

**AGENDA FOR THE ONE HUNDRED AND FORTY-NINTH BOARD MEETING**

**Date:** Thursday 27th June 2019  
**Time:** 10.15 a.m.  
**Venue:** Meeting Rooms 3 and 4, Westport 102, Edinburgh

1. **Chair’s introductory remarks**
2. **Apologies for absence**
3. **Declarations of interest**
4. **Minutes of the One Hundred and Forty-Eighth Board Meeting** NES/19/56  
 To approve the minutes of the meeting held on 29th May 2019. (Enclosed)
5. **Actions from previous Board Meetings** NES/19/58  
 For review. (Enclosed)
6. **Matters arising from the Minutes**
7. **Governance and Performance Items**
  - a. Audit Committee: 13th June (D. Steele) NES/19/59  
 To receive and endorse. (Enclosed)
  - b. Annual Report of the Board (C. Lamb) NES/19/60  
 For approval. (To Follow)
  - c. Annual Accounts 2018-19
    - (i) External Audit Report on 2018-19 Accounts and Letter of Representation (A. McColl) NES/19/61  
 To receive and note. (Enclosed)
    - (ii) Annual Report from Audit Committee and Governance Statement (D. Steele) NES/19/62  
 (Enclosed)
    - (iii) Notification from Sponsored Body Audit Committee (A. McColl) NES/19/63  
 (Enclosed)
    - (iv) Annual Report and Accounts for year ended 31st March 2019 (A. McColl) (Circulated in advance)

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| d. | <u>Finance and Performance Management Committee:<br/>22nd May (D. Garbutt)</u><br>To receive a report and the minutes.   | NES/19/64<br>(Enclosed) |
| e. | <u>Property &amp; Asset Management Strategy: Interim Update</u><br>For consideration. <span style="float: right;">(D. Cameron)</span>                                | NES/19/65<br>(Enclosed) |
| f. | <u>Assurance Framework (A.McColl and D. Cameron)</u><br>For consideration.   | NES/19/66<br>(Enclosed) |
| g. | <u>Educational &amp; Research Governance Committee: 23<sup>rd</sup> May</u><br>To receive a report and the minutes. <span style="float: right;">(D. Hutchens)</span> | NES/19/67<br>(Enclosed) |

## 8. Strategic Items

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| a. | <u>NES response to the Sturrock Report (C. Lamb)</u><br>For consideration and approval. | NES/19/68<br>(Enclosed) |
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## 9. Items for Noting

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| a. | <u>Feedback, Comments, Concerns and Complaints Annual Report</u><br>For information. | NES/19/69<br>(Enclosed) |
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## 10. Any Other Business

## 11. Date and Time of Next Meeting

Thursday 25<sup>th</sup> July 2019 at 10.15 a.m.

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June 2019  
DF/cl

**NHS Education for Scotland****MINUTES OF THE ONE HUNDRED AND FORTY-EIGHTH BOARD MEETING HELD ON WEDNESDAY 29th MAY 2019 AT WESTPORT 102, EDINBURGH**

**Present:** Dr Doreen Steele, Non-executive member (in the Chair)  
Ms Anne Currie, Non-executive member  
Mrs Linda Dunion, Non-executive member  
Ms Jean Ford, Non-executive member  
Ms Liz Ford, Employee Director  
Mr Douglas Hutchens, Non-executive member  
Professor Stewart Irvine, Medical Director  
Ms Caroline Lamb, Chief Executive  
Mrs Audrey McColl, Director of Finance  
Ms Sandra Walker, Non-executive member  
Mrs Karen Wilson, Director of NMAHP

**In attendance:** Mr David Ferguson, Board Services Manager (Board Secretary)  
Mr Donald Cameron, Director of Planning and Corporate Resources  
Dr David Felix, Postgraduate Dental Dean  
Ms Dorothy Wright, Director of Workforce  
Mr Christopher Wroath, Digital Director  
Mr Geoff Huggins, Director, NES Digital Service  
Dr Darragh Hamilton, Scottish Clinical Leadership Fellow (observer)  
Mrs Morag McElhinney, Head of HR, Workforce Directorate (observer)  
Dr Kristi Long, Senior Specialist Manager, Workforce Directorate (observer, particularly for agenda item 9c)

**1. CHAIR'S INTRODUCTORY REMARKS**

Dr Doreen Steele (who was chairing the meeting in the absence of the Chair) welcomed everyone to the meeting, extending particular welcomes to:

- Jean Ford, who was attending her first Board meeting since being appointed as a new Board member with effect from 1<sup>st</sup> May 2019.
- Dr Darragh Hamilton, a Scottish Clinical Leadership Fellow, who was attending to observe/shadow the Chair.
- Morag McElhinney, who was observing as part of her induction into her new role of Head of HR.

It was noted that Kristi Long, Senior Specialist Manager (Equality & Diversity), would join the meeting later, to observe for the item on the Sturrock Report (item 9c).

It was also noted that Dorothy Wright, Director of Workforce, has intimated her intention to retire at the end of March 2020.

## **2. APOLOGIES FOR ABSENCE**

Apologies were received from David Garbutt, Board Chair, and Vicki Nairn, one of the two new non-executive Board members who had taken up appointment on 1<sup>st</sup> May 2019.

## **3. DECLARATIONS OF INTEREST**

Jean Ford advised that she is also a non-executive member of the NHS Ayrshire and Arran Board. This interest has been declared in the Board members' register of interests.

### **4.1 MINUTES OF THE ONE HUNDRED AND FORTY-SIXTH BOARD MEETING (NES/19/34)**

Subject to agreed amendments on page 5 (item 8b) and page 9 (item 10b(ii)), the minutes of the meeting held on 28<sup>th</sup> March 2019 were approved. **Action: DJF**

### **4.2 MINUTES OF THE ONE HUNDRED AND FORTY-SEVENTH BOARD MEETING (NES/19/40)**

The minutes of the meeting held on 24<sup>th</sup> April 2019 were approved. **Action: DJF**

## **5. ACTIONS FROM PREVIOUS BOARD MEETINGS (NES/19/42)**

The Board noted that all of these actions had been completed or were in hand.

## **6. MATTERS ARISING FROM THE MINUTES**

### **a. Cover Papers: Equality & Diversity Impact Assessments**

Douglas Hutchens advised that, at a recent meeting of the Educational & Research Governance Committee, attention had been drawn to the fact that very few cover papers included the required reference to Equality & Diversity Impact Assessments. The Board agreed that efforts should be made to ensure that cover papers include these references, where appropriate, in future. **Action: DJF**

## **7. CHAIR AND CHIEF EXECUTIVE REPORTS**

### **a. Chair's Report**

In the Chair's absence, there was no Chair's Report at this meeting.

The Chief Executive introduced the report on recent meetings and activities, drawing particular attention to the following items:

- Turas People received a highly commended in the Public Finance Awards category of Digital Finance Project of the year. It was noted that Turas People was created largely to support the Lead Employer model and Morag McElhinney's significant input to this important piece of work was commended.
- An update on the work to develop an implementation plan for NHSScotland Business Systems.
- A highly successful NES education conference held on 9<sup>th</sup> and 10<sup>th</sup> May, attended by over 1650 health professionals. This event consisted of five conferences rolled into one, covering Medical Education, Medical Appraisal, Practice Managers, Dental Education and NMAHP Education. Members acknowledged the success of this conference and commended all those involved in its planning and delivery. It was confirmed that processes are in place to capture feedback and learning from this event. Attention was drawn to a particularly interesting presentation given by Dr Ahmed and it was noted that there are associated video clips available online. It was agreed that it may be useful to construct a Board development session around 'blue sky thinking' in relation to the impact of new technology on health services.
- The Dental Directorate's success in becoming a Modern Apprenticeship Provider. It was noted that there may be scope for other NES Directorates to achieve this status.
- The functionality required to support year-end reviews for the Executive Cohort went live in Turas Appraisal in mid-March 2019. Positive feedback has been received from across NHSScotland.
- Using Office 365 technology, NES Digital has developed a new Annual Leave Process, which was launched NES-wide in time for the 2019/2020 leave allocations.
- Turas Learn went live for NHS 24 at the end of March 2019. NES content hosted on LearnPro has now also completed its migration to Turas Learn.
- An update on GMC Regulated Credentials.
- The NMAHP Directorate Twitter Group's use of NMAHP's 2<sup>nd</sup> National Conference to successfully increase the Directorate's social media presence in a national context. This development has been taken forward in line with the NES Communications Strategy.
- An update on the Additional Cost of Teaching for Pharmacy (ACTp), in relation to which Scottish Government has provided funding to provide experiential learning and clinical experience for all pharmacy undergraduate students in Scotland, in order to support the increasing clinical role of pharmacists, particularly in primary care settings.
- A well-received presentation on the NES Psychology Trauma workstream, given by Sandra Ferguson (Associate Director, Psychology) at a high-level meeting held recently at the Scottish Parliament.

In discussion, attention was drawn to the updated GMC 'Welcomed and Valued' guidance and it was confirmed that NES had been involved in the drafting of this guidance. The GMC is particularly focussed on this area, which has equal relevance to undergraduate medical education.

## 8. GOVERNANCE AND PERFORMANCE ITEMS

### a. Finance Report (NES/19/44)

Audrey McColl introduced a paper presenting the draft financial results for the year to 31<sup>st</sup> March 2019. The following points were highlighted:

- The draft accounts currently reflect a year-end underspend of £0.4 million (0.08% of the NES revenue budget). All anticipated allocations were received.
- The external audit process is not yet complete, and it is possible that some audit adjustments may change the outturn figure. The final outturn figure will be confirmed in the draft Annual Accounts presented to the Board at its June meeting.
- The total funding returned to Scottish Government in-year was £2.4 million. This figure consists of ring-fenced funding and includes £1.5 million from the Transformation Fund, which has been carried forward into 2019/20.
- A variance analysis of material movements in the forecast underspend between February and March was set out in section 2.0 of the paper.

Discussion of the paper generated the following main points:

- It was agreed that it would be useful to produce, as an appendix to the next Finance Report, a table showing the pattern over the last five years of the underspend totals and the amounts returned to Scottish Government.

**Action: AMcC**

- It was noted that, historically, NES has had no capital allocation. Revenue to capital transfers are therefore carried out, as necessary.

Following discussion, the Board noted the information in the report.

### b. Organisational Performance Report (NES/19/45)

Donald Cameron introduced a paper providing a summary of NES's performance for the final quarter of 2018/19. The following points were highlighted:

- The report is based on the targets in the 2018/19 Operational Plan, with a particular focus on the 57 priority targets.
- Following an internal audit on strategic planning, work is in hand to enhance the current RAG reporting arrangements.
- Work is also in hand to move the Corporate Dashboard from SharePoint to PowerBi.

The Board discussed the paper and the following main points arose:

- It was confirmed that the Business Continuity Plan is complete and due to be tested on 18<sup>th</sup> June.
- It was noted that steps are being taken to secure sign-off of the refreshed competency framework for anaesthetic assistants as soon as possible.

- It was also noted that the delay in the onboarding of SMMDP resources to Turas Learn (a 'permissions' issue) is being actively addressed.

Following discussion, the Board noted and was content with the current performance of NES.

c. Digital Sub-Committee: 22<sup>nd</sup> March 2019 **(NES/19/46)**

The Board noted the unconfirmed minutes and a summary, which were introduced by Geoff Huggins. It was noted that many of the issues discussed by the sub-committee would be referenced at agenda item 9a.

d. Audit Committee: 11<sup>th</sup> April 2019 **(NES/19/47)**

The Board noted the minutes and a summary, which were introduced by Doreen Steele.

e. Staff Governance Committee: 18<sup>th</sup> April 2019 **(NES/19/48)**

The Board noted the minutes and a summary, which were introduced by Linda Dunion.

Some discussion took place on iMatter, as it relates to doctors in training. It was noted that doctors in training cannot currently be separated out in the iMatter results. It was also noted that Scottish Government is committed to rolling iMatter out to all trainees by the end of 2019. It was recognised that such a development may prove problematic to the trainees and consideration will be given to raising the practicalities with Scottish Government, perhaps in writing. **Action: DSI and CL**

On an associated point, it was noted that arrangements are in hand for NSS to test a 'real time' staff feedback app.

f. Blueprint for Good Governance Action Plan **(NES/19/49)**

Caroline Lamb introduced a paper providing the Board with the final version of the NES Board Self-Assessment and Action Plan, which had been developed at the Board Away-Day on 24<sup>th</sup> – 24<sup>th</sup> April and submitted to the Cabinet Secretary on 30<sup>th</sup> April 2019.

It was noted that no feedback had been received from Scottish Government as yet.

It was agreed to bring an update on progress with the action plan to the Board's September meeting. **Action: CL**

## 9. STRATEGIC ITEMS

a. NES Digital Service: Update **(NES/19/50)**

A paper had been circulated to provide an update on the NES Digital Service (NDS) and the work it is undertaking. In support of this paper, Geoff Huggins gave a presentation covering the following main areas:

- Why NES is doing this; How NES is doing this; What NES is doing
- Background: An excerpt from a Scottish Parliament Health and Sport Committee Report from February 2018, calling for clinicians to have timely access to relevant health records
- Background: An excerpt from Scotland's Digital Health & Care Strategy emphasising the importance of easy access to information at the point of care, in a timely fashion
- Background: Three objectives of a National Digital Platform – 1. Clinical data at the point of care; 2. Common architecture to allow for innovation; and 3. Data at scale for research and quality
- Background: NES accepts the Scottish Government's invitation to host the NES Digital Service (NDS) in May 2018
- NDS established as a Directorate within NES on 1<sup>st</sup> June 2018
- Key developments since June 2018, including the establishment of a Digital Sub-Committee
- From idea, to commitment, to delivery in 12 months
- Delivery: National Digital Platform – Core architecture (Data storage; Authentication; Indexing of data to the individual; and Service Directory)
- Delivery: Products and Services – Iterative process; added value
- First products: ReSPECT process (anticipatory care planning); Innovation Projects; and Candidate Projects
- Demonstration of the ReSPECT process: strong endorsement from clinicians
- Adding the platform to current products and services: role-based access to data
- Challenges and further work: Prioritisation; Metrics (to understand impact); Communications (community-building); Safety; Transition Process (alongside a range of legacy systems); Research and the New Public Health Body

The paper and presentation gave rise to discussion, from which the following main points emerged:

- The Board was impressed by the significant progress made during the first 12 months of NDS's existence.
- The recruitment of staff to NDS places a particular emphasis on culture and values.
- NDS is fully integrated with NES's finance, HR and business systems.
- Due to the considerable volume of requests, candidate projects require to be prioritised.
- The citizen engagement aspiration seeks to enlist people in their own care.
- Role-based access to data will be available for people outwith NHSScotland.
- The importance of developing a work plan for NDs was highlighted. This will begin to frame expectations, deliverables, timescales and implications for stakeholders in the wider systems.
- The anticipated SLA between Scottish Government and NES should further clarify the commission in relation to NDS.
- NDS has its own detailed risk register, which is scrutinised by the Digital Sub-Committee. Risks of particular significance could be escalated to the Corporate Risk Register.



- It is intended to create dedicated teams of engineers to take forward the following priority areas of work: CHI replacement; Appointments; Precision Public Health; and 'Need To Know' services.
- There have been challenges in relation to recruiting staff, although NDS is determined to grow its own team.
- Board members were invited to visit the NDS team at the Bayes Centre. This will be added to the next iteration of the training and development opportunities paper coming to the Board. **Action: DJF**
- It was anticipated that the next substantial NDS Update, including the proposed work plan, will come to the Board in September 2019.

Following discussion, Geoff Huggins was thanked for his helpful paper and presentation.

b. Official Statistics Function for the NHS Workforce **(NES/19/51)**

Christopher Wroath introduced a paper providing an update on the progress of the agreed migration of the publication of Official Statistics on the NHS Scotland (NHSS) workforce function from ISD to NES before the end of 2019. The following points were highlighted:

- The paper includes the key decisions taken by the short-life working group set up to consider the scope, approach and required resources, and the approach which is now being taken to facilitate the successful migration of the Official Statistical Function successfully, on time and to budget.
- The agreed governance structure is also set out in the paper.
- The detailed implementation plan is included as an appendix to the paper.
- The paper highlights the two most immediate and critical milestones which the programme needs to deliver within the next six weeks.
- NES will be named as a provider of Official Statistics in legislation which is expected to be completed by the end of 2019.

Discussion of the paper produced the following main points:

- It was confirmed that historical data is being transferred.
- Useful learning has been derived from this process, particularly in relation to relationships. There has been a need to convince other parties of the critical importance of moving to cloud-based technology.

Following discussion, the Board noted the current arrangements and agreed transition plan to migrate the Official Statistical Function for NHS Scotland from ISD to NES before 1<sup>st</sup> December 2019.

c. Sturrock Report and Scottish Government Response **(NES/19/52)**

Caroline Lamb introduced a paper inviting the Board to give initial consideration to the following recently-published papers:

- Report to the Cabinet Secretary for Health and Sport into Cultural Issues related to allegations of Bullying and Harassment in NHS Highland (April 2019, John Sturrock QC)

- The Scottish Government Response to the Sturrock Review (May 2019)

It was noted that NES is required to submit a response to Scottish Government and that it is intended to bring the draft NES response to the next Board meeting on 27<sup>th</sup> June.

Dorothy Wright reported on a useful discussion which had taken place at the Partnership Forum meeting on 28<sup>th</sup> May, when Staff Side had confirmed that the inappropriate and systemic behaviours highlighted in the Sturrock Report have not been experienced in NES. Attention had also been drawn to a range of measures in place within NES to mitigate against such behaviours occurring, for example a proactive HR function, Values Based Recruitment, the 'Our Way' initiative and the Line Managers Toolkit. It had also been noted that formal employee relations cases had so far been avoided through effective management at an informal level.

