

NHS 24 BOARD MEETING		20 JUNE 2019 FOR APPROVAL	
SIGNIFICANT ISSUES CONSIDERED TO BE OF WIDER INTEREST – ANNUAL RETURN			
Executive Sponsor:	Director of Finance and Performance		
Lead Officer/Author:	Deputy Director of Finance		
Action Required	The annual return to Scottish Government of any Significant Issues Considered to be of Wider Interest is presented to the Audit & Risk Committee for approval.		
Key Points	The letter from Scottish Government requesting information on Significant Issues Considered to be of Wider Interest is appended together with the proposed response from the Chair of the Audit and Risk Committee and the 2018/19 Governance Statement.		
Financial Implications	There are no direct financial implications associated with this paper.		
Timing	The Audit and Risk Committee reviews the Significant Issues Considered to be of Wider Interest on an annual basis prior to submission to the Scottish Government.		
Contribution to NHS 24 strategy	The Audit and Risk Committee, as part of its wider corporate role in reviewing governance arrangements and reporting procedures generally, incorporates consideration of the performance of the organisation against the NHS 24 Strategy on an ongoing basis.		
Contribution to the 2020 Vision and National Health and Social Care Delivery Plan (Dec 2016)	The Audit and Risk Committee reviews the organisation's contribution against the 2020 Vision and National Health and Social Care Delivery Plan (Dec 2016) on an ongoing basis.		
Equality and Diversity	The Audit and Risk Committee supports NHS 24 in meeting its duties with regard to equality and patient engagement.		

1. RECOMMENDATION

- 1.1 The Board Members are asked to note the content of this paper and approve the letter at Annex B.

2. BACKGROUND

- 2.1 The Scottish Public Finance Manual directs all NHS Board Audit & Risk Committees to notify Scottish Government of any significant issues, which may have wider service or sector implications.
- 2.2 As a National Health Board, the Audit and Risk Committee Chair is requested to respond to an annual letter from SGH&SCD as part of the annual accounts process which asks for confirmation whether there are any such issues to be reported. For the year ended 31 March 2019, the letter is attached at Annex A.
- 2.3 A response has been prepared, Annex B, from the Audit and Risk Committee Chair.

ANNEX A

Health Finance Directorate
Health Finance and Infrastructure Division



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0131 244 2357
E: richard.mccallum@gov.scot

NHS Board Chairs

Copied to:
NHS Board Chief Executives
NHS Board Directors of Finance

29 April 2019

Dear Chair

SIGNIFICANT ISSUES THAT ARE CONSIDERED TO BE OF WIDER INTEREST

The guidance in the Scottish Public Finance Manual requires Audit Committees of NHS Scotland Boards to notify the Scottish Government portfolio Audit and Risk Committee of any significant issues that are considered to be of wider interest.

<https://www.gov.scot/publications/scottish-public-finance-manual/audit-committees/audit-committees/>

The Chair of your Board's Audit Committee should provide details of any significant issues of fraud which arose during 2018-19 which they consider should be brought to the attention of the Health and Social Care Assurance Board.

This should be informed by the assurances received to support the Governance Statement in your Board's Annual Accounts. It would be appropriate for the Audit Committee to consider this statement at the same time as the Accounts and the Governance Statement.

Audit committees have a role in providing the assurance required to underpin the [governance statement](#) provided by the Principal Accountable Officer (the Scottish Government Permanent Secretary) as part of the consolidated accounts of the Scottish Government. Your Board's Audit Committee is therefore required, at the earliest opportunity, to notify the Health and Social Care Assurance Board if it considers that it has identified a significant problem which may have wider implications. The Health and Social Care Assurance Board will in turn report relevant issues to the Scottish Government Assurance and Audit Committee.

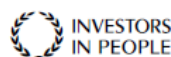
All statements should be submitted by **28 June 2019** in line with the Annual Accounts timetable, to nhsaccounts@gov.scot.

Please do not hesitate to contact Barbara Crowe on 0131 244 2692 or Lynsey Macdonald on 0131 244 2502 if you require further information.

