountability and failure to implement the changes effectively.
- Poor decision-making processes risk misalignment on key initiatives, missed milestones, and ineffective implementation of changes.
- Insufficient consideration of resource implications risks service disruptions, increased costs, and potential skills shortages, which could compromise patient care and operational efficiency.
- NHS Lothian may not have effectively implemented the initial half hour reduction to the working week, risking incorrect pay rates, potential legal disputes, and employee dissatisfaction, which could lead to financial liabilities and operational disruptions.
- NHS Lothian may not have identified all employees working in regulated roles who are required to have a disclosure, risking legal penalties.
- If NHS Lothian's communication to staff about changes in the working week and PVG obligations is ineffective, it risks confusion, non-compliance, and decreased morale.
- NHS Lothian may not have identified risks related to the changes and therefore may not employ suitable mitigating controls, leading to risks crystallising.
- There may not be processes in place for tracking issues and lessons learned meaning that improvement actions are not implemented, leading to potential operational disruption.
- There may not be effective oversight to ensure compliance with the changes, leading to reputational damage and legal action against NHS Lothian.

#### Exclusions

The scope of the review was limited to the areas documented under the scope and approach. All other areas were considered outside of the scope of this review. Our review does not provide assurance over all aspects of implementation of changes to employment regulations.

We note that some of the changes do not come into enforcement until April 2026 (the PVG renewal requirements and the further one-hour reduction in the working week to 36 hours) - our testing in these areas will be limited to checking the extent to which NHS Lothian has been able to prepare for these changes.

Where sample testing is undertaken, our findings and conclusions will be limited to the sample tested only. Please note that there is a risk that our findings and conclusions based on the sample may differ from the findings and conclusions we would reach if we tested the entire population from which the sample is taken.



## Appendix III: Staff interviewed

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

Ruth Kelly	Deputy Director of People & Culture	Key Contact
Jenni Duncan	Head of East Region Recruitment	Key Contact
Sally Preston	Senior Employee Relations Manager	Interviewee
Neil Murray	Senior Recruitment Service Manager	Interviewee
Amegad Abdelgawad	Head of Service for Primary Care	Interviewee
Hazel Garven	Lead Pharmacist Primary Care	Interviewee
Gill Main	Strategic Planning and Performance Midlothian Health and Social Care Partnership	Interviewee
Danny Gillan	Head of Service Soft Facilities Management	Interviewee
Robert Aitken	Head of Service Hard Facilities Management	Interviewee
Neil Wilson	RWW response coordinator	Interviewee
Helen Wallace	RWW response coordinator	Interviewee



## Appendix IV: Responsibilities, limitations and conformance with the Global Internal Audit Standards

### Management responsibilities

The Board is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- The support of the Company's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit Committee.
- The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

### Limitations

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

**Conformance with the Global Internal Audit Standards** This engagement has been conducted in accordance with the Institute of Internal Auditors' Global Internal Audit Standards.

## FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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