Discussion of the papers resulted in the following main points:

- There may be a need to review the current Partnership model, which has not proved effective in all NHS Boards.
- It would appear that there is a need to re-calibrate relationships between Scottish Government and the NHS Boards.
- It was noted that effective processes are in place in the Medical Deanery to identify and react to any allegations of bullying and undermining, which are prevalent in certain geographies and specialties.
- The importance of investment in the development of the non-executive Board members, including their visibility within NES, was highlighted.
- The current lack of personal development opportunities for middle managers was highlighted.
- Members wondered whether there is scope to export 'Our Way' to the wider NHS in Scotland.
- It was noted that a Healthy Culture Blueprint for NHSScotland is planned.
- It was agreed that the NES response to the Sturrock Report should highlight instances of good practice in NES which may be capable of wider application.

The foregoing points will be taken into account, as appropriate, in drafting the NES response, which will be submitted to the June Board meeting for consideration and approval.

**Action: DW and CL**

## **10. RISK REGISTER**

**(NES/19/53)**

The Board noted a paper presenting the NES Risk Register as at May 2019, which was introduced by the Chief Executive.

## 11. ITEMS FOR NOTING

a. Training and development opportunities for Board members (NES/19/54)

Members noted this paper, which included information on both structured training events and a wide range of development opportunities with a focus on understanding more about NES's work.

b. Committee Membership (NES/19/55)

The Board noted a paper setting out the updated membership of the Board's committees, following the retiral of Andrew Tannahill from the Board on 30<sup>th</sup> April and the appointments of Jean Ford and Vicki Nairn as new Board members from 1<sup>st</sup> May.

## 12. ANY OTHER BUSINESS

a. 'Value of Compassionate Leadership' (Michael West)

This recent publication will be circulated to the Board members for information.

**Action: DW**

## 13. DATE AND TIME OF NEXT MEETING

The next Board meeting will take place on Thursday 27th June 2019 at 10.15 a.m. (N.B. followed by a Board development session).

NES  
May 2019  
DJF/cl/dw

**Actions arising from Board meetings: Rolling list**

Minute	Title	Action	Responsibility	Date required	Status and date of completion
<b>Actions agreed at Board meeting on 29<sup>th</sup> May 2019</b>					
4.1	Minutes of Board meeting held on 28 <sup>th</sup> March 2019	Arrange the agreed amendments on pages 5 and 9 and then add the approved minutes to the Corporate Hub.	David Ferguson	N/A	Action taken on 30 <sup>th</sup> May
4.2	Minutes of Board meeting held on 24 <sup>th</sup> April 2019	Add the approved minutes to the Corporate Hub.	David Ferguson	N/A	Added on 30 <sup>th</sup> May
6a	Matters arising: Cover papers – E&D Impact Assessments	Seek to ensure that cover papers include reference to E&D Impact Assessments, where appropriate, in future.	David Ferguson	N/A	E-mail issued to Executive Team on 11 <sup>th</sup> June
8a	Finance Report	Produce, as an appendix to the next Finance Report, a table showing the pattern over the last 5 years of the underspend totals and the amounts returned to Scottish Government.	Audrey McColl	N/A	
8e	Staff Governance Committee minutes: 18 <sup>th</sup> April 2019	Give consideration to raising with Scottish Government, perhaps in writing, the practicalities and possible detrimental effect of rolling iMatter out to all trainees.	Stewart Irvine and Caroline Lamb	N/A	SI drafting a letter for SG.
8f	Blueprint for Good Governance Action Plan	Bring an update on progress to the September 2109 Board meeting.	Caroline Lamb	Mid-September	
9a	NDS Update	Arrange to have visits to NDS added to the next iteration of the training and development opportunities for Board members paper.	David Ferguson	Mid-July	E-mail issued to Chief Executive's Office on 3 <sup>rd</sup> June

Minute	Title	Action	Responsibility	Date required	Status and date of completion
9c	Sturrock Report and SG Response	Take account of the points raised in discussion in drafting the NES response, for consideration at the June Board meeting.	Dorothy Wright	Mid-June	Draft response is on the agenda for the June Board meeting
12a	AOB: 'Value of Compassionate Leadership' (Michael West)	Circulate this recent publication to Board members for information.	Dorothy Wright	N/A	Circulated on 17th June.
<b>Actions agreed at Board meeting on 24<sup>th</sup> April 2019</b>					
4	Paramedic Education	Take the required actions following approval of the recommendations in the paper.	Karen Wilson and John Burnham	N/A	In hand: an update will be provided under 'Matters Arising' in due course.
5	Standing Financial Instructions (SFIs)	Action, as necessary, following approval of proposed changes to the SFIs.	Audrey McColl	N/A	In hand
6	Audit Committee Remit	Action, as necessary, following approval of proposed changes to the Audit Committee's remit.	Audrey McColl	N/A	In hand
<b>Actions agreed at Board meeting on 31<sup>st</sup> January 2019</b>					
6a	Matters arising: Policies and strategies	Arrange to produce a synopsis of external policies and strategies which impact on NES's work.	Caroline Lamb	N/A	Ongoing
9b	Medical Revalidation	Discuss with the RDBS Chair how best to present the recommendations from the annual quality assurance reports in future.	David Garbutt	N/A	Ongoing
<b>Actions agreed at Board meeting on 19<sup>th</sup> April 2018</b>					
8c	E&RGC minutes: 22 <sup>nd</sup> February 2018	Arrange for the Board to receive, at an appropriate time, an update on the corporate position regarding NES's communication with the IJBs and the community planning partnerships.	Stewart Irvine	N/A	IJBs were included in the consultation on NES's Strategic Plan for 2019-24. Further consideration will be given to communication as part of the development of the Communications Strategy

NHS Education for Scotland

Board Paper Summary: Audit Committee Minutes

1. **Title of Paper**

Minutes of Audit Committee meeting held on 13 June 2019: copy attached.

2. **Author(s) of Paper**

Jennifer Allison, Committee Administrator

3. **Purpose of Paper**

To receive the minutes of the Audit Committee meeting held on 13 June 2019. Due to the timescales between the Audit Committee meeting date and the Board meeting date, the minutes have not been reviewed by the Chair of the Audit Committee.

4. **Items for Noting**

- a) **Item 07 – Matters Arising: Non-Executive involvement in Internal Audit**  
The Educational and Research Governance Committee (ERGC) had requested guidance regarding non-executive involvement in internal audit. Scott-Moncrief gave assurance to the Audit Committee that non-executive members would be considered for any audit specifically concerning a review of governance but not regarding the governance process itself.

The committee agreed that management and Internal Auditors, KPMG would review the audit plan annually to identify any specific cases where it may be appropriate.

- b) **Item 08 – Annual Reports of Governance Committees of the Board**

i) **Staff Governance and Remuneration Committees**

The Audit Committee noted this report and were assured that they Staff Governance and Remunerations Committee have effectively discharged their remits and responsibilities during the financial year 2018/19.

ii) **Educational and Research Governance Committee**

The Audit Committee noted and were satisfied with this report and were assured that the Educational and Research Governance Committee have effectively discharged their remits and responsibilities during the financial year 2018/19.

iii) Finance and Performance Managements Committee

The Audit Committee noted and were satisfied with this report and were assured that the Finance and Performance Management Committee have effectively discharged their remits and responsibilities during the financial year 2018/19.

iv) Digital Committee

The committee noted that the report reflects that the Digital Committee has been set up to support the development of new business to NES which is not yet business as usual.

The Audit Committee noted and were satisfied with this report and noted that it was a helpful oversight of the responsibilities of the Digital Committee to present.

c) Item 09 – Internal Audit Reports – Scott-Moncrieff

The committee received the following internal audit reports:

i) Strategic Planning

This report reviewed the process of Strategic Planning.

The Audit Committee noted the report and the assurance provided.

ii) Equality and Diversity

This report reviewed the arrangements in place to promote equality and diversity throughout the organisation.

The Audit Committee noted this report and the assurance provided.

iii) Property Transaction Monitoring

This report reviewed NES's arrangements for the recording and monitoring of property transactions during the 2018/19 financial year in line with the NHS Scotland Property Transactions Handbook and found that NES' procedures reflect good practice.

The Audit Committee noted this report and the assurance provided.

iv) Internal Audit Annual Report 2018/19

This report summarised the internal audit work carried out and the key findings during the 2018/19 financial year

The Audit Committee noted this report and the assurance provided.

d) Item 10 - Internal Reports – KMPG

i) Q1 Follow up Recommendations

This report summarised NES's progress in implementing agreed management actions since the published report in April 2019. NES continues to make good progress in implementing outstanding audit actions.

The Audit Committee noted this report and the assurance provided.

- ii) Draft Internal Audit Plan 2019/20  
The committee noted the agreed amendments and approved the internal audit plan for financial year 2019/20.
- e) Item 11 – Other External Reports  
The external reports provided are service audits which relate either to business activity which NES outsources or to national systems used.
  - i) NSS Payroll Services Service Audit Report 2018/19  
The Audit Committee noted the report and the assurance provided.
  - ii) NSS Practitioner Services Audit Report 2018/19  
The Audit Committee noted the report and the assurance provided.
  - iii) NSS National IT Contract 2018/19  
The Audit Committee noted the report and the assurance provided.
  - iv) NHS Ayrshire Arran NSI Financial Ledger Services  
The Audit Committee noted the report and the assurance provided.
- f) Item 12 – Counter Fraud Reports
  - i) Annual Report to Counter Fraud Services 2018/19  
The report details performance against a set of measurable tasks in the form of a completed checklist and a report on the level of engagement with counter fraud activities throughout 2018/19.  
  
The committee noted the report and approved its submission to Counter Fraud Services.
  - ii) Counter Fraud Services Update  
The committee noted the report and progress of actions
- g) Item 13 – Assurance Framework  
The committee noted the report and progress of actions
- h) Item 14 – Feedback, Comments, Concerns and Complaints Annual Report 2018/19  
The report uses a standard template from the Scottish Health Council and focuses on demonstrating how NES has used complaints and feedback to implement and evaluate improvements to programmes and services.  
  
The committee noted and was satisfied with the report.
- i) Item 15 – Annual Accounts  
The committee received the following external audit reports.



i) External Audit Report 2018/19 and Letter of representation

Grant Thornton anticipated issuing an unqualified audit opinion on the 2018/19 financial statements and the associated information in the Annual Report. The Audit Committee noted the report and the assurance provided.

ii) Annual Report from Audit Committee and Governance Statement

The report summarised how the committee has discharged its remit and the responsibilities delegated to it by the Board during 2018/19.

The Audit committee recommended the Governance Statement to the Board and the Accountable Officer for inclusion in the Annual Report and Accounts

iii) Annual Report and Accounts for year end 31 March 2019

The report presented the draft annual accounts for the financial year 2018/19.

The Audit Committee confirmed that they were satisfied with the 2018/19 Annual Report and Accounts and recommend them to the June Board for approval.

iii) Notification from Sponsored Body Audit

The paper presented the proposed response to the annual request from the Health Finance Directorate of Scottish Government for details of any significant issues of fraud which arose during 2018/19.

The committee noted that no significant issues or fraud had been identified and approved the response which will be formally signed at the June Board by the Chair of the Audit Committee.

j) Item 16 – Audit Scotland Reports

The Committee noted the following report: General Medical Services contract in Scotland: a short guide.

k) Item 17 – Private Meeting with Members and Internal Auditors

A private meeting was held between the Auditors and the non-executive Audit Committee members.

## 5. Recommendations

None.

NES  
June 2019  
JA/am

**AUDIT COMMITTEE**

**Minutes of the Seventieth meeting of the Audit Committee held on Thursday 13 June 2019 at Westport 102, Edinburgh, Room 4.**

**Present:** Doreen Steele (Chair)  
Sandra Walker  
Linda Dunion

**In attendance:**

Audrey McColl, Director of Finance  
Caroline Lamb, Chief Executive  
Janice Sinclair, Head of Finance  
Monica Halcro, Governance and Operational Manager  
David Eardley, Scott-Moncrieff  
Anshu Khandelwal, Scott-Moncrieff  
Angelo Gustinelli, Grant Thornton  
Joanne Brown, Grant Thornton  
James Lucas, KPMG  
Rob Coward, Principal Educator  
Jenn Allison, Committee Administrator

**1. Welcome and introductions**

The Chair welcomed everyone to the meeting, particularly David Eardley and Anshu Khandelwal from Scott-Moncrieff who were attending their last NES Audit Committee. The Chair thanked Scott-Moncrieff for their input as Internal Auditors for NES for the past 8 years and wished them well for the future. Caroline Lamb gave apologies that she would have to leave the meeting at 12:15. It was agreed to take item 15, Annual Accounts after item 11, Other External Reports.

**2. Apologies for absence**

Apologies were received from Ann Currie and David Garbutt, NES Chair, Matthew Swann, internal Auditor Scott-Moncrieff and Paul McGinty, internal Auditor KPMG.

**3. Declarations of interest**

There were no declarations of interest in relation to items on the agenda.

**4. Any other business**

There was no other business requiring consideration by the committee.

**5. Minutes of the Audit Committee, 11 April 2019 (NES/AUD/19/19)**

The minutes of the Audit Committee 11 April 2019 were approved as a correct record.

## 6. Action list of the Audit Committee, 11 April 2019 (NES/AUD/19/20)

Members noted that the actions from the previous meeting were completed or were in progress. Audrey McColl provided the following updates to actions.

Digital colleagues have confirmed that all relevant documentation has been updated regarding GDPR in relation to work processing patient identifiable information.

The annual report of the Partnership group between SSSC and NES could not be formally agreed in time to be included as part of the assurance mechanism for the NES Annual Accounts. However, it was noted that Karen Wilson has agreed to review the timetable for next year to ensure that the report will be approved in time to be included.

## 7. Matters arising

### a) Non-Executive involvement in Internal Audit

Audrey McColl informed the Audit Committee that members of the Educational and Research Governance Committee (ERGC) had requested guidance regarding non-executive involvement in internal audit reviews. This arose from the internal audit of NES's governance scrutiny of externally regulated education which had been presented to the ERGC for information.

- Members of the ERGC highlighted that the report found that the ERGC was operating effectively, however queried if committee members should have been engaged with as part of the internal audit process.
- When the query was originally raised by the ERGC, Matt Swann from Internal Auditors Scott-Moncrief had provided the following guidance; *'Typically, the role of a governance committee during an internal audit would not be to have a day to day operational role, with the majority of discussions and evidence provided by management of the organisation. However, where the subject matter is related to governance, there may be a role in discussing with a sample of committee members their perspective on the information they receive and how the governance role is implemented. This will typically be considered along with a range of other evidence.'*
- James Lucas from Internal Auditors KMPG and Joanne Brown and Angelo Gustinelli from External Auditors Grant Thornton agreed with the response provided by Scott-Moncrief.
- After discussion by the committee it was agreed that non-executive members would be considered for any audit specifically concerning a review of governance but not regarding the governance process itself, as this is considered an operational matter. The committee agreed that instances in which non-executives should be involved in providing evidence to internal audit are likely to be minimal and will exclude operational matters.

Following discussion, the committee agreed that management and Internal Auditors, KPMG would review the annual internal audit plan to identify any specific cases where it may be appropriate to liaise with non-executive members as part of the audit process.

**Action: AMcC**

## **8. Annual Reports of Governance Committees of the Board**

The Chair introduced the annual reports, which are intended to provide the Audit Committee with evidence and assurances as to the extent to which each committee has effectively discharged its remit and responsibilities during the period of 1 April 2018 to 31 March 2019. These reports form part of the evidence which the audit committee considers as part of the whole system of internal control, when reaching a view as to the appropriateness of the Governance Statement contained within the Annual Report and Accounts.

### **a) Staff Governance and Remuneration Committees (NES/AUD/18/23)**

The report detailed the work carried out by the Staff Governance Committee in discharging its remit. It noted that the committee had added value to the overall management of the application of the Staff Governance Standard in NES and maintained a strategic perspective in its overview of national developments and the potential for their application in NES.

- A member noted the issue raised in the report regarding the complexities of reporting data from various systems. Caroline Lamb assured the committee that the Workforce Dashboard is enabling data from various systems to be analysed together, providing more valuable reporting.

The work of the Remuneration Committee has ensured probity and highly effective governance of remuneration and performance in line with NES's requirements. The Remuneration Committee works as a sub-committee of the Staff Governance Committee, which is the structure across all NHS Boards.

The Audit Committee noted this report and were assured that the Staff Governance Committee and Remuneration Committee have effectively discharged their remits and responsibilities during the financial year 2018/19.

### **b) Educational and Research Governance Committee (NES/AUD/19/24)**

The work of the E&RGC has contributed to the effective management and improvement of the quality of NES's education and research activities and quality and compliance with NES's statutory duties for person-centred care, participation and equality & diversity.

- The committee noted that the report was more detailed than the reports received from the other committees and noted that in future the ERGC will submit a more summarised report.

The Audit Committee noted and were satisfied with this report and were assured that the Educational and Research Governance Committee have effectively discharged their remit and responsibilities during the financial year 2018/19.

c) Finance and Performance Management Committee (NES/AUD/19/25)

The work of the Finance and Performance Management Committee has added value to existing management processes by providing oversight and effective scrutiny of financial, procurement and performance related reports. It has also considered property related business cases and updates on organisational performance improvement programmes.

The Audit Committee noted and were satisfied with this report and were assured that the Finance and Performance Management Committee have effectively discharged their remit and responsibilities during the financial year 2018/19.

d) Digital Committee (NES/AUD/19/26)

Caroline Lamb introduced the report which is the first report of the Digital Committee to the Audit Committee. Caroline noted that the report reflects the fact that the Digital Committee has been established to support the development of a new area of work for NES which is not yet business as usual therefore the committee expects to move into a more formal reporting cycle during 2019/20.