Yours faithfully

Richard McCallum
Deputy Director of Health Finance and Infrastructure

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



Accredited
Until 2020



ANNEX B

Date: 30 May 2019

**Richard McCallum
Deputy Director of Health
Finance & Infrastructure
Health Finance Division
Scottish Government**

Enquiries to:
Finance Department
Telephone 0141 337 4474
Damien.Snedden@nhs24.scot.nhs.uk

Dear Richard,

SIGNIFICANT ISSUES THAT ARE CONSIDERED TO BE OF WIDER INTEREST

Thank you for your letter of 29 April 2019 asking that I write to advise on any significant issues that are considered to be of wider interest which arose during 2018/19 that I consider should be brought to the attention of the Health and Wellbeing Audit and Risk Committee.

Fraud

NHS 24 has a recognised policy for detecting fraud within the organisation, based on guidance issued by NHS Scotland, and works closely with Counter Fraud Services on fraud prevention issues. No major cases of fraud were reported in NHS 24 during 2018/19.

No other significant issues considered to be of wider interest were raised by our Executive Directors during the year, and they all completed a certificate of assurance for their area confirming this.

I enclose a copy of the NHS 24 Governance Statement for 2018/19 (Annex C) for your information. Please feel free to contact me if you wish further details on any of the issues in this letter.

Yours sincerely,

**Albert Tait
Audit & Risk Committee Chair, NHS 24**

ANNEX C

The Governance Statement

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. In addition, I am responsible for safeguarding the public funds and assets assigned to the organisation.

Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

Governance Framework of the Board

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

The NHS 24 Corporate Governance Framework defines and documents the roles and responsibilities of the Board through detailed guidance on standing orders, standing financial instructions, scheme of delegation, contract/procurement regulations and a code of conduct. The Corporate Governance Framework is reviewed on an ongoing basis with amendments being considered by the Audit and Risk Committee and approved by the NHS 24 Board.

The Board of NHS 24 is supported in its responsibilities by a number of statutory and standing governance committees. These are:

Statutory Committees

Clinical Governance Committee;
Audit and Risk Committee;
Staff Governance Committee; and
Remuneration Committee.

Standing Committee

Finance and Performance Committee.

The Board approves the terms of reference for all its committees and appoints all Committee members.

The adequacy and effectiveness of the system of internal control is assessed by the standing committees each providing a formal report to the NHS 24 Board on their work on an annual basis, which is first reviewed by the Audit and Risk Committee.

Board Effectiveness

The Board examines its own effectiveness in line with current practice and ensures compliance with current legislation. The Board, through defining the roles and responsibilities of members, sets out clear areas of responsibility and levels of delegated authority. Throughout 2018/19 the Board and the governance committees considered their effectiveness, which will be referenced in their annual reports to the Audit and Risk Committee and the Board.

Every year, the Chair undertakes a performance appraisal of each of the Non-Executive Members. Similarly, each of the Executive Directors have key objectives to deliver each year and they are formally appraised by the Chief Executive, and the Chief Executive is appraised by the Chair. From these appraisals, Personal Development Plans are prepared and performance against delivery is assessed and monitored.

Developments in governance during the year included:

A series of Committee workshops took place during 2018/19 to consider; purpose, duties and priorities and the impact on existing Committee “Terms of Reference”; this work will conclude in 2019/20.

In line with the Blueprint for Good Governance, NHS 24 developed a strategic planning cycle in the last quarter of 2018/19, which includes a formal workplan for the NHS 24 Board, Governance Committees and the Executive Management Team. This planning cycle is linked to the embedded Strategic Planning and Resource Allocation Process and corporate governance framework, to deliver more effective arrangements to support NHS 24 Board involvement in considering options, debating risk, giving approval and thereafter monitoring delivery of the Board’s strategic plans.

This established a strategic planning cycle with an integrated annual work programme and coordinated timetable for the Executive Management Team, the NHS 24 Board, Development sessions and governance committee meetings.

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During the early part of 2018, the Board agreed a programme of work on the Vision and Mission of the organisation, Workforce Design, Staff Engagement and Stakeholder Management. To complement this, the Executive Management Team and Senior Managers across the organisation took part in a Leadership Programme which supported the delivery of a range of improvements associated with this work.

A range of activities were delivered to support NHS 24 Board development. In March 2019 this included consideration of and reporting on the NHS 24 Board self-assessment and action plan against the national Blueprint for Good Governance.