The Audit Committee noted and were satisfied with this report and noted that it was a helpful oversight of the responsibilities of the Digital Committee.

## **9. Internal Audit Reports – Scott-Moncrieff**

a) Strategic Planning

David Eardley introduced the report which reviewed the process of Strategic Planning.

- The report found that controls around Strategic Planning are well designed and are operating effectively.
- One minor area for improvement was identified in relation to the consistent use of RAG ratings to document performance against SMART targets within MiTracker.
- Rob Coward noted that this recommendation has already been addressed and informed the committee that revised guidance regarding updating performance target has been communicated to colleagues.

The Audit Committee noted the report and the assurance provided.

b) Equality and Diversity

David Eardley introduced the report which reviewed the arrangements in place to promote equality and diversity throughout the organisation.

- The report found that there are a range of good controls in place surrounding Equality and Diversity activities. These included policies and procedures to help ensure compliance with the Equalities Act 2010 and appropriate performance reporting arrangements.
- Two areas for improvements were identified regarding completion of staff mandatory training and the implementation of equality impact assessment action plans.
- David informed the committee that at the time of the audit the Equality and Diversity essential training module was in development and Audrey McColl noted that the new training module has recently been launched and staff are required to complete this by the end of August 2019. Audrey added that the Senior Management Leadership team have received an update regarding the development of an improved process for tracking the completion of actions arising from an EQIA.

The Audit Committee noted the report and the assurance provided.

c) Property Transaction Monitoring

David Eardley introduced the report which reviewed NES's arrangements for the recording and monitoring of property transactions during the 2018/19 financial year in line with the NHS Scotland Property Transactions Handbook.

- NES conducted two qualifying property transactions during 2018/19, which were both conducted using the monitoring pro-forma that is required by the Scottish Government. Scott-Moncrief considered the transactions conducted to have been undertaken properly and classified them as category "A".
- The report found that NES' procedures reflect good practice. One area for improvement was identified regarding the need to retain signed copies of the new leases. David noted that during the time of the audit NES were awaiting return of the signed leases however Audrey McColl highlighted that NES had been able to provide evidence from other correspondence that the transaction had been concluded.

The Audit Committee noted the report and the assurance provided.

d) Internal Audit Annual Report 2018/19

David Eardley introduced the report which summarises the internal audit work carried out and the key findings during the 2018/19 financial year.

- The Internal Audit Opinion is that NES has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.
- The Internal Audit plan comprised of 117 days for 2018/19 (including 2 days of contingency) of which 116.5 days were completed. There were no resource limitations that impinged on Scott-Moncrief's ability to meet the full audit needs of NES. No restrictions were put in place by NES management and all recommendations were accepted.

The Audit Committee noted the report and the assurance provided.

## **10. Internal Audit Reports – KPMG**

### a) Q1 Follow up of Audit Recommendations

James Lucas introduced the report which provided the Audit Committee with a progress update on agreed internal audit recommendations during Q1 2018/19. James noted that a hand over has taken place with Scott-Moncrieff, who have agreed all current open actions with management.

- One action has been confirmed as closed during the first quarter of 2019/20. 4 new actions which have been added to the tracker in the last quarter, resulting in 18 open actions.
- The committee noted that gradings have been updated to reflect KPMG gradings and that the KPMG Charter will be submitted to the October Audit Committee meeting for information. **Action: JL**
- A member raised a query regarding the management comment noting resource restraints within the Information Governance team. Janice Sinclair confirmed that two new members of staff are due to join the team before the end of June.
- Audrey McColl informed the committee that a desk top based scenario test of the Business Continuity Plan (BCP) has been scheduled to take place with the Executive Team in June, therefore it is expected that actions relating BCP will be closed in due course.

The committee noted the report and were satisfied that NES continues to make good progress in implementing outstanding actions.

b) Draft Internal Audit Plan 2019/20

James Lucas introduced the draft internal audit 2019/20 plan for approval.

- As agreed at the April Audit Committee the plan has been amended to bring forward the Medical Training Grade audit and push back the Review of Corporate Governance compliance, considering the recent publication of the Scottish Government Blueprint for Good Governance framework.

The Audit Committee noted the agreed amendments and approved the internal audit plan for financial year 2019/20.

## 11. Other External Reports

a) Service Audit Reports Summary (NES/AUD/19/27)

Janice Sinclair introduced the report which provided the committee with a summary of Service Audit reports received for the 2018/19 financial year. The reports provided are service audits which relate either to business activity which NES outsources or to national systems used by NES. As NES is not responsible for managing these systems, these audits provide assurance that the design, implementation and maintenance of controls relating to these systems are effective.

b) NSS Payroll Services Audit Report 2018/19

This report relates to the payroll system used by NHS National Services Scotland (NSS) to process the NES payroll. The service auditor's opinion concludes that the control environment operated effectively throughout the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.

c) NSS Practitioner Services Audit Report 2018/19

NSS Practitioner Services Division (PSD) process payments to medical, dental and pharmacy practitioners on behalf of NES. The service auditor's opinion concludes that the control environment operated effectively throughout the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.

d) NHS National IT Contract 2018/19

NHSScotland engage Atos to provide a wide range of IT service provision from a fully managed technical service through to the hosting of hardware on behalf of all boards in NHSScotland. The service auditor's opinion concludes that, taking into consideration the control weaknesses identified within the report, the control environment operated effectively throughout the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019. 9 out of 111 control objectives were classed as having a moderate exposure to risk. Of these 9, 6 related to security management and included delays



to implementing patches to servers. The auditors acknowledged that this was a complex area and relies on the agreement of customers to install patches.

e) NHS Ayrshire Arran NSI Financial Ledger Services Report 2018/19

NHS Ayrshire and Arran hosts the NSI financial ledger which is used by all NHS Boards in Scotland to process core financial transactions.

The service auditor opinion was that the controls tested were those necessary to provide reasonable assurance that the control objectives were achieved and operated effectively throughout the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.

The Audit Committee noted the reports and the assurances provided.

## 12. Counter Fraud Reports

a) Annual Counter Fraud Report to CFS (2018/19) (NES/AUD/19/28)

Janice Sinclair presented the draft annual counter fraud report which details NES compliance with the CFS Partnership Agreement and summarises the level of engagement with counter fraud activities throughout 2018/19. The report provides assurance that NES is complying with its responsibilities in relation to the Strategy to Combat Financial Crime in NHS Scotland.

A member raised a query regarding the purpose of the link into the CFS Social Media presence. It was agreed that future reference would note the deterrent effect from linking to the publicity around CFS successes in countering fraud. **Action: JS**

The committee noted the report and approved its submission to Counter Fraud Services. **Action: JS**

b) Counter Fraud Update Report (NES/AUD/19/29)

Janice Sinclair presented the report which updated the Audit Committee on activities underway in NES since 1<sup>st</sup> April 2019 aimed at supporting the Strategy to Combat Financial Crime in NHS Scotland.

- NES made two referrals to CFS at the end of March/April 2019, which won't appear in the CFS statistics until the 2019-20 report is issued.
- The review of the Gifts and Hospitality Registers has revealed no new declarations from staff or board members.
- NES has made satisfactory progress reviewing the results from the 2018 National Fraud Initiative (NFI) which were released between January and March 2019. The committee noted that of the 808 matches, 619 have been processed and 21 are currently under review.

The committee noted the report and progress of actions.

### **13. Assurance Framework**

(NES/AUD/19/30)

Audrey McColl introduced the revised Assurance Framework which incorporates the changes identified at the Board workshop in April 2019.

- The committee noted that the future management of the Assurance Framework will be an iterative process as it will need to be reviewed on an ongoing basis, particularly if there are changes in the NES operating environment.
- It was agreed that the Assurance Framework should be added to the Audit Committee workplan to ensure regular review. **Action: AMcC**
- It was also agreed that the Assurance Framework would be presented to the Board on an annual basis. **Action: AMcC**

The committee noted the Assurance Framework and approved its submission to the June 19 Board meeting. **Action: AMcC**

### **14. Feedback, Comments, Concerns and Complaints Annual Report for 2018/19**

(NES/AUD/19/31)

Rob Coward presented the report, which requires to be produced by all NHS Boards in accordance with the 2017 Patient Rights (Feedback, Comments, Concerns, and complaints (Scotland)) Directions and national complaints guidance. The report demonstrates how NES has used complaints and feedback to implement and evaluate improvements to programmes and services. This includes spreading good practice, encouraging front line resolution and providing positive feedback regarding the reporting.

- NES continue to receive very few complaints. 7 complaints were reported last year plus 2 comments on significant issues which were responded to and resolved within the recommended timescales.
- The committee noted that the number of official complaints against NES is low and were satisfied that complaints had been dealt with adequately and timeously.
- Discussion took place regarding the collation positive feedback. Rob Coward informed the committee that training feedback is collated differently across NES and work is being developed to look at how to systematically record and reflect feedback in a concise way across NES.
- A member raised a specific query regarding gathering feedback in relation to the Lead Employer model. Audrey McColl informed the committee that a

benefits realisation exercise will be taking place for the Lead Employer model which although it has a financial focus may enable collection of some qualitative data related to process improvements.

The committee noted and was satisfied with the report.

## 15. 2018/19 Annual Accounts

- a) External Audit Report 2018/19 and Letter of representation  
(Grant Thornton)

Joanne Brown and Angelo Gustinelli introduced the draft External Audit Report for 2018/19 and highlighted the following:

- For the financial year ended 31 March 2019 External Audit intend to issue an unmodified audit opinion. No adjustments to the draft financial statements were identified although disclosure amendments were discussed and agreed.
- Discussion took place regarding NES Digital Service (NDS) and it was agreed that a sentence should be added at point 18 on page 11 reflecting NES's responsibility to deliver the National Digital Platform as set out in the Digital Health and Social Care Strategy. **Action: JB/AG**
- It was acknowledged that good working papers were provided by the NES Finance team to support the audit process, and that the team responded quickly to Auditor's queries.

The committee noted the report and the assurance provided. The committee noted that the Letter of Representation will be signed at the June Board meeting.

**Action: AMcC**

- b) Annual Report from Audit Committee, (NES/AUD/19/32)  
Governance Statement and Workplan 2019/20

Janice Sinclair introduced the report, which summarises how the committee has discharged its remit and the responsibilities delegated to it by the Board during 2018/19. The report also details the key sources of evidence which the Audit Committee has considered in recommending the Governance Statement to the Board and the Accountable Officer for inclusion in the Annual Report and Accounts. An Audit Committee workplan was also provided for the 19/20 financial year which detailed how the committee plans to cover the items within its remit.

- It was highlighted that the report included commentary relating to internal and external audit reports that will be considered by the Audit Committee during this meeting and the report will be updated to reflect this before submission to the Board.

- The committee noted the section which has been added to the report relating to the Assurance Framework.
- In relation to the Best Value self-assessment document which supports the Governance Statement, a member raised a query regarding the completion of Equality and Diversity Impact Assessments and Caroline Lamb informed the committee that Board Services will be reviewing Board Summary papers to ensure that this section is completed where appropriate.
- Member requested that where the Best Value appendix refers to partners, it should refer to 'formal partners' and requested that more information regarding work being carried out in relation to sustainability, differential attainment and health and wellbeing be added to the Best Value document. It was agreed that any further specific comments should be submitted to Audrey McColl. **Action: AC Members**

The Audit Committee noted that the annual report of the Audit Committee to the Board was both comprehensive and clear and approved its submission to the Board, subject to agreed minor amendments. The committee also approved the 2019/20 workplan.

The Audit committee recommended the Governance Statement to the Board and the Accountable Officer for inclusion in the Annual Report and Accounts. **Action: AMcC**

c) Annual Report and Accounts for year-end (NES/AUD/19/33)  
31 March 2019

Janice Sinclair introduced the paper, which presented the draft annual accounts for the financial year 2018/19 and highlighted the following:

- There have been no changes from the accounting policies approved by the Audit Committee in April 2019.
- The median total remuneration figure has slightly fallen from 2017/18 from £51,848 to £51,187 due to the increased number of GP Trainees now employed by NES.
- Trade Union Facility time was now included within the Remuneration report and reflects that during 2018-19, 0.007% of the total NES pay bill was spent on Facility Time
- Members thanked Finance colleagues for the annual account sessions which were provided to non-executive and executive members, noting that the sessions were very helpful. Janice informed the committee of the changes that were agreed during these sessions, which were all minor changes.

The committee noted the report and congratulated the finance team on the standard of the annual accounts and thanked them for all their hard work in compiling the annual report and accounts. The contribution of the Communications team in creating the graphics used in the report was also acknowledged.

The Audit Committee confirmed that they were satisfied with the 2018/19 Annual Report and Accounts and recommend them to the Board for approval.

**Action: AMcC**

- d) Notification from Sponsored Body Audit Committees (NES/AUD/19/34)

Audrey McColl introduced the paper, which presented the proposed response to the annual request from the Health Finance Directorate of Scottish Government for details of any significant issues of fraud which arose during 2018/19.

The committee noted that no significant issues or fraud had been identified and approved the response which will be formally signed at the June Board meeting by the Chair of the Audit Committee.

**Action: AMcC**

## **16. Items for information**

The following Audit Scotland Report was noted by the committee:

- a) General Medical Services contract in Scotland: a short guide.

Discussion took place regarding the report from NES's perspective.

## **17. Private meeting**

A private meeting was held between the Auditors and the non-executive Audit Committee members.

## **18. Date and time of next meeting**

The next meeting of the Audit Committee will be held on Thursday 03<sup>rd</sup> October at 10:15 in Westport Room 8.

The Chair thanked Scott-Moncrieff for their input as Internal Auditors for NES for the past 8 years and wished them well for the future.

NES  
June 2019  
JA/AMcC/JS

## NHS Education for Scotland

### Board Paper Summary

1. **Title of Paper**

2018/19 Annual Report of the NES Board

2. **Author(s) of Paper**

Caroline Lamb, Chief Executive

3. **Purpose of Paper**

The purpose of this paper is to present the Annual Report of the Board for 2018/19 to the Board for approval. The 2018/19 Annual Report of the Board is attached.

4. **Key Issues**

The NES Board met a total of 8 times in formal session and 4 times in workshop session during the course of the year. During 2018/19 the Board dealt with on-going governance items from its Standing Committees, spent considerable time on strategic items relevant to the developing context of NHSScotland, including a full refresh of the NES Strategic Plan, and received a number of reports and updates on key workstreams.

The Board also set aside time to consider its own development requirements.

There were a number of changes to the membership of the Board in 2018/19, which are noted in section 2.

The Board gained a new Sub Committee in May 2018, noted in section 4 and 5.

5. **Recommendations**

The Board is recommended to approve its Annual Report.

# NHS Education for Scotland Annual Report of the Board 2018/19

## 1 Introduction

This document represents the report of the Board of NHS Education for Scotland for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019. The report is intended to provide the Board with an opportunity to reflect on and document its performance during the year.

## 2 Membership and Meetings

The Board met 8 times in formal session during the period 01/04/18 to 31/03/19. The dates of meetings and attendance of members are as shown in the Appendix (page 13).

The Board has 'Declaration of Interests' as a standing item on its agenda and records any interests declared in its minutes. The Board is satisfied that all its non-executive members are independent as required by the UK Corporate Governance Code (April 2016).<sup>1</sup> The Board notes that some of its non-executive members will be members of the NHSS Pension Scheme, but given the nature of this scheme, the Board does not believe this to impact on the independence of those members.

There were a number of changes to the membership of the Board during 2018/19:

- Dr Lindsay Burley completed her term of office as Chair of NES on 31<sup>st</sup> March 2018. Mr David Garbutt was appointed as the NES Chair on the 1st April 2018.
- Susan Douglas-Scott and Carole Wilkinson completed their terms of office as Board members on 31st May 2018

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<sup>1</sup> The UK Corporate Governance Code (April 2016) requires that Board's state their reasons for considering that a Director is independent if the following circumstances apply to any individual:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

- Susan Stewart resigned from the Board with effect from 30th June 2018.
- Sandra Walker and Linda Dunion, were appointed to the Board as non-executive members on the 1<sup>st</sup> June 2018.
- Anne Currie was appointed as a non-executive Board member with effect from 1<sup>st</sup> September 2018.
- Douglas Hutchens was re-appointed for four years on the 1 March 2019.

### **3 Administration and Communication**

The Board is generally satisfied with the quality of the information that it receives for its meetings and with the administration of meetings, with the majority of papers being available one week in advance of the meeting. Papers for Board meetings are available online via Microsoft Office365. In addition, Admin Control was introduced in September 2018, providing Board members with an additional option on how they receive and review their papers. This has enabled us to move to paperless servicing of Board meetings.

The agenda, minutes and papers of all Board meetings are available to staff and to the public on the NES corporate website, at the point of issue. Minutes of meetings are posted on the Corporate Hub once they have been approved by the Board.

### **4 Discharge of the Functions of the Board**

The functions of the Board are set out in the Standing Orders and may be discharged directly by the Board alone or by delegation to one of the Board's governance committees, which then report back to the Board. The table overleaf sets out how the Board believes it has effectively discharged its functions during the 2018/19 year and the impact that it has achieved. More information about the business that the Board has transacted is contained at Section 5.



Function	Discharge	Impact
<p>To set the strategic direction of the organisation within the overall policies and priorities of the Government and NHSScotland, to define its annual and longer-term objectives and agree plans to achieve them.</p>	<p>During the year the Board has overseen the refresh of its strategy, culminating in the approval of NES Strategy for 2019-24, 'A skilled and sustainable workforce for a healthier Scotland' in March 2019.</p> <p>The Board commented on and approved the 2018/19 Annual Operational Plan in March 2018. The 2018-19 Annual Operational Plan (AOP) brought together the priority areas identified within national board and regional plans, Scottish Government and other stakeholder priorities as well as the established business we deliver year on year to ensure that the right numbers of trained staff are in the right place at the right time. These activities were key to supporting the triple aim of better care, better health and better value set out in the Scottish Government's <i>Health and Social Care Delivery Plan (part 1, 2 and 3)</i> and the <i>Digital Health and Care Strategy</i>.</p> <p>In May 2018 the NES Board were advised of the publication of the Digital Health and Care Strategy and the main domains for action contained within the</p>	<p>This document is a key point of reference setting the direction of our business and driving important aspects of governance such as operational planning, performance and risk management. It articulates the ambition of NES to have a greater role in developing and supporting a sustainable workforce.</p> <p>During 2018/19 NES has been able to start to deliver on many of the areas of work that we believe will help to develop a more sustainable workforce for the future. These include: Lead Employer arrangements for Doctors and Dentists in Training; the development of a supply side workforce data platform; the agreement that NES should become the provider of national workforce statistics and the further development of applications on the Turas platform to support the workforce across health and social care. These developments have all been welcomed by the service and by Scottish Government.</p> <p>NES has been given a significant role in taking forward the Digital Health and Care Strategy, which recognises that NES has developed significant capability and capacity</p>

Function	Discharge	Impact
	<p>strategy. The Board approved NES's contribution to the overall objectives of the strategy. This included taking forward developments to support the workforce as set out in Domain D.</p> <p>NES also received a specific commission from Scottish Government to take forward activity to develop a National Digital Platform as set out in Domain E.</p>	<p>in digital transformation. In relation to the new commission from SG, the Board agreed to set up a new Directorate in NES (NDS) to take forward the development of the National Digital Platform. The Board agreed to the establishment of a new sub-committee, the Digital Sub Committee to provide additional scrutiny to this work.</p>
<p>To oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary</p>	<p>The Finance and Performance Management Committee of the Board provides detailed scrutiny of performance reports, and the Board receives quarterly summaries.</p> <p>In addition, the Board received a number of substantive and more detailed updates covering NES activity in response to key policies and priorities as outlined at Section 5.</p> <p>A presentation on the NES role, history and development was provided in workshop, for the interest of all Board members but particularly the newer members.</p>	<p>The Board had full sight of delivery against plans and was in a position to be able to request corrective action, although this was not deemed necessary during 2018/19.</p> <p>The Board were also kept well informed of matters across the substantial range of NES's delivery areas.</p>
<p>To ensure that there is effective dialogue within the organisation and between the organisation and key stakeholders on its</p>	<p>The Board received a regular update on communications as part of the Chief</p>	<p>The development of some key areas of work such as the workforce data platform, Lead employer arrangements, and the</p>

Function	Discharge	Impact
<p>plans and performance and that these are responsive to stakeholders' needs</p>	<p>Executive's and Chair's report at every meeting.</p> <p>The NES Self Assessment Document was also considered by the Board.</p> <p>Colin Sinclair, Chief Executive, NSS and Lorna Ramsay, Medical Director NSS attended a Board meeting to discuss partnership working and updated our NES Board on the work of NSS. In return the Chief Executive and Chair attended an NSS Board meeting to share understanding and build on the collaborative partnerships that are needed to enable the opportunities that the digital strategy provides in improving care and health? outcomes for people across Scotland.</p> <p>The new NES Strategy 2019 -2024 was developed with NES staff and external stakeholders.</p>	<p>development of the National Boards Collaborative Plan has helped to foster very much closer working relationships between NES and Territorial and other National Boards.</p>
<p>To ensure effective financial stewardship through value for money, financial control and financial planning and strategy</p>	<p>The Board considered the most up-to-date Finance Report at each of its meetings. The Board also received updates on the anticipated financial position of NES and plans to deliver additional efficiencies and savings through its Finance and Performance Management Committee. The Board received assurances from its Audit</p>	<p>The Board exercised, and was able to demonstrate, effective financial stewardship through the work of the Finance and Performance Management and Audit Committees and through its own oversight of regular reports of the financial position against budget and through its own consideration and sign off on annual budget</p>

Function	Discharge	Impact
	<p>Committee in relation to the full system of internal controls and the Board's counter fraud processes.</p> <p>Board members attended an Accounts Workshop which provided assurances relating to the processes for developing the budget.</p> <p>Through its Finance and Performance Management Committee the Board also oversaw the development of a budget for 2019/20 and formally approved the budget in March 2019.</p>	<p>papers; and through the reports which it receives from Internal and External Audit.</p> <p>The Board oversaw the achievement of a small, underspend position for 2018/19 with all financial targets being met.</p>
<p>To ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation</p>	<p>The Board receives assurances from the Audit Committee, and in particular the programme of Internal Audit, in relation to its corporate governance processes. The Audit Committee also receives and scrutinises the annual reports from each of the other standing committees (Educational &amp; Research Governance, Finance &amp; Performance Management, Staff Governance, Remuneration Committee and the recently established NES Digital Sub Committee.</p> <p>The Board also receives assurance from the Staff Governance Committee and the minutes of the Partnership Forum in relation to the maintenance of high standards of corporate governance and personal behaviour. The Board maintains</p>	<p>The Board achieved, and was able to demonstrate, high standards of corporate governance and personal behaviour through its oversight of the work of its Audit Committee, Staff Governance Committee and Partnership Forum, through its register of interest and standing agenda item requiring any conflict of interest to be noted and through its direct consideration of matters such as Equality and Diversity and Caldicott Guardian reporting.</p>

Function	Discharge	Impact
	<p>a register of interests and has intimations of any conflict of interest as a standing item on its agenda.</p> <p>During the year the Board considered the Annual Report of its Caldicott Guardian and Statutory Equality &amp; Diversity Report.</p> <p>During 2018/19 the Board also considered the 'Blueprint for good governance' and developed its action plan. The Board also received the first iteration of the Assurance Framework which identifies all sources of Assurance.</p>	<p>The development of the Assurance Framework provides the Board with a concise map of the sources of assurance which it has across all domains of governance. This also helped to identify some areas where additional assurance would be of value and these will be taken forwards during 2019/20.</p>
<p>To appoint, appraise and remunerate senior executives.</p>	<p>The Board relies on its Remuneration Committee for detailed examination of the arrangements for the appointment of senior executives and for annual consideration of the objectives set for those senior executives and the review of performance against those objectives. The Board receives regular reports of the meetings of the Remuneration Committee and an Annual Report which sets out how the Remuneration Committee has discharged this responsibility.</p>	<p>The minutes of the Remuneration Committee and its report to the Board demonstrate that it has discharged this responsibility effectively on behalf of the Board.</p>

## **5 Business Transacted During the 2018/19 Year**

The Board agendas are structured to cover governance items and strategic items. In addition, the Board receives a written report from the Chief Executive and a verbal report from the Chair at every formal meeting. These provide a general update for the Board and cover developments or issues which have arisen during the last period.

The Board also receives a copy of the latest Corporate Risk Register (more details in section 6 of this report)

The Board met formally on 8 occasions during 2018/19. Within the Governance section of its agenda, the Board received and considered a Finance Report at every meeting and considered regular minutes from its governance committees: The Audit Committee; the Staff Governance Committee; the Remuneration Committee; the Educational and Research Governance Committee and the Finance and Performance Management Committee. Alongside the report from its Finance and Performance Management Committee, the Board also received a quarterly report covering the performance of the organisation against key targets and deliverables.

From June 2018 onwards the Board received regular updates on the progress of works within the NES Digital Service (NDS). This was through updates in the Chief Executive's Report, Minutes from the NES Digital Sub-committee and from Geoff Huggins, Director, NDS.

During the year the Board considered major reports concerning our strategic environment, including:

- National Board Collaborative Plan – Presentation April 2018
- Digital Health and Care Strategy – May 2018
- National Health & Social Care Workforce Plan: Part 3 - Improving workforce planning for primary care in Scotland – May 2018
- The role of Health & Social Care Partnerships in reducing health inequalities – July 2018
- Sharing Intelligence for Health & Care Group: Summary Report – September 2018

The most significant Strategic Agenda item for the Board during 2018/19 was the development and the final approval of the NES Strategy 2019-2024. The Board was involved from an early stage through a workshop to develop the NES Strategy. Drafts were received and discussed before consultation and then given further consideration after the feedback from consultation. The final draft of the NES Strategy for 2019-24 was approved in March 2019.

The Board also considered a number of items concerning activities, plans and strategies that support NES's overall Strategic Framework and achievement of our key strategic outcomes. These included:

- Update on progress against our 2014-19 Strategic Outcomes
- Medical Directorate Research and Innovation Report.
- Children and Young People: Update to Board members on the contribution NES is making to Children & Young People's health and wellbeing in Scotland and outline of future directions.
- Medical Recruitment.
- Report on the Sharing Intelligence for Health & Care Group.
- Best Start.
- Developments in NES Pharmacy.
- Workforce Data: Proposals to extend the role of NES.
- Medical Trainee Progression Outturn.
- Scotland's Paramedic integrated National Education Programme.
- Dentistry Trainee Progression Outturn.

The Board also received updates on the financial outlook and key budget issues in advance of and in preparation for receiving and approving the Annual Operating Plan and associated Budget for 2019/20.

The Board met 4 times for development sessions. The development sessions covered a wide range of topics:

- **June 2018**  
The areas of focus included a presentation covering the process and funding of postgraduate medical training grades which is a key element of NES activity.
- **August 2018**  
This development session provided the opportunity for the NES Board and Executive Team to reflect on and consider NES's strategic direction for the next five years. Outputs from the session shaped and developed the NES Strategy for 2019-24.
- A presentation on Data Protection (GDPR) provided a high-level overview of Data Protection Legislation which came into effect on 25<sup>th</sup> May 2018. The overview focused on the most relevant information for Board members
- **October 2018**  
Developments in NES Digital were provided and discussed. The session reminded the Board of the rationale and vision for the NES Digital Transformation. The presentation gave an overview of the move to a single, seamless cloud-based platform, which is accessible on multiple devices and centred around the needs of the end users.

- **February 2019**

The final draft of the NES Strategy for 2019-24, 'A skilled and sustainable workforce for a healthier Scotland' was discussed in detail. The feedback from this session produced the final copy of the plan which was approved in March 2019.

In addition to the development sessions, training opportunities that were available throughout the year were provided in a report at each meeting. This detailed forthcoming training opportunities and any upcoming NES events.

The development sessions provided the Board with the opportunity to discuss changes and challenges in the external environment, with reference to national and regional developments.

In all meetings of the Board, both in formal and development sessions, Non-Executive members of the Board, drawing on their own experiences, provided constructive challenge and support to plans being developed by the Executive Directors.

The performance of Executive Directors is reviewed on a six-monthly basis by the Chief Executive against objectives that are agreed annually. Both the objectives and the annual performance appraisal results are considered by the Remuneration Committee. Updates to the Board were provided through the minutes of the Remuneration Committee.

The performance of Non-Executive Directors is reviewed by the Chair. The performance of the Chair is reviewed by the Director General Health and Social Care/Chief Executive of NHSScotland.

## **6 Risk Management**

The NES Board maintained an overview of the main issues that impacted on the operating environment and the risks to the achievement of our organisational objectives through considering the corporate risk register, at each of its formal meetings. During 2018/19 the focus continued to be on the strategic, operational, financial and governance risks. The main risks that were highlighted were around budget constraints, and in particular the increasing pressure to deliver more with fewer resources. The risk register reflected the context in which NES operates and reflected the challenges that were evident in recruiting and retaining workforce in a number of key areas.

An update to the register to include the potential impact of Brexit on the attraction and retention of both undergraduate students and postgraduate trainees was made.



## **7 Development of the Board as a Whole**

In September 2018 we enhanced the details of training and development events that are provided for Board members. The intention of this was to allow Non-Executive Board Members to gain a deeper understanding of NES business and provide opportunities to engage with the core educational functions of NES. The following opportunities were provided alongside structured training events:

- Events e.g. training courses and assessment events.
- NES Digital Sprint reviews which review progress and consider what worked well and what could work better.

The Blueprint for Good Governance was published in February 2019. The Blueprint on Good Governance emphasised the importance of good corporate governance, introduced a refreshed corporate governance blueprint and described how adopting this approach could help NHS Boards improve their corporate governance system and deliver a consistent and transparent governance approach. A self-assessment tool was developed to allow all boards to evaluate their current governance arrangements against the Blueprint. The self-assessment was shared with members of the NES Board in February 2019. The outputs were discussed in April 2019 and used to develop an Action Plan for submission to Scottish Government.

## **8 Conclusion and Recommendation**

The Board is satisfied that it has adequately discharged its remit in the year to 31<sup>st</sup> March 2019.

Member	Formal Board meetings								Total Board meetings attended
	19 April 2018	28 May 2018	28 June 2018	26 July 2018	27 Sept 2018	29 Nov 2018	31 January 2019	28 March 2019	
Mr David Garbutt (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	8
Ms E Ford	✓		✓		✓	✓	✓	✓	6
Ms S Douglas-Scott	✓	✓							2
Mr D Hutchens	✓	✓		✓	✓	✓	✓	✓	7
Dr D Steele	✓	✓	✓	✓	✓	✓	✓	✓	8
Ms S Stewart	✓	✓	✓						3
Dr A Tannahill	✓	✓		✓		✓	✓		5
Ms C Wilkinson		✓							1
Prof S Irvine	✓	✓	✓	✓		✓	✓	✓	7
Ms C Lamb	✓	✓	✓	✓	✓	✓	✓	✓	8
Ms A McColl	✓	✓	✓	✓	✓	✓	✓	✓	8
Ms K Wilson	✓	✓	✓	✓	✓	✓	✓	-✓	8
Mrs Linda Dunion			✓	✓	✓	✓	✓	✓	6
Mrs Sandra Walker			✓	✓	✓	✓	✓	✓	6
Ms Anne Currie					✓	✓	✓	✓	4

Member	Development Sessions				Total workshops attended
	28 June 2018	30 August 2018	25 October 2018	28 February 2019	
Mr David Garbutt (Chair)	✓	✓		✓	3
Ms E Ford	✓		✓	✓	3
Ms S Douglas-Scott					
Mr D Hutchens			✓	✓	2
Dr D Steele	✓	✓	✓	✓	4
Ms S Stewart					
Dr A Tannahill		✓	✓	✓	3
Ms C Wilkinson					
Prof S Irvine	✓	✓	✓	✓	4
Ms C Lamb	✓	✓	✓	✓	4
Ms A McColl	✓	✓	✓	✓	4
Ms K Wilson	✓	✓	✓	✓	4
Mrs Sandra Walker	✓	✓	✓	✓	4
Mrs Linda Dunion	✓	✓		✓	3
Ms Anne Currie			✓	✓	2



# NHS Education for Scotland

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**External Audit Annual Report to the Board and the Auditor General for  
Scotland for the financial year ended 31 March 2019**

Board Meeting 27 June 2019

**Joanne Brown**  
Engagement Leader

**Angelo Gustinelli**  
Audit Manager



# Our audit at a glance



Our materiality was set at £9million (£9million within the Audit Plan).

We did not identify any adjustments to the financial statements based on our work. However disclosure amendments were discussed and agreed. These were not considered significant or material in nature.



We have fulfilled our responsibilities under International Standards of Auditing (ISAs) (UK) and the Code of Audit Practice throughout our work and this final report to the Board and the Auditor General for Scotland concludes our work.



Significant audit risks identified at planning were: management override of controls; and the risk of fraud in expenditure recognition.

Our planning risk assessment remained unchanged. We did not identify any matters in these two areas that we wish to draw attention to.

## An audit underpinned by quality



In accordance with the Code of Audit Practice we have reconfirmed our assessment that a wider scope audit for NES is not required given the nature of NES as an organisation and the complexity of its activities and financial transactions. However, we do conclude on financial sustainability and the governance statement disclosures, as required by the Code.



We have issued an unmodified audit opinion on the annual report and accounts.



Our work was completed in accordance with the timetable agreed. The draft financial statements produced by management were available at the start of the audit and were of a good quality. Good working papers were provided to support the audit process and our queries were responded to quickly.

We thank management for their support and assistance during our work.

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## Adding value as your External Auditors

First and foremost our objective is to ensure we deliver a quality external audit which fully complies with International Standards of Auditing (ISAs) UK and the Audit Scotland Code of Practice (2016). By ensuring our audit is efficient and effective whilst being underpinned by our focus on audit quality, gives you assurance over our opinion.

Through this Annual Report we seek to provide insight and commentary over certain aspects of NES's arrangements, alongside how we have shared relevant practices with the Audit Committee and Management during the year.

We have continued to build on our working relationship with NES Management, reviewing proposed accounting treatments with regards to lease incentives early on in the audit process.

We have made a positive contribution at the Audit Committee during the year, sharing our wider NHS and public sector experience and have supported NES in how they make use of relevant Audit Scotland publications to inform future NES arrangements.

# Introduction

This report is a summary of our findings from our external audit work for the financial year ended 31 March 2019.

Our work has been undertaken in accordance with International Standards of Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice 2016.

Our report is addressed to the NHS Education for Scotland (NES) Board, in respect of the Board's role as those charged with governance. In accordance with our reporting responsibilities the report is jointly addressed to the Auditor General for Scotland.

Once finalised this report will be made publically available on the Audit Scotland website ([www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk))

Our report was presented and discussed at the NES Audit Committee on 13 June 2019. We anticipate following completion of our outstanding work, a final set of annual report and accounts will be presented to the Board, alongside a final version of our report for approval, on the 27 June 2019.