There were appointments to the Executive Management Team during the year and there have also been some revisions to the governance structures. The Chair and Chief Executive are committed to achieving excellence in both the progress and the governance of the organisation.

A revised performance framework was developed for the organisation. This has been submitted as a formal proposal through the 2019/20 Annual Operating Plan process. There has also been significant improvement to performance reporting during the year through the development of an enhanced Service Quality Report.

The Board has considered developments in relation to Collaborative Planning, particularly with the other National Health Boards. In the early months of the year, the Board considered the Draft National Board Collaborative Plan for 2018-23. In the latter months of the year, the Board also considered a draft governance framework to support these arrangements.

The standing governance committees of the NHS 24 Board ensure compliance with new and existing guidance. The terms of reference of the committees include the requirement to consider documents and papers in relation to laws and regulations, policies and procedures within their remit.

The composition and operation of the Board is considered in more detail within the Directors' report, page 9, and the Statement of Board Members' responsibilities on page 13.

Key Areas of Organisational Improvement

A number of important improvement activities were delivered during 2018/19 which reflect the ongoing commitment to continuously improving effectiveness across the whole organisation. These were:

Strengthening Organisational Arrangements and the Executive Management Team

During 2018/19, arrangements in relation to the Executive Management Team have been stabilised and all Executive Team Director posts are confirmed and in place by the end of March 2019, which has facilitated improved performance internally as well as improvements in our outward focused working with patients and partner bodies.

During the year, NHS 24 sought to embed management and leadership capability in support of NHS 24's Organisational Improvement and Culture Change programme by investing in a leadership programme for Executive Directors and Senior Managers in the organisation.

NHS 24 Strategy

The NHS 24 Board originally approved a new strategy in June 2017. This is being refreshed to reflect the plans for the next 5 years in light of the progress that has already made and in the context of the key aims and challenges for health and care services across Scotland.

Through this Strategy refresh, NHS 24 aims to deliver the most unique use of its capabilities across workforce, clinical triage, and information, digital, technical and resource allocation. This will be evidenced across the next 5 years, through direct alignment with the national transformation programmes across primary, acute and mental health and care services.

Information Governance

Significant progress was made during 2018/19 in relation to enhancing Information Governance and Security arrangements. NHS 24 achieved Cyber Essentials accreditation and is working towards Cyber Essentials Plus. In addition, NHS 24 concluded activities to ensure General Data Protection Regulation (GDPR) compliance and also built GDPR compliance into new developments and activities with assurance provided through GDPR impact assessments.

Internal Audit

The 2018/19 Internal Audit Plan, approved by the Audit and Risk Committee, included a range of reviews on NHS 24's operations. From the reviews finalised and reported to date, no high risk findings have been identified in relation to any of NHS 24 operations.

Fraud Prevention

NHS 24 has worked in partnership with Counter Fraud Services during 2018/19 in the proactive management of the risk of fraud. NHS 24 participated in the bi-ennial National Fraud Initiative (NFI) data matching exercise to help prevent and detect fraud, overpayments and errors.

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- the executive directors and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas which is supported by an annual statement of assurance from executive directors;
- the views of the Audit and Risk Committee on the effectiveness of the organisation's internal controls arrangements;

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- the work of the internal auditors, who submit regular reports to the Audit and Risk Committee which include their independent and objective opinion on the effectiveness of risk management, internal controls and governance processes, together with their recommendations for improvement;
- the work of the external auditors through their annual report;
- the review of performance against key performance and risk indicators;
- the maintenance of an organisation-wide risk register formally reviewed by the Executive Management Team, the Audit and Risk Committee and the full Board; and
- the performance appraisal system for all staff with personal objectives and development plans designed to support the Board in the attainment of the corporate objectives set out in the Local Delivery Plan.

I have taken assurance from the annual statements provided to me by my executive directors and the additional sources noted above. I conclude that appropriate arrangements are in place to address weaknesses identified and to ensure the continuous improvement of the system.

Best Value

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, executive directors and senior managers are encouraged to review, identify and improve the efficiency and effectiveness of resource allocation. Additionally the Finance and Performance Committee provides assurance to the Board that best value is achieved from resource allocation across the organisation including for new service development and investment.