We would like to thank NES management and in particular the finance team for an effective year-end audit process and all their support and assistance in the audit process during the year.

## Structure of our report

As set out in our Audit Plan (January 2019) we consider in accordance with the Audit Scotland Code of Practice that NES meets the smaller body definition. Therefore full wider scope is not considered relevant.

However, as required in the Code of Audit Practice our report concludes on our audit of the annual report and accounts and certain aspects of NES's arrangements as follows:

Financial statements, including the Performance Report and Accountability Report (including governance statement) – Section 1

Disclosures in the governance statement and financial sustainability of NES - Section 2 and 3

## Our Opinion

For the financial year ended 31 March 2019 we have issued an **unmodified audit opinion**

- True and fair view of the financial statements
- Regularity – expenditure has been incurred in accordance with the purpose of NES
- Other prescribed matters (which include the audited information in the remuneration report)

## Status of the audit as at 20 June 2019

Our audit is substantially complete with the exception of the following:

- Completion of subsequent events procedures
- Engagement Leader review update

## The audit process

We received a good, complete set of financial statements on 13 May 2019 including the performance report, strategic report and governance statement.

This was in line with the timetable we agreed. The draft financial statements were supported by good working papers and the finance team were very quick to support our audit and respond to our queries.

We have no unadjusted differences to report.

We noted minor disclosure and formatting changes which resulted from our review as well as the accounts workshops, all of which have been processed in the final annual report and accounts. None of these changes were considered material and/or significant in nature and helped to improve the readability of the accounts.



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# The audit of the annual report and accounts



Materiality has been set at £9 million (this equates to 2% of gross expenditure) and performance materiality was set at £6.8 million (75% of materiality). This was what we set out in our audit plan and what we consider to be material to the user of the annual report and accounts.

We are required to report any errors identified greater than £250,000. We are pleased to report no errors above this threshold were identified.



We did not identify any adjustments to the draft financial statements based on our work, however disclosure amendments were discussed and agreed. These are not considered to be significant or material.



We have issued an unmodified audit opinion on the financial statements, including the wider information contained in the financial statements, and the regularity opinion.

The audited parts of the Directors Remuneration Report are free from error.



Testing provided assurance on our identified areas of significant risks, as set out in our plan and there were no errors found during the course of our testing over these areas (risk of fraud in expenditure recognition and management override of controls).

We rebutted the risk of fraud in revenue recognition, given the revenue streams and we are satisfied this approach is still appropriate.



Our audit work was completed in accordance with International Standards in Auditing (UK) (ISAs) and the Audit Scotland Code of Audit Practice . Based on our audit procedures performed we have issued an unmodified audit opinion on the financial statements including:



- they give a true and fair view
- they have been properly prepared in accordance with relevant legislation and standards
- the wider information contained in the financial statements, e.g. Performance Report and Governance Statement, is consistent with the financial statements
- regularity of expenditure
- audited parts of the remuneration and staff report have been prepared in accordance with applicable guidance

### Audit approach and materiality

1. Our audit approach was set out in our annual audit plan presented to the Audit Committee on the 17 January 2019. Overall materiality has been set at £9 million, approximately 2% of gross expenditure and performance materiality is set at £6.8 million, 75% of materiality. Our planned approach has not changed from that set out in our plan.
2. We report to management any audit difference identified over £250,000 (Trivial capped at £250,000 by Audit Scotland).
3. We did not identify any additional significant audit risks from those identified in our audit plan. Our work completed in relation to the audit risks identified (management override of controls and risk of fraud in expenditure) and our conclusions are set out in this report under key audit matters.



### Internal control environment

4. During the year we sought to understand NES's overall control environment (design) as related to the financial statements.

In particular we have:

- Considered procedures and controls around related parties, journal entries and other key entity level controls.
  - Performed walkthrough procedures on key financial controls in particular journals, payroll and ledger controls
5. Our work over controls is limited to our ISA requirements in understanding an entities control environment. Our audit is not controls based and we do not seek reliance over controls. Our audit is fully substantive in nature. We identified no material weaknesses or areas of concern from this work which would have caused us to alter the planned approach, set out in our plan.



### Internal Audit

6. As set out in our external audit plan we have not placed formal reliance on the work of Scott-Moncrieff, NES's internal audit provider. We reviewed the internal audit plan and individual reports issued to date, to consider if any impact on our audit approach, with none being noted and all reports receiving substantive assurance.

7. The opinion of Internal Audit for the year was:

*"In our opinion NES has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks."*



The findings of internal audit are not inconsistent with our knowledge and experience of NES.

## Key audit issues

### Responding to significant risks

8. Within our external audit plan (2018/19) we identified significant audit risks and our planned approach. We have set out below a summary of the work undertaken over these risks and our audit conclusions

#### Overview of our audit risks identified at planning and our proposed approach

	Risk of fraud in revenue and expenditure	Management override of controls
The Risk	<p>As set out in ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In 2018/19, NES's material revenue streams related to Scottish Government resource funding. Given the nature of this income being well forecast and agreed directly with SGHD we rebut the presumed risk of material misstatement over income. However, as set out in Practice note 10 (revised), for public sector entities there is a presumed risk of misstatement of expenditure. As payroll expenditure is well forecast and agreeable to underlying payroll systems there is less opportunity for the risk of misstatement in this expenditure stream. We therefore focus on non-pay expenditure. As financial performance targets are measured on year end outturn, we consider the risk to be particularly prevalent around the year end and therefore focus our testing on cut-off of non-pay expenditure.</p>	<p>As set out in ISA 240, across all entities there is a presumed risk of fraud being perpetrated by management through its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Override of controls is present in all entities.</p>
Our response	<ul style="list-style-type: none"> <li>Performed cut off testing at year end on pre and post year end transactions.</li> <li>Walkthroughs of the controls and procedures around material expenditure streams and validation of key controls where appropriate.</li> <li>Consideration of the Regularity of expenditure incurred to ensure alignment with the type/nature of NES as an organisation.</li> <li>Confirmed the completeness and accuracy of balances at the year end.</li> </ul>	<ul style="list-style-type: none"> <li>A focus on our understanding of how/where management override of controls may occur</li> <li>Review of the controls over journal entries</li> <li>Understanding key areas of judgement and estimation within the financial statements and the basis for these judgements and the application of accounting policies</li> <li>Reviewing unusual and/or significant transactions</li> </ul>
Our conclusion	<p>Based on our testing we can conclude:</p> <ul style="list-style-type: none"> <li>We did not identify any exceptions in our cut-off testing for year-end expenditure.</li> <li>We did not identify any exceptions in the completeness and accuracy of balances at the year end.</li> <li>Through our substantive procedures and sample testing we confirmed expenditure testing was in accordance with the nature of NES (regularity).</li> </ul>	<p>Based on our testing we can conclude:</p> <ul style="list-style-type: none"> <li>There was no evidence of management override in our testing of journals.</li> <li>NES financial statements do not include material judgements or estimates. We considered the lease dilapidation and the CLO provision, with no matters to report.</li> <li>We did not identify any unusual or significant transactions in year.</li> </ul>

## Narrative elements of your annual accounts

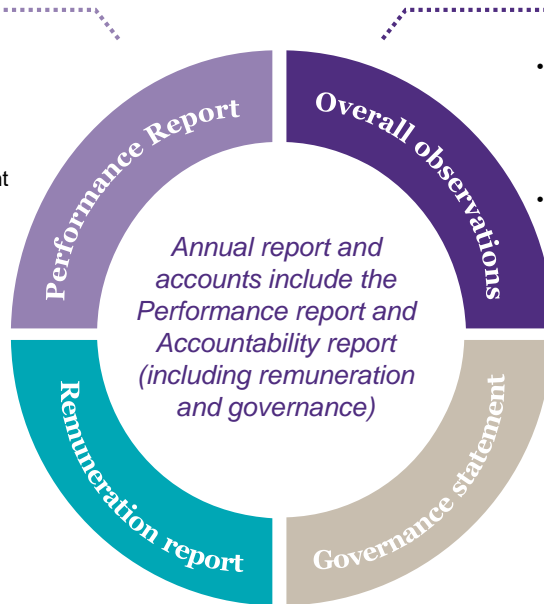
9. We have reviewed your narrative aspects of the Annual Accounts and Report. We have considered the consistency of this narrative with our understanding and the financial statements and have set out our observations below. We have also audited the required information in the remuneration report (marked audited) and have no matters we wish to bring to your attention.

### Performance Report

- The accountability report is in line with our understanding of NES, in particular the vision and strategic priorities of NES.
- The Accountable Officer's statement is clear and easy to read.
- Risks are articulated and aligned to NES's internal risk reporting.

### Remuneration and Staff Report

- Has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions thereunder.
- The Executive and Non-Executive members reflected in the report have been correctly identified in accordance with FReM.



### Overall observations

- NES continue to look at how the "front end" of the Annual Report and Accounts are presented and have improved graphics to provide a better visual representation of performance.
- There have been substantial changes to the notes that support the expenditure within the Financial Statements, which have helped to provide clarity and improve transparency of expenditure.

### Accountability Report

- As required by the FReM the Governance statement is included in the Accountability report.
- No material issues of governance in year that are required to be reported
- The governance statement is in accordance with the FReM/SPFM.
- The statement is supported by individual assurances to the Accountable Officer over internal controls.

## Key aspects of your financial statements

10. We consider particular aspects of your financial statements in relation to management judgements including estimates and where management may have particular options or choices in what accounting standards or disclosure requirements to apply. We have summarised our conclusions below.



### Commentary:

NES's accounting policies are consistent with the NHS Manual of Accounts. The 2018/19 financial statements reflect the adoption of two new International Financial Reporting Standards (IFRS): IFRS 9 and IFRS 15. While the introduction of IFRS 9 resulted in some minor disclosure changes to the accounts, Management's assessment of these standards was that they did not have a material impact on the financial statements. We concur with Management's review.

We identified and gained comfort over the key estimates and judgement, notably the lease dilapidation provisions.

In relation to the audit risk of fraud in respect of expenditure we tested NES's cut off arrangements in particular and identified no issues in accruals or prepayments which could indicate a higher risk of potential fraud. There are no post balance sheet events or legal uncertainties at year-end.

Finally NES, as set out in the performance and accountability reports, consider themselves a going concern. They have an agreed budget with the Scottish Government for 2019/20 and have in place a 3 year financial framework (medium term framework) albeit at this stage only receive an annual budget allocation from the Scottish Government.

Given NES's role as a National Health Board within NHS Scotland providing education and training to the Health Sector, as well as considering the statutory functions NES have to enable it to fulfil its remit, we agree with management's assertion that NES meets the going concern criteria.

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# Commentary on NES Financial arrangements



The NES Budget for 2019/20, approved by the Board on 28 March 2019, underpins the achievement of NES strategic objectives and outlines the financial and operational challenges faced by the Board. The budget highlights that NES would receive no general uplift to the NES recurrent baseline budget again in 2019/20.

A significant amount of the NES budget is committed to paying the salaries of doctors, dentists, clinical psychologists and others while they are in training, and therefore fixed in nature.



Management have identified an initial budget gap of £13.602 million. Efficiency savings and continuation of agreed non-recurrent measures has reduced the gap to £4.879 million. NES recently received confirmation that this gap would be fully funded by the Scottish Government.

The 2019/20 financial planning assumptions appear reasonable and in line with what we would expect based on our knowledge of NES and prior year arrangements.



Following discussion at Executive Team no additional contribution to the National Boards collaborative recurrent £15 million savings target is included (to which NES contributed £2.5 million recurrently in 2018/19). However, given that it is likely that the collective target will not be met in full for 2018/19, NES may be asked for a further contribution in 2019/20.



NES are focused on how as an organisation they demonstrate value for money. On an annual basis they undertake a value for money self assessment, across all the core areas of best value, linked to evidence of demonstration and areas for further development. This assessment is discussed at the Audit Committee (June 2019) and linked to the Audit Committee's wider considerations before recommending the Annual Report and Accounts to the Board. This is a positive and helpful report that supports the annual governance arrangements.



NES's workforce plan is reviewed annually to ensure its alignment with updated local, regional and national plans. As in previous years, the plan is in line with NES's vision of 'Quality Education for a Healthier Scotland' and their mission 'to provide education that enables excellence in health and care for the people of Scotland'. NES, with partners, has also made a substantial contribution to the development of the National Board Plan 'Changing to Deliver 2019-23', specifically in the areas of digital innovation and the development of a sustainable workforce.

## Financial planning 2019/20

11. The Board approved the budget for 2019/20 on 28 March 2019. The financial plan is developed using a detailed budgeting approach to ensure that forecast income and expenditure is developed, based on key activities planned for the year. Financial forecasts are reviewed during the year to ensure these remain appropriate.
12. The financial plan states that NES available funding is anticipated to be £439.215 million. Requirements submitted by directorates total £452.179 million which presents an initial funding gap of £12.964 million. This gap has primarily arisen from a historic underlying funding gap in Training Grades. Efficiency savings, continuation of agreed non-recurrent measures and allocating income from other sources where possible has reduced the gap to £4.879 million. NES recently received confirmation that this gap would be fully funded by the Scottish Government.

	Training Grades Budget		Other NES Budget		Total £m	Considered reasonable
	Recurring £m	Non recurring £m	Recurring £m	Non recurring £m		
Anticipated budget available	245,719	0	193,496	0	439,215	✓
Directorate budget submissions 2019/20	(258,397)	0	(193,269)	(513)	(452,179)	✓
<b>Initial Gap</b>	<b>(12,678)</b>	<b>0</b>	<b>227</b>	<b>(513)</b>	<b>(12,964)</b>	
Requests for additional funding	0	0	(422)	(216)	(638)	✓
<b>Budget Gap</b>	<b>(12,678)</b>	<b>0</b>	<b>(195)</b>	<b>(729)</b>	<b>(13,602)</b>	
<b>Proposed actions to reduce gap</b>						
Recruitment Lag	0	0	0	1,500	1,500	✓
Training Grade funding	0	6,676	0	0	6,676	✓
Other Income	0	0	0	247	247	✓
Procurement savings	0	0	0	300	300	✓
<b>Total Potential Funding Available</b>	<b>0</b>	<b>6,676</b>	<b>0</b>	<b>2,047</b>	<b>8,723</b>	
<b>Remaining Gap</b>	<b>(12,678)</b>	<b>6,676</b>	<b>(195)</b>	<b>1,318</b>	<b>(4,879)</b>	
Additional funding confirmed by Scottish Gov.					4,879	
<b>Balanced budget</b>					<b>0</b>	

13. In addition to the expected recurring baseline funding above it is anticipated that over £49 million will be received in 2019/20 on a non-recurrent basis. The majority of this funding will be through Scottish Government and includes;
- Medical Training Grade expansion posts - £7 million
  - Mental Health - £7 million
  - Pharmacy Pre-Reg training - £6.4 million
  - Anticipated Medical Education Package Gap - £5.4 million
14. The financial plans in place are based on reasonable assumptions and are appropriate based on our understanding of NES. NES will continue to monitor these forecasts alongside the actual financial position during 2019/20 to ensure they still remain realistic and achievable.

## National Board Collaboration

15. Following discussion at Executive Team no additional contribution to the National Boards collaborative recurrent £15 million savings target is included (to which NES contributed £2.5 million recurrently in 2018/19). However, given that it is likely that the collective target will not be met in full for 2018/19, NES may be asked for a further contribution in 2019/20.
16. Per the NES Financial Plan 2019/20 – 2021/22, the agreed NES contribution of £2.5 million is stated, however £4 million is shown by Scottish Government as being removed from the 2018/19 baseline. As the full £15 million recurrent savings required in 2018/19 has not yet been met, the balance has arbitrarily been allocated across Boards. The split of the outstanding target is currently under discussion with the other National Boards and the Scottish Government however, for the purpose of planning the 2019/20 budget it has been assumed that NES will make no further contribution above the agreed £2.5 million.

## Governance arrangements

17. NES has a stable governance structure with the Board supported by an established structure of standing committees of the Board with clearly defined remits including the Staff Governance, Remuneration, Educational and Research Governance, Finance and Performance Management, and Audit Committees. The Board meets regularly during the year to both set and monitor the delivery of the Board's strategic priorities. We found the level of reporting to the Board and its committees to be appropriate.
18. At the request of Scottish Government, NES established the NES Digital Service (NDS) in 2018/19 to develop a national digital platform, as set out in the Digital Health and Care Strategy for Scotland. This aligns with the digital solutions NES are already delivering to support workforce and business services. As a result an additional sub-committee of the Board, Digital Committee, was added to the governance structure in 2018/19 to provide and strengthen governance over NES Digital Activities. There have been two additional co-opted members added to this committee, one of whom has significant expertise in Digital development and implementation at scale.
19. There were also two new non-executives added to the NES Board from 1 May 2019 to complement the skills of the existing Board.
20. The Board of NES completed the Board self-assessment in relation to the Blueprint for Good Governance. Board members considered the results of the self-assessment to be a fair reflection of the Board's performance and a sound foundation for further efforts to enhance corporate performance.
21. An action plan has been developed as a focussed and concise response to this self-assessment. The Board will oversee the delivery of the actions, with the expectation these will be completed by the end of 2019.
22. David Garbutt, the NES Board Chair, is a member of the National Corporate Governance Steering Group and is leading on the workstream: Training and development of Board members, using the wider expertise within NES to further develop training at a national level, including making use of the TURAS platform.

## Board effectiveness and transparency



23. The Board undertakes a regular assessment (every 18 to 24 months) of its own effectiveness to ensure that it is in line with current best practice. There are defined schemes of delegation and policies and procedures in place to ensure that there is clear understanding of respective responsibilities across NES.
24. NES demonstrates a commitment to transparent public reporting. Board minutes and supporting papers are published online as well as committee remits and a range of corporate publications detailing the Board's underlying performance and activities. This is an area NES will continue to review during 2019/20 alongside any national governance messages.

## Fraud and Irregularity

25. NES has arrangements in place to help prevent, detect and mitigate the risk of fraud or irregularity, including anti-bribery and whistleblowing policies. While we consider these to be reasonable, no arrangements can fully prevent against the risk of fraud, theft or irregularity. We are not aware of any material frauds at NES during the course of the year and have confirmed this with management.
26. The Board participates in the National Fraud Initiative (NFI), a counter fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies, external auditors and the National Audit Office to identify fraud and error. Of a total of 808 matches, 619 have been processed and 21 are currently under investigation. The majority of the processed items did not require investigation as they were within the risk tolerances.
27. We found NES's arrangements for participation in the NFI exercise during 2018/19 to be satisfactory. The Board has effective arrangements in place for the submission of data and investigation of potential matches.



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## Workforce planning

28. NES's workforce plan is reviewed annually to ensure its alignment with updated local, regional and national plans. NES, with partners, has also made a substantial contribution to the development of the National Board Plan 'Changing to Deliver 2019-23', specifically in the areas of digital innovation and the development of a sustainable workforce.
29. The National Health and Social Care Workforce Plan highlighted opportunities to develop a more consistent national approach to education, training and workforce development to help develop a more sustainable pipeline of skilled staff for health and care. NES are working with the Scottish Credit and Qualifications Framework Partnership, NHS Territorial Boards and the Higher and Further Education sectors to develop national commissioning and recognition of prior learning.
30. The Health and Social Care Workforce Plan sets out that better workforce data and planning is key to developing sustainable services. The development of a cloud-based data platform, which is now underway, will bring together existing workforce data which will support scenario planning for future workforce demand and supply. This will be essential, particularly related to future workforce uncertainty, in relation to Brexit (See Areas of wider scope focus 2018/19).



## EU Withdrawal

31. There are uncertainties surrounding the terms of the UK's withdrawal from the European Union and these are subject to ongoing negotiation between the UK government and EU. Whatever the outcome of these negotiations there is inevitably implications for devolved government in Scotland and for NES.
32. There is considerable uncertainty around the potential impact of Brexit. Likely areas to impact the Board are: workforce implications; funding; and regulation. We have used Audit Scotland's planning guidance to evaluate the Board's readiness for EU withdrawal across workforce (People and Skills); Finance; and Regulations. Audit Scotland require auditors to conclude on whether audited bodies are 'underprepared', 'partly prepared' or 'well prepared' for EU Withdrawal.
33. We found that NES has incorporated the risk of EU withdrawal into its risk management arrangements, however it is noted that the main impact of a 'no deal' Brexit is likely to be felt by Territorial NHS Boards rather than directly by NES. NES had clearly considered the potential consequences of EU Withdrawal through the completion Operational Readiness checklist. Overall, we conclude that NES is 'well prepared' for EU Withdrawal. Despite being well prepared for the implications of EU Withdrawal this is an area of ongoing development and continued uncertainty and therefore NES should continue to monitor its readiness against any future developments.



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# Appendices

**Audit adjustments**

**Action plan for 2018/19 external audit recommendations**

**Follow up of prior year recommendations**

**Fees, independence, fraud arrangements**

**Communication of audit matters with those charged with governance**



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# Audit adjustments

## Uncorrected and corrected misstatements

We are pleased to report that there were no uncorrected misstatements to the financial statements arising during our audit.

The only corrected misstatement was identified by the finance team and amended per the journals below;

Item	Dr (£'000)	(Cr) (£'000)	Description
	633		Accrued income
1		(633)	Accrual <i>Movement of £633k due to reallocation of £633k between debtors and creditors</i>

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## Disclosure misstatements

In accordance with auditing standards we are required to highlight significant disclosure misstatements to allow Audit Committees to evaluate the impact of these matters on the financial statements.

There were a number of minor disclosure adjustments to the draft accounts received for audit which were identified by the finance team through the ongoing review process and which resulted from accounts workshops. In addition, we noted minor disclosure and formatting changes which resulted from our review, all of which have been processed in the final annual report and accounts. None of these changes were considered material and/or significant in nature and helped to improve the readability of the accounts.

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# Action plan for 2018/19 external audit recommendations

From our audit work undertaken in 2018/19, we did not identify any risks or recommendations that we consider to be higher risk to NES and have therefore not raised any actions or recommendations in the current year.

## Follow up of prior year external audit recommendations

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### Recommendation

#### National Boards collaboration

We note the future direction of travel in respect of the National Board's collaboration and the early work done by all the National Boards related to the creation of the plan and an initial five year financial framework.

In due course this work, and the various scenarios related to NES should be presented to the NES Board, particularly those that support NES in achieving medium term financial sustainability.

### Management response

**Management response:** Agreed

**Action owner:** Director of Finance

#### Timescale for implementation:

In line with timescales agreed by the regional implementation leads, and will keep external audit updated during 2018/19.

#### Follow up:

Since the external audit report last year the position around national boards collaboration changed. National Boards will continue to work together to agree Target Operating models for four priority areas which will contribute to closing the current gap in the £15 million recurrent savings target. The Board continue to be updated on developments as they impact on NES.

Propose to close action as no longer relevant.

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# Fees, independence, fraud arrangements

## External Audit Fee

Service	Fees £
External Auditor Remuneration	48,270
Pooled Costs	6,970
Contribution to Audit Scotland costs	2,910
Contribution to Performance Audit and Best Value	0
<b>2018-19 Fee</b>	<b>58,150</b>

The audit fee was calculated in accordance with guidance issued by Audit Scotland and agreed with Management.

The above fee has not changed since our plan and our final fee was £58,150

## Fees for other services

Service	Fees £
We can confirm there are no non-audit fees for the 2018/19 financial year	Nil

## Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team.

We can confirm no independence concerns have been identified.

## Fraud arrangements

In assessing our audit risks, the audit team was alert to the possibility of fraud at NES.

As part of our audit work we are responsible for:

- Identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relation to management override of controls.
- Leading a discussion with those charged of governance (for NES this is assumed to be the Audit Committee) on their view of fraud. We did this when presenting our audit plan and in the form of management and those charged with governance questionnaires which were received in May 2019.
- Designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud.
- Responding appropriately to any fraud or suspected fraud identified during the audit. None were identified in-year.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error.

We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement.

It is Board's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we worked with NES to review specific areas of fraud risk, including the operation of key financial controls.

We also examined certain policies in place, strategies, standing orders and financial instructions, as relevant to the fraud framework, to ensure that they provide a reasonable framework of internal control.

No suspected frauds or irregularities have been identified by Management and reported in-year.

# Communication of audit matters with those charged with governance (the Board)

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
<b>We are independent of NES and have not identified any conflicts of interest</b>		
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought have an impact on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
<b>We have not incurred any non-audit fees during the year and no threats to independence identified</b>		
Significant matters in relation to going concern	•	•
<b>No significant going concern matters identified</b>		
Views about the qualitative aspects of NES accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
<b>Set out in the Financial statements Section 1.</b>		
Significant findings from the audit		•
<b>No significant findings from our audit</b>		
Significant matters and issues arising during the audit and written representations that have been sought		•
<b>Letter of representation will be shared and signed by the Accountable Officer when signing the financial statements. This is our standard, unmodified letter of representation</b>		
Significant difficulties encountered during the audit		•
<b>No difficulties encountered</b>		
Significant deficiencies in internal control identified during the audit		•
<b>None identified</b>		
Significant matters arising in connection with related parties		•
<b>None identified</b>		
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
<b>None identified.</b>		
Non-compliance with laws and regulations		•
<b>None noted</b>		
Unadjusted misstatements and material disclosure omissions		•
<b>None noted. Minor disclosure amendments only and these were not material in nature</b>		
Expected modifications to the auditor's report, or emphasis of matter		•
<b>None, an unmodified opinion</b>		

International Standards on Auditing (UK) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table above.

We communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to NES Management and the Audit Committee.



## Board Paper Summary

1. **Title of Paper**

Letter of Representation - Financial Statements for the year ended 31 March 2019

2. **Author(s) of Paper**

Audrey McColl, Director of Finance

3. **Purpose of Paper**

Attached is the Letter of Representation which provides assurance to external Audit that they have been provided with all relevant information known to NES for the purpose of completing the Annual Accounts 2018/2019.

It also states that we are satisfied that the Governance Statement fairly reflects the Board's risk assurance framework and we confirm that we not aware of any significant risks that are not disclosed within the Governance Statement.

4. **Key Issues**

There are no issues to draw to the attention of the Board.

5. **Equality & Diversity**

Not applicable in regard to this paper

6. **Recommendations**

The Board is asked to approve the signing of the Letter of Representation on behalf of the Board.

Audrey McColl  
June 2019

Westport 102  
West Port  
Edinburgh EH3 9DN

Telephone: 0131 656 3200  
Fax: 0131 656 3201  
www.nes.scot.nhs.uk



Grant Thornton UK LLP  
110 Queen Street  
Glasgow  
G1 3BX

27 June 2019

Dear Sirs

### **NHS Education for Scotland Financial Statements for the year ended 31 March 2019**

This representation letter is provided in connection with the audit of the financial statements of NHS Education for Scotland for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **Financial Statements**

- i We acknowledge and have fulfilled our responsibilities under the National Health Service (Scotland) Act 1978 for preparing financial statements, which give a true and fair view, and for making accurate representation to you.
- ii We have complied with the requirements of all statutory directions affecting the Board and these matters have been appropriately reflected and disclosed in financial statements.
- iii We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- v Significant accounting estimates and judgements made by us in relation to provisions have been informed by the Central Legal Office where appropriate.



Chair: David Garbutt  
Chief Executive: Caroline Lamb

- vi Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Board has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the 2018/19 FReM.
- viii All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the 2018/19 FReM requires adjustment or disclosure have been adjusted or disclosed.
- ix We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Annual Report to the Board and the Auditor General for Scotland. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- x Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the Boards financial statements.
- xii We are of the opinion that it is appropriate to prepare the Board's financial statements for the year ended 31 March 2019 on a going concern basis.
- xiii We have considered impairment review of intangible assets with infinite useful life.

#### **Information Provided**

- xiv We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Health Board from whom you determined it necessary to obtain audit evidence.
- xv We have communicated to you all deficiencies in internal control of which management is aware.
- xvi All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Board and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xix We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees, regulators or others.



- xx We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi We have disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which we are aware.

**Annual Report**

- xxii The disclosures within the Annual Report fairly reflect our understanding of the Board's financial and operating performance over the period covered by the financial statements.
- xxiii We have considered the impact of International Financial Reporting Standard (IFRS) 9: Financial Instruments and IFRS 15: Revenue Recognition on the accounts and have updated our accounting policies appropriately.

**Annual Governance Statement**

- xxiv I acknowledge as Accountable Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
- xxv We confirm that the corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the 2018/19 Financial Reporting Manual. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2019, which require disclosure.
- xxvi We are satisfied that the Governance Statement fairly reflects the Boards' risk assurance framework and we confirm that we are not aware of any significant risks that are not disclosed within the Governance Statement.

**Approval**

The approval of this letter of representation was minuted by the Board at its meeting on 27 June 2019.

**Signed on behalf of the Board**

Name.....

Position.....

Date.....

## NHS Education for Scotland

### Board Paper Summary

1. **Title of Paper**

Annual Report from the Audit Committee

2. **Author(s) of Paper**

Janice Sinclair, Head of Finance

3. **Purpose of Paper**

The purpose of this paper is to present the Board with the Annual Report from the audit Committee

4. **Key Issues**

This report sets out how the Audit Committee has discharged its remit and the responsibilities delegated to it by the Board during 2018-19.

The report also lists the key sources of evidence that the Audit Committee has considered in recommending the Governance Statement to the Board and to the Accountable Officer for inclusion in the Annual Report and Accounts.

5. **Equality and Diversity**

Not applicable to this paper

6. **Recommendation(s) for Decision**

The Board is asked to note the Annual Report from the Audit Committee for 2018-19. The Board is also asked to approve the Governance Statement for inclusion in the Annual Report and Accounts for 2018-19.

# REPORT AND RECOMMENDATION ON THE STATEMENT ON INTERNAL CONTROL FROM THE AUDIT COMMITTEE TO THE BOARD FOR THE YEAR TO 31<sup>ST</sup> MARCH 2019

## 1 Introduction

This document represents the report of the Audit Committee to the Board of NHS Education for Scotland for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019. The report is intended to provide the Board with evidence and assurances as to the extent to which the Audit Committee has effectively discharged its remit and responsibilities during the period.

This report also provides the Board with additional information in regards to the whole system of internal control within NES and includes a recommendation to the Chief Executive as Accountable Officer, and to the Board on the appropriateness of the Governance Statement as contained within the Annual Report and Accounts of NES for the year ended 31<sup>st</sup> March 2019.

In making its recommendation on the Governance Statement the Audit Committee has considered both its own responsibilities in relation to the internal control system and its examination of the annual reports submitted by other governance committees of the Board to the Audit Committee.

## 2 Membership and Meetings

The Audit Committee met 4 times during the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019. The dates of meetings and attendance of members were as shown in the table.

Date	Apr 2018	June 2018	Oct 2018	Jan 2019
Dr D. Steele ( Chair from June 2018)	✓	✓	✓	✓
Ms A Walker ( Appointed in June 2018)	n/a	✓	✓	✓
Ms L Dunion ( Appointed in June 2018)	n/a	✓	✓	✓
Ms A Currie ( Appointed in Sept 2018)	n/a	n/a	✓	✓
Ms. C. Wilkinson (Chair until May 2018)	✓	n/a	n/a	n/a
Ms S. Douglas-Scott (Retired in May 2018)	✓	n/a	n/a	n/a
Ms S. Stewart ( Resigned in June 2018)	✓	n/a	n/a	n/a

## 3 Administration and Communication

The Committee is generally satisfied with the administration of meetings. Papers are issued one week before each meeting to enable adequate time for review.

The agenda and minutes of all Audit Committee meetings are available to staff on the intranet.

#### **4 Remit and Discharge of Remit**

The committee reviews its remit on an annual basis with latest review taking place in October 2018. The Audit Committee considers that it has fully discharged its remit during the year – details of how this has been achieved are set out in Appendix 1.

#### **5 Business Transacted during the Year**

During 2018/19 the Audit Committee has taken responsibility on behalf of the Board for the oversight of the External and Internal Audit programmes. To this end the Committee has received regular updates from both External and Internal Audit. The Committee has also been active during the year in following up progress against the recommendations made in these reports, at each meeting. Overall, the Committee has been satisfied with the actions taken in response to audit recommendations.

The Committee was pleased to note at its meeting in June 2018 that the External Auditors issued an unqualified opinion on the accounts to 31<sup>st</sup> March 2018 and anticipates that an unqualified opinion will be communicated by the External Auditors on the accounts to 31<sup>st</sup> March 2019 at the June 2019 meeting.

At its January meeting the Audit Committee received the External Auditors Draft Plan for the 2018/19 audit which was accepted by the committee. The main risks identified in the plan are Management override of controls and Expenditure recognition.

The Audit Committee considered the following 9 reports from Audit Scotland throughout the course of the year:

1. Managing the Implementation of the Scotland Acts
2. Public Audit & Post-Legislative Scrutiny Committee on Tayside
3. A short Guide to the Integration of Health and Social Care service in Scotland
4. National Fraud Initiative in Scotland
5. Correspondence and Whistleblowing annual report 2017/18
6. Health and Social Care Integration
7. Scotland's new financial Powers
8. NHS in Scotland 2018
9. Withdrawal from the European Union

The committee also considered the report on Corporate Governance in NHS Highland at its meeting in October 2018.

A formal work plan for the committee, based on the draft strategic audit plan and the audit committee remit, has also been developed for 2019/20 - Appendix 2. This will ensure that key items are scheduled at appropriate times to meet overall corporate governance reporting requirements and that all areas of the remit are addressed.

**6 Evidence in relation to the whole system of internal Controls.**

This section of the Annual Report of the Audit Committee considers the sources of evidence which the Audit Committee has used in its assessment of the whole system of internal controls in place in NES and the extent to which this system is reliable, comprehensive and provides the Board and the Accountable Officer with an adequate basis for decision making.

**6.1 Internal Audit**

The Annual programme of internal audit is designed to provide the Audit Committee with information about the operation of key controls in areas which are identified as presenting risk to the organisation and the achievement of its objectives.

The Committee has considered several Internal Audit Reports as part of the Internal Audit programme for 2018/19.

The internal audit reviews submitted use a system which assesses the control objectives to determine effectiveness using the following colour gradings:

<b>Grade</b>	<b>Description</b>
<b>Red</b>	Fundamental absence or failure of key controls
<b>Amber</b>	Control Objective not achieved – controls are inadequate or ineffective
<b>Yellow</b>	Control Objective achieved – no major weaknesses but scope for improvement.
<b>Green</b>	Control Objective achieved – controls are adequate, effective and efficient

Each required management action is also allocated a risk exposure category as shown below;

<b>Category</b>	<b>Description</b>
<b>4</b>	Very high risk exposure – major concerns requiring immediate senior attention that create fundamental risks within the organisation
<b>3</b>	High Risk Exposure – absence/failure of key controls that create significant risks within the organisation
<b>2</b>	Moderate Risk Exposure – controls are not working effectively and efficiently and may create moderate risks within the organisation.
<b>1</b>	Limited risk exposure – controls are working effectively but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

A summary of the classifications is reported in Appendix 3.