Risk Management

All NHS Scotland bodies are subject to the requirements of the SPFM and must operate a Risk Management Strategy in accordance with relevant guidance issued by Scottish Ministers. NHS 24 aims to manage risk to an acceptable level, in line with the organisation's risk appetite. During 2018/19 the risk appetite of NHS 24 has been formally revised and approved by the Board. A key focus of improvement was to embed and reflect the risk appetite within management practice. The Operational Risk Management Group continues to support the practical application through local management arrangements by ensuring staff are informed, involved and engaged in operational risk management. This includes support for the Strategic Planning Resource Allocation (SPRA) process to ensure that risks in relation to directorate planning are appropriately articulated, assessed and managed through the framework.

A series of development sessions with Executive Management Team, Audit and Risk Committee and the Board during 2018/19 period resulted in a strategic risk register being formally approved by the Board in February 2019.

Key themes identified on the strategic risk register focus on:

- Maintaining a sustainable skilled workforce

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- Stabilising the shift pattern long term
- Delivering effective stakeholder engagement to drive change
- Delivering change at the pace and scale
- Consistently demonstrating values and leadership
- Ownership and engagement in the NHS 24 strategy
- Adapting to demographic changes in clinical workforce
- Planning and delivering the core systems technology refresh

The Executive Management Team Risks and Opportunities Group will manage and periodically report to the Audit and Risk Committee and the Board on strategic risk.

All Committees receive risk management updates relevant to the scope defined within their terms of reference. There are currently no very high scoring corporate risks to the organisation.

Management of Significant Adverse Events and Continuous Quality Improvement

NHS 24 is committed to continuous development and is working to achieve this in several ways including:

- Learning from adverse events and sharing the learning across the organisation. A review of the Adverse Event process is underway to ensure that NHS 24 is fully and meaningfully engaging with staff, families and patients and that the legislative implications of the Duty of Candour Act are integrated into the process;
- Implementing the Scottish Patient Safety Programme (SPSP) through monthly patient safety leadership walk-rounds. These are led by the Director of Nursing and Care and include non-executive directors, executive directors, frontline staff and service managers. In addition, NHS 24 is linking with the SPSP arrangements in Primary Care to explore opportunities, which may lead to the development and measurement of additional patient safety measures;
- A review of the management of complaints and patient feedback function was completed and improvements made. There is ongoing activity to integrate patient groups and the Equality and Diversity function into this area of work. NHS 24 has implemented the changes associated with the NHS Scotland Model Complaints Handling procedure, a nationally driven policy change, which commenced on 1 April 2017. This included engagement with management and frontline staff and ensuring operational processes were updated to reflect the new process changes, the new policy is now embedded as business as usual and the focus continues to be on developing service user and stakeholder engagement;
- The work streams from the action plan of the NHS 24 Clinical Governance and Quality Improvement strategy 2017-2019 ensure that the current Clinical Governance process remains fit for purpose, assists in the delivery of safe patient care and has a predominant focus on quality improvement. A renewed focus upon measuring and monitoring of safety will include NHS 24 seeking external assurance in relation to Clinical Governance processes.

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- NHS 24's Quality Framework 2018-2020 is now live and is aligned to the Healthcare Improvement Scotland Quality Management System Framework. The focus upon continuous quality improvement and evaluation includes NHS 24 applying a consistent methodology to improvement where it can evaluate and evidence improvements. The framework underpinned by the principles of co-production and co-design seeks to deliver and ensure that NHS 24 has both the capacity and capability to deliver Quality Improvement now and in the future. Furthermore an organisational Quality Improvement and Evaluation programme is underway to ensure full organisational awareness and application of improvement and evaluation theory. Currently NHS 24 have commenced and are progressing several quality improvements.

Whistle blowing Arrangements

The NHS 24 Board operates a whistle blowing policy which supports staff when they wish to raise an issue or concern. Improvements were made to the arrangements during 2016/17 which included the appointment of a non-executive Board member as the whistle blowing champion with a key role in overseeing this important area of staff engagement.

New Technology Direct Contracts

Significant progress was made with new direct contracts with both key suppliers, for technology infrastructure and applications, being signed in October 2018.