There were two control objectives assessed as Red during 2018/19, with both relating to the Business Continuity Planning (BCP) & Disaster Recovery review. One of the red objectives was graded at Grade 4 and related to the lack of a formal Programme of Testing for BCP. The other Red control objective related to Employee awareness and Training of BCP across the various stakeholder groups.

All other Control Objectives were either classified as Green or Yellow.

The Audit Committee reviews progress in implementing actions arising from internal and external audit recommendations. The Committee is satisfied with progress made against the recommendations identified. The committee will continue to follow up all outstanding actions.

## **6.2 External Audit**

The Committee also receives a final report and management letter from its External Auditors from which it can draw evidence in its recommendations to the Board and the Accountable Officer in relation to the Governance Statement. In addition, progress against External Audit Recommendations is reported to the Committee on a regular basis. The Final Report is being considered at the June meeting of the Committee and raises no issues which impact on the Governance Statement.

## **6.3 Reports from Committees of the Board**

The Committee requests and receives from each Committee of the Board, an Annual Report giving details of how that Committee has discharged its remit during the year and fulfilled its responsibilities in relation to an oversight of elements of the whole system of internal controls.

The Annual Reports from all Governance Committees are presented to the Audit Committee in June alongside this report. The Committee will note if it considers that there are any concerns which would impact on the confidence of the Board in the whole system of internal controls.

## **6.4 Risk Management**

The Committee reviewed the Risk Register and the revised Risk Management Strategy and noted the establishment of a Risk Management Short Life Working Group

## **6.5 Assurance**

The audit committee has developed an Assurance Framework to initially map all the key sources of assurance within the organisation and define using the “three lines of assurance” conceptual model the type and nature of the assurance

## 6.6 Best Value

NES maintains and regularly updates a self-assessment against the Best Value Characteristics. The Audit Committee reviewed the latest version of the assessment and suggested changes minor to be incorporated. The latest version is available [here](#) [Jenn please insert link] the changes suggested by the committee are highlighted in Yellow.

## 7 Conclusion and Recommendation

The Audit Committee confirms that the responsibilities delegated to it by the Board during the year to 31<sup>st</sup> March 2019 have been discharged.

The Audit Committee is further satisfied that the full range of sources of assurance which it refers to in section 6 of this report enable it to recommend to the Board and to the Accountable Officer the Governance Statement set out at Appendix 4 for inclusion in the Annual Report and Accounts. The

JS  
June 19

# 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. Also, 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.

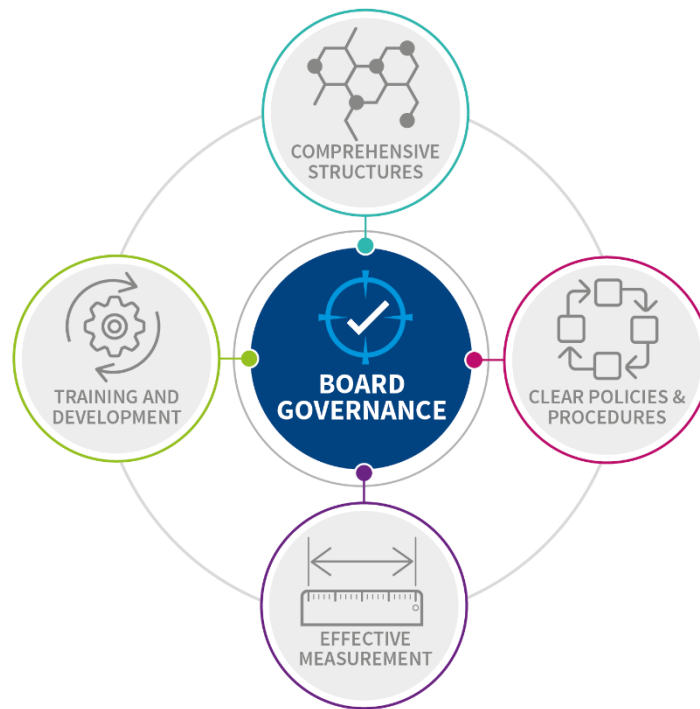
The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the



relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

## Operation of the Board

NHS Education for Scotland has in place a comprehensive corporate governance framework, which includes the following elements:



### Comprehensive Structures

- A clearly articulated strategic framework which sets and communicates the Board's vision and intended outcomes covering the period 2014-2019; supplemented by detailed annual local delivery plans all of which are made available to our stakeholders;
- As we transition into a new strategic planning period, a clearly articulated Strategic Plan which sets and communicates the Board's vision and intended outcomes covering the period 2019-2024;
- A performance management framework, which records progress against key performance indicators for each planned objective, and which is used to produce regular reports to the Board and the Finance and Performance Management Committee;
- A clearly articulated Educational Governance Framework which is used to assure the quality of the educational services that we provide and is overseen by the Educational and Research Governance Committee;
- An established structure of standing committees of the Board with clearly defined remits including Staff Governance, Remuneration, Educational and Research Governance, Finance and

Performance Management, and Audit Committees. In relation to the Remuneration Committee, details of the membership and attendance are contained within the Remuneration Report. Details of the membership of all other Committees, their attendance record and coverage of work is contained in the Governance Framework section of this report; and

- The creation of an additional sub-committee of the Board (Digital) to provide appropriate governance arrangements for the NES Digital Activities. This has included the co-opting of committee members with significant expertise in Digital development and implementation at scale.

### **Clear Policies and Procedures**

- Clear definition of the roles and responsibilities of the Board and the scheme of delegation set out in Standing Orders which are reviewed and updated on a regular basis;
- Comprehensive Standing Financial Instructions and Procurement policies and procedures which are regularly reviewed and updated;
- A Risk Management Strategy and supporting procedures which define how decisions are taken and how associated risks are managed. These are regularly reviewed and updated;
- Clear whistle-blowing and complaints policies with annual reporting of complaints to the Board, and with follow up of recommendations arising from complaints also being reported to the Audit Committee;
- Policies and procedures to manage compliance with relevant laws, regulations and internal arrangements;
- The existence of clear channels of communication with all stakeholders including Strategic Liaison and Performance Management meetings with the SGHSCD; fortnightly meetings between the Chief Executive of NES and the other National and Regional implementation leads, senior managers involvement in communication and engagement links with Health Boards; Royal Colleges and Regulators; and regular meetings with other stakeholders such as the SFC and SSSC; and
- Joint Action plans agreed in respect of partnership working with key partners such as the SFC and the SSSC.

### **Effective Measurement**

- Reliable data from key information systems, which are subject to regular reconciliation, integrity checking and audit; enabling management of the financial resources, human resources and performance of the organisation;
- Regular reports, including the minutes, are sent to the Board from the Chairs of all standing committees after each meeting. A comprehensive annual report from each Committee describing how it has discharged its remit during the year, the impact its work has had on the organisation and identifying areas for development is considered by the Audit Committee as part of its review of the whole system of internal control;

- A process of Board self-assessment using the National Self-assessment Survey. This focused on how well the Board currently delivers the five functions of governance defined in the 'Blueprint for Good Governance';
- A comprehensive programme of internal audit review to give assurances concerning compliance with relevant laws, legislation and internal policies and procedures; and
- The preparation of an annual report covering the work of the Board.

### **Training and Development**

- An induction programme for all new Board members and provision of development opportunities for non-executive directors, which are reported at each Board meeting;
- Participation of Board members in regular development sessions;
- Procedures for identifying and addressing the development needs of Executive Directors via a regular one-to-one meeting with the Chief Executive and formal six-monthly reviews; and
- A culture of continuous improvement, including the adoption of the principles of Best Value, facilitated through the activities of our Organisational Performance Improvement Programme Team and the Senior Operational Leadership Group.

During the year, the Board assessed its own performance as follows;

The National Self-assessment Survey was issued to all members of the Board and was completed by 81% of members. The results were then collated and reviewed in a facilitated Board workshop session. Whilst the results overall were very positive, there were some improvements identified which would further enhance the Corporate Governance framework. These improvements have been incorporated into an agreed action plan owned by the Board.

The corporate governance framework, including the elements described above, has been assessed against the UK Corporate Governance Code and compliance with the SPFM, and we have not identified any gaps. In addition, the framework has been assessed against the 'Blueprint for Good Governance' and the revised 'Audit and Assurance Committee Handbook April 2018'.

## 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:

<b>Executive and Senior Managers</b>	responsible for developing, implementing and maintaining internal controls across their areas;
<b>Audit Committee</b>	evaluation of the assurance arrangements in place, through their review of the development of our Assurance Framework, and their review of the annual reports of all Board committees and sub-committees;
<b>Internal Auditors</b>	who submit regular reports to the Audit Committee which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement; and
<b>External Auditors</b>	who provide an Independent Report to the Audit Committee and the Board.

In reviewing the adequacy and effectiveness of the system of internal control I have taken assurance from the following processes and mechanisms:

- Assurances from each Director that there have been no significant or uninvestigated breaches of controls in their Directorate;
- The production of an annual report from each Standing Committee of the Board to the Audit Committee containing a self-reflective evaluation of the way in which they have discharged their remit during the year and the impact of their work. Information is also included on any external reviews or other evidence which they have received;
- The work of the Audit Committee in receiving reports from the Internal Auditors and in producing an annual report to the Board which pulls together all sources of assurance, including the annual reports from the other governance committees of the Boards and which provides overall assurances to inform this Governance Statement;
- The work of the Audit Committee in considering the arrangements which the organisation has in place to secure Best Value and the work in reviewing all Counter Fraud activity including anti-bribery and corruption provisions;
- Consideration by the relevant Board Committees and the Executive Team of all internal audit reports and follow up of any areas of concern;
- The work of the Board in considering the corporate risk register at each of its meetings;
- The work of the Board in the development of an Assurance Framework, the subsequent gap analysis and creation of an action plan for further improvements in Corporate Governance;
- The consideration by the Board of its formal report covering the way in which it has discharged its remit during the year;

- The opinion of Internal Audit that NES has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of the organisation's objectives and the management of key risks;
- The work of Internal Audit, who submit to the organisation's Audit Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement, scrutiny of responses from management in response to recommendations made by both internal and external auditors, and follow up to demonstrate that agreed actions are implemented timeously; and
- The opinion expressed by External Audit in the Independent Auditor Report and the actions to address any comments made in the '*Communication of Audit Matters with Those Charged with Governance*'.

I believe that, overall, we have maintained an adequate and effective system of internal control throughout the year. As Chief Executive of NES I am content with the Governance arrangements of the organisation during 2018/19.

## Risk Assessment

NHSScotland 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. The general principles for a successful risk management strategy are set out in the SPFM.

The NES Risk Management Strategy is regularly reviewed and updated to respond to internal developments and to audit recommendations. The key elements of the Risk Management Strategy are:

The maintenance of a **corporate risk register** which identifies all significant corporate risks and any changes from the previous period. Reporting on this is a standing agenda item in every Board Meeting;

The maintenance of **departmental risk registers** for the whole organisation, which require managers to identify the risks to the achievement of their objectives, to regularly review the ratings associated with those risks, and to indicate the steps they are taking to manage those risks;

The **categorisation of risks** into 'Primary 1', 'Primary 2', 'Contingency', 'Housekeeping' or 'Low', enabling prioritisation of those risks that are both high likelihood and high impact above those that are either high likelihood but low impact, or low likelihood but high impact;

The **articulation by the Board of the 'risk appetite'** of the organisation as it relates to different categories of risk, which is used to assess the residual risk associated with individual items on the Corporate Risk Register against the level of risk which has been deemed acceptable, thus enabling the organisation to focus resources on managing the risks that are unacceptable;

The **development of a matrix approach** to the management of risk appetite to enable a greater tolerance for risk during the development phase of new activities or ways of working;

A regular programme of **development and training** for identified risk champions in each department;

The inclusion of risk awareness training in the **Corporate Induction Programme** for all new staff; and

The ongoing delivery of an **Information Governance action plan** to manage and monitor information risks. This action plan is regularly reviewed by the Information Governance Group and an annual report is presented to the Finance and Performance Management Committee in May each year.

The Board's corporate risks are categorised as Strategic & Policy risks; Operational & Service delivery risks; Financial Risks; Reputational risks and Accountability & Governance risks. The corporate risk register details both the inherent and residual risk ratings against all risks identified in each category and compares the residual risk assessed against the level of tolerance of risk for each category (the risk appetite) that the Board has defined.

More generally, the organisation is committed to continuous development and improvement through developing systems in response to any relevant reviews and developments in best practice. In particular, during the year to 31 March 2019, and up to the signing of the accounts, the Board has developed an Assurance Framework to initially map all the key sources of assurance within the organisation and define, using the 'three lines of assurance' conceptual model, the type and nature of the assurance. Where there is significant management and oversight assurances already in place for routine operations, this enables Internal Audit resource to be more effectively targeted towards activities with a higher level of residual risk.

During the year to 31st March 2019, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. There have been no instances of fraud during 2018/19. A number of recommendations have arisen from our internal audit reports, which we have accepted, and which will be implemented and followed up.

## **Governance Framework**

The Board meets regularly during the year to progress the business of the National Health Board. There have been 8 meetings and 4 workshops during 2018/19. Attendance by members at these meetings is detailed below.

NAME	BOARD MEETINGS ATTENDED	WORKSHOPS ATTENDED
MR D GARBUTT	8/8	3/4
MS C WILKINSON *	1/2	0/0
MS E FORD	6/8	3/4
MS S DOUGLAS-SCOTT *	2/2	0/0
MR D HUTCHENS	7/8	2/4
DR D STEELE	8/8	4/4
MS S STEWART *	3/3	1/1
DR A TANNAHILL	5/8	3/4
MRS L DUNION	6/6	3/4
MS A WALKER	6/6	4/4
MS A CURRIE	4/4	2/2
MS C LAMB	8/8	4/4
PROF S IRVINE	7/8	4/4
MRS A MCCOLL	8/8	4/4
MRS K WILSON	8/8	4/4

\*These members retired from the Board in 2018/19

The Scottish Health Plan established that the following standard committees should exist which are relevant to the organisation:

- Audit;
- Staff Governance;
- Clinical Governance (NES equivalent is Educational Research and Governance Committee);
- Patient Focus Public Involvement (PFPI). This committee was stood down by the Board in April 2012 and, in June 2012, the Board approved proposals to split the specific PFPI and Equality & Diversity responsibilities between the following groups:
  - Staff Governance Committee;
  - Educational and Research Governance Committee;
  - Finance and Performance Management Committee;
  - Executive Team; and
  - PCCP, Equality & Diversity Lead Network.

The Board also has a Remuneration Committee, the membership details of which can be found on page 42.

## Audit Committee

The Audit Committee meets four times per year to consider internal control; risk management and corporate governance issues; financial accounting matters; and to receive reports from the internal and external auditors.

The membership and attendance of the Audit Committee during 2018/19 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
MS C WILKINSON	Non-Executive Board Member (Chair until May 2018)	0/1
MS S DOUGLAS-SCOTT	Non-Executive Board Member	1/1
DR D STEELE	Non-Executive Board Member (Chair from Jun 2018)	4/4
MS S STEWART	Non-Executive Board Member	1/2
MS A WALKER	Non-Executive Board Member	3/3
MRS L DUNION	Non-Executive Board Member	3/3
MS A CURRIE	Non-Executive Board Member	2/2

## Staff Governance Committee

The Staff Governance committee meets four times per year and has an important role in ensuring consistency of policy and equity of treatment of staff across the organisation, in line with the National Staff Governance Standard.

The membership and attendance of the staff governance committee during 2018/19 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
MS S DOUGLAS-SCOTT	Non-Executive Board Member (Chair until May 2018)	1/1
MS E FORD	Employee Director & Non-Executive Board Member	4/4
MS S STEWART	Non-Executive Board Member	1/1
DR A TANNAHILL	Non-Executive Board Member	4/4
MRS L DUNION	Non-Executive Board Member (Chair from Aug 2018)	3/3
MS A CURRIE	Non-Executive Board Member	2/2

## Educational and Research Governance Committee

The Educational and Research Governance Committee meets four times per year and its main purpose is to advise the Board on matters relating to educational research and the management of educational quality. The Committee advises the Board on the strategic planning of relevant aspects of educational research and educational quality and maintains oversight of the implementation of approved programmes.



The membership and attendance of the Educational and Research Governance Committee during 2018/19 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
DR A TANNAHILL	Non-Executive Board Member (Chair until Feb 18)	1/1
MR D HUTCHENS	Non-Executive Board Member (Chair from May 18)	4/4
DR D STEELE	Non-Executive Board Member	4/4
MS C WILKINSON	Non-Executive Board Member	1/1
MS A WALKER	Non-Executive Board Member	3/3

### Finance and Performance Management Committee

The Finance and Performance Management Committee meets four times per year to provide additional scrutiny of financial reports, including annual budgets and the 3-year financial plan; operational performance, procurement and proposals for significant new expenditure; management accounts and efficiency programmes.

The membership and attendance of the Finance and Performance Management Committee during 2018/19 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
MR D GARBUTT	Chair of NES Board, (Chair)	4/4
MS E FORD	Employee Director & Non-Executive Board Member	4/4
MR D HUTCHENS	Non-Executive Board Member	4/4

### Digital Committee

The Digital Committee meets four times per year to provide additional scrutiny of financial reports, including annual budgets and the developing workplans; proposals for significant new expenditure; and performance against targets for both NES Digital Service (NDS) and NES Digital.

The membership and attendance of the Digital Committee during 2018/19 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
PROFESSOR A MORRIS	Vice-Principal, Data Science, University of Edinburgh (Chair) <sup>1</sup>	3/3
MR D GARBUTT	Chair of NES Board	3/3
MR D HUTCHENS	Non-Executive Board Member	3/3
MR A McCANN	Non-Executive Board Member, NHS Lothian <sup>1</sup>	3/3
MR G MULGAN	Chief Executive, NESTA <sup>1</sup>	1/3

1. These individuals are not members of the NES Board, they are co-opted members appointed for their significant expertise in Digital development and implementation at scale, or they represent stakeholder groups

<b>A. Internal Control, Risk Management and Corporate Governance</b>		
<b>Remit</b>	<b>Discharge</b>	<b>Impact</b>
i) To assess the scope and effectiveness of the risk management processes	<p>The October 2018 meeting reviewed the revised Risk Management Strategy which was considered by the board in July 18.</p> <p>The Corporate Risk Register was also reviewed in October</p> <p>A summary of all risks where the inherent risk level is 'Primary 1' is considered by the Committee annually at its June meeting. These risks have all been reviewed by the appropriate sub-committee of the board.</p>	<p>The revised risk strategy acknowledges the changes in the NES operating environment and creates a matrix approach to risk appetite. This provides a framework within which greater risk can be accepted during the development phase of new activities or ways of working, enabling innovative approaches to be considered. However, once a decision is being made to implement, the risk appetite to be considered may be different. During 18/19 the Audit committee agreed updates to the Risk appetite classifications. This provides the organisation with a framework to operate in which is flexible and does not stifle innovation. Regular review of the risk strategy ensures that any changes in best practice are reflected, strengthening the internal control environment.</p> <p>The summary report provides assurance that each standing committee has reviewed the risks pertaining to their remit to ensure that the controls detailed as reducing the inherent risk level to the residual risk level, are appropriate.</p> <p>This review supports the Committee in being able to recommend that the Governance Statement is signed.</p> <p>The committee are aware of possible emerging risks affecting the organisation.</p>
ii) To review the system of internal control and to evaluate the control environment and decision-making processes;	Throughout the year, the Committee has received regular reports from the Internal Auditors which have assisted in its assessment of the effectiveness of internal controls. Where appropriate, the relevant Lead Officer will also attend the Audit Committee to provide any additional detail required.	The provision of effective challenge enables the committee to gain assurance on the reliability and integrity of the evidence provided to them as part of the internal audit reports.
iii) To receive reports from management on the effectiveness of internal controls;	The draft Governance statement is presented to the Audit Committee as part of the Annual Accounts process.	Director's assurances on the effectiveness of Internal Controls are provided to the Chief Executive on an annual basis to support the signing of the Governance Statement.
iv) to review and recommend for approval by the Board, the corporate governance disclosures on audit and risk management in the annual accounts	The Committee reviewed the Governance Statement recommending this for inclusion in the Annual Accounts for 2017-18 at the June 18 meeting, and will consider the equivalent statement for 2018-19 at its meeting in June 2019.	The Audit committee receives and reviews an annual report from each of the Board's standing committee of how they have discharged their remit. These reports in conjunction with Internal & External Audit opinion enables the committee to evaluate and substantiate the detail of the governance statement

<p>v) to review internal arrangements by which staff may raise concerns about possible improprieties such as anti-fraud policies, whistle-blowing processes and arrangements for special investigations</p>	<p>The annual Feedback, comments, concerns and complaints report is reviewed by the Committee at its June meetings. The report is also considered by the Staff Governance Committee</p> <p>Fraud prevention activity is reviewed at every audit committee meeting.</p> <p>The committee receives quarterly updates on Counter Fraud activities within the organisation. The annual report on how NES has engaged with Counter Fraud Services will be reviewed by the Committee at its June meeting.</p> <p>The NHS Annual Whistleblowing report was considered at the Oct 2018 meeting</p> <p>The committee also completes an annual Counter Fraud self-assessment which was shared with Counter Fraud Services</p>	<p>The Committee is provided with assurances that the requirements of the CEL in relation to fraud prevention are being adhered to. Discussion of this agenda item also allows experiences from across the Health sector and beyond to be discussed – enabling a sharing of best practice to further improve NES processes.</p> <p>Review of the CFS self-assessment tool enables members to proactively consider the risks posed by financial crime and the readiness of the organisation to respond.</p>
<p>vi) to review the effectiveness of the Audit committee</p>	<p>The Committee follows a process of self-assessment which allows for an in-depth review over the course of the year</p> <p>Induction arrangements for Committee members were also updated in the October meeting.</p> <p>The annual workplan for the committee ensures that the remit of the Committee is reviewed at least once a year,</p>	<p>The Committee reviewed its remit in October 2018 against the requirements of the revised Audit and Assurance Committee handbook.</p> <p>The process of self-assessment review including the use of rankings, has enabled the committee to measure its effectiveness in discharging its role as defined in the Corporate Governance Handbook and to ensure that the amendments arising from the revised Audit &amp; assurance Committee handbook have been appropriately incorporated.</p>

<b>B. Internal Audit</b>		
<b>Remit</b>	<b>Discharge</b>	<b>Impact</b>
i. to approve the appointment and termination of Internal Audit and advise on the purchase of non-audit services from the suppliers of audit services. Ensure that appropriate resources are devoted to Internal Audit	The Committee agreed in January 2019, to take part in a collaborative procurement exercise for the next round of Internal Audit provision. The Chair of the Committee was a member of the Procurement evaluation panel.	As a member of the Procurement evaluation panel the chair was able to assess the skills and competencies of all potential suppliers against an agreed evaluation matrix. This ensured that any requirements specific to NES were considered in the process.
ii. to review and approve Internal Audit's remit, including liaison with external audit;	The Internal Audit plan seeks to complement the areas being covered by NES's external auditors. Feedback from External Auditors is welcomed and can be incorporated into the planning process as appropriate.	The internal audit plan is designed to provide NES, through the Audit Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. It also contributes to the improvement of governance, risk management, and internal control processes by using a systematic and disciplined evaluation approach.
iii. to review and approve the Internal Audit work plan;	The draft Internal Audit Plan for 2018/19 was approved by the Committee in April 2018. The Internal Audit Plan links internal audit activity to NES' Risk Management Framework.  Feedback from sessions with the Senior Operational Leadership Group ensures that key operational and higher risk activities are included within the plan.	Assurance that the design, implementation and maintenance of controls relating to all systems, whether managed directly by NES or outsourced, are effective is achieved.
iv. to enable confidential access for Internal Audit to the Chair of the committee;	The committee determined that the private meetings with External and Internal Audit would be scheduled to take place, twice a year in January and June. The Committee provided assurance to both External and Internal Auditors that they could raise issues at any time out with these meetings.	Any concerns from Auditors are able to be raised with the Chair at the earliest opportunity.
v. to receive regular Internal Audit reports and to review management responsiveness to recommendations and findings	The Committee has received regular Internal Audit reports during the year and has challenged the appropriateness of management responses and timelines as required. Where appropriate, the relevant Lead Officer will also attend the Audit Committee to provide any additional detail required.  Quarterly progress reports on follow up actions to audit recommendations are considered at each committee meeting.	Quarterly follow up reports ensure that management actions and anticipated response deadlines have become more realistic and implemented in line with expectations.  Quarterly rather than Annual review allows the committee to assess the information they receive in the context of other up to date knowledge they have of NES from Board meetings or membership of other NES committees.

<p>vi. to review the annual Internal Audit report on work carried out compared to plan.</p>	<p>The Internal Audit annual report is considered at the June Audit Committee meeting. The report for 2017/18 was considered at the June 18 meeting and the report for 2018/19 will be reviewed in June 19</p> <p>Progress against the plan is reported and Key Performance Indicators reviewed at each committee meeting during the year.</p>	<p>By reviewing progress at every meeting the committee get early warning if there are perhaps resource issues which may delay the completion of audits within the planned cycle. This provides the opportunity for early remedial action to be agreed.</p> <p>By ensuring that External and Internal Audit work together, duplication of effort can be avoided, and maximised use of the total audit resource can be achieved.</p>
<p>vii. to review the performance of Internal Audit</p>	<p>Given that the current Internal Audit contract was coming to an end and a new supplier was going to be appointed, the performance of Internal Audit was not assessed during 2018/19</p>	

<b>C. External Audit</b>		
<b>Remit</b>	<b>Discharge</b>	<b>Impact</b>
<p>i. To review the External Audit strategy and plan;</p>	<p>The draft External Audit Plan for the 2018/19 annual accounts was approved at the committee meeting in January 2019.</p>	<p>The Audit Committee can hold the External Auditors to account and can advise the Board in relation to any key matters arising as part of the external audit.</p>
<p>ii. to enable confidential access for External Audit to the Chair of the committee;</p>	<p>The committee determined that the private meetings with External and internal would be scheduled to take place, twice a year in January and June. The Committee provided assurance to both External and Internal Auditors that they could raise issues at any time out with these meetings.</p>	<p>The committee is assured that any concerns auditors may have about the control environment can be brought to their attention</p>
<p>iii. to review the External Audit management letters, review management responsiveness to recommendations and findings;</p>	<p>The External Audit Management letter for 2017/18 was considered at the June 2018 meeting. The June 2019 meeting of the committee will approve the management letter for 2018/198 annual accounts.</p>	<p>This review enables the Committee to assess the extent of any implications for NES and the ongoing work of the Committee.</p>
<p>iv. To ensure co-ordination between Internal and External Auditors; and</p>	<p>All Internal Audit reports are provided to External Audit via the papers for the committee meetings</p>	<p>External Audit are able to consider whether any findings within internal audit reports would impact on the planned audit approach.</p>

<b>D. Standing Orders (SOs) and Standing Financial Instructions (SFIs)</b>		
<b>Remit</b>	<b>Discharge</b>	<b>Impact</b>
<p>i. To review changes to the SOs and SFIs;</p>	<p>The SFIs were reviewed by the Committee in January 2019.</p>	<p>The SFIs remain relevant and appropriate for the organisation.</p>
<p>ii. To examine the circumstances associated with each occasion when SOs are waived; and</p>	<p>No other Items were amended</p>	
<p>iii. to review the Scheme of Delegation</p>		

<b>E. Annual Accounts</b>		
<b>Remit</b>	<b>Discharge</b>	<b>Impact</b>
i. to review the Financial Statements including significant financial reporting issues and judgements;		Early discussion enables the committee to have a view on the potential impact of any changes.
ii. to review the clarity and completeness of disclosures in the financial statements;	The NES Finance team ensure workshops are available to all Board members to review the draft Annual Accounts with members of the Finance team before the June Audit committee. Any comments and requests for clarification from the members are incorporated as appropriate , to enable an updated version to be considered at the June meeting.	The workshops provide audit committee members with the opportunity to review the areas of significant judgement in detail. This provides the opportunity to assess if the conclusions reached are reasonable in the context of NES. It also contributes to the induction of new members of the Audit Committee.
iii. to approve changes in accounting policies;	Changes in the Accounting Manual, the accounting policies to be adopted and their impact on preparation of the NES Accounts, are considered by the Committee at its April meeting.	The work in reviewing the Annual Accounts set of papers allows the committee to gain an understanding of the different elements of the internal control framework over which assurance is being provided to enable the committee to recommend that the Governance statement should be signed.
iv. to report its views on the Financial Statements to the Board.	The full Committee reviews the Financial Statements at its June meeting each year and reports its views on the Financial Statements to the Board.	
v. to review management's letter of representation to the external auditors	The management letter of representation is considered by the committee alongside the draft accounts in June	
vi. to provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year	<p>The Audit committee submits an annual report to the Board in June each year. This report sets out how the Audit Committee has discharged its remit and the responsibilities delegated to it by the Board during the year. It provides details of the key sources of evidence which it has considered in recommending the Governance Statement to the Board and chief Executive as Accountable Officer</p> <p>Service Audit reports are also considered by the Committee in June which cover services provided by external NHS bodies to NES. As these services are not managed by NES, they are outwith the scope of NES Internal Audit.</p>	The recommendation from the Audit Committee provides assurance to the Board on the Annual Accounts and Governance Statement

<b>F. Assurance</b>		
<b>Remit</b>	<b>Discharge</b>	<b>Impact</b>
i. review the assurance framework	The draft Assurance Framework was considered by the Committee in January 2019. The requirement to have a framework came from the amendments to the Scottish Government Audit and Assurance committee Handbook.	The audit committee has developed an Assurance Framework to initially map all the key sources of assurance within the organisation and define using the “three lines of assurance” conceptual model the type and nature of the assurance  This will be an iterative process and provides the committee with a tool to enable evaluation of the assurance environment within NES. The initial work has identified some areas where further consideration may be required by the Audit Committee and the management team on what the appropriate level of assurance is.
ii. recommend an optimum mix of assurance	Other guidance used to determine the proposed structure and content of the assurance framework included the 'Blueprint for Good Governance' in NHSScotland, which was published in October 2018. The committee agreed to a proposed structure for assurance mapping and details of the proposed functions and processes to be included with a requirement for an updated Assurance Framework to be brought back to the Committee during 2019/20	
iii. assess the extent to which assurance is comprehensive and reliable		
iv. review the Annual reports of the other governance committees	The annual reports of other committees of the board are reviewed by the Audit committee in June of the following year.	These reports in conjunction with Internal & External Audit opinion enables the committee to evaluate and substantiate the detail of the governance statement
v. commission additional assurance work if significant risk is identified	This was not required during 2018/19	

Audit Committee Workplan 2019/20 Financial Year

Thursday 11 <sup>th</sup> April 2019 (10:15) Room 6	Link to Audit Committee Remit	Thursday 14 <sup>th</sup> June 2019 (10:15) Room 4	Link to Audit Committee Remit	Thursday 4 <sup>th</sup> October 2019 (10:15) Room tbc	Link to Audit Committee Remit	Thursday 16 <sup>th</sup> January 2020 (10:15) Room tbc	Link to Audit Committee Remit
Apologies/attendees	Other	Apologies/attendees	Other	Apologies/attendees	Other	Apologies/attendees	Other
Declaration of interest	Other	Declaration of interest	Other	Declaration of interest	Other	Declaration of interest	Other
Minutes/Action list of the previous meeting	Other	Minutes/Action list of the previous meeting	Other	Minutes/Action list of the previous meeting	Other	Minutes/Action list of the previous meeting	Other
<b>Matters Arising</b>	<b>A</b>	<b>Matters Arising</b>	<b>A</b>	<b>Matters Arising</b>	<b>A</b>	<b>Matters Arising</b>	<b>A</b>
<b>Internal Audit</b>	<b>B</b>	<b>Internal Audit</b>	<b>B</b>	<b>Internal Audit</b>	<b>B</b>	<b>Internal Audit</b>	<b>B</b>
GDPR Educational and Research Governance Follow up of Audit Recommendations Q4 2018/19 Internal Audit Progress Report KPMG Draft Internal Audit Plan for 2019/20		Strategic Planning Equality and Diversity Property Transaction Monitoring Annual Internal Audit Report 2018/19 Q1 Internal Audit Status update report		Performance Management and Reporting Medical Training Grades Programme Management Internal Audit Status update report Q2 2019/20		NES Digital Service Core Financial Control Framework IT Security and resilience arrangements  Internal Audit Status update report Q3 2019/20 Draft Internal Audit Plan 2020/21	
<b>External Audit</b>	<b>C/E</b>	<b>External Audit</b>	<b>C/E</b>	<b>External Audit</b>	<b>C/E</b>	<b>External Audit</b>	<b>C/E</b>
Follow up of 2018/19 External Audit Recommendations		External Audit Report 2018-19 Accounts and Letter of Representation		None		Draft External Audit Plan 2019/20	
<b>Audit Scotland Reports</b>	<b>A</b>	<b>Audit Scotland Reports</b>	<b>A</b>	<b>Audit Scotland Reports</b>	<b>A</b>	<b>Audit Scotland Reports</b>	<b>A</b>
As relevant to NES		As relevant to NES		As relevant to NES		As relevant to NES	
<b>Other External Reports</b>	<b>A</b>	<b>Other External Reports</b>	<b>A</b>	<b>Other External Reports</b>	<b>A</b>	<b>Other External Reports</b>	<b>A</b>
Public Audit & Post-Legislative Scrutiny Committee report on Tayside		NSS Payroll Services Audit Report 2018/19 NSS Practitioner Services Audit Report 2018/19 NSS National IT Contract 2018/19 NHS Ayrshire & Arran NSI Financial Ledger Report 2018/19					
<b>Counter Fraud</b>	<b>A</b>	<b>Counter Fraud</b>	<b>A</b>	<b>Counter Fraud</b>	<b>A</b>	<b>Counter Fraud</b>	<b>A</b>
Strategy to combat financial crime in NHS Scotland - Update		Strategy to combat financial crime in NHS Scotland - Update Annual Counter Fraud Report to Counter Fraud Services 2018/19		Strategy to combat financial crime in NHS Scotland - Update		Strategy to combat financial crime in NHS Scotland - Update	
<b>NES Papers</b>	<b>A/D/E/F</b>	<b>NES Papers</b>	<b>A/D/E/F</b>	<b>NES Papers</b>	<b>A/D/E/F</b>	<b>NES Papers</b>	<b>A/D/E/F</b>
Annual Accounts Update including approval of Accounting Policies Annual Review of Audit Committee Effectiveness Risk - Inherent Risk Annual Report		Annual Governance Report of the Staff Governance and Remuneration Committees Annual Governance Report of the Educational and Research Governance Committee Annual Governance Report of the Finance and Performance Management Committee Feedback, Comments, Concerns and Complaints Annual Report for Draft Annual Report from Audit Committee and Governance Statement (to the Board) Annual Report and Accounts for year-end 31 March 2019 Notification from Sponsored Body Audit Assurance Framework		Review of Risk Strategy, including a demonstration of MiTracker and a review of the progress from the Risk Management SLWG  Annual Review of Audit Committee Remit		Assessment of the effectiveness of External Audit  Annual Review of Self-Assessment Check list  SFI Review	
		Private meeting between Auditors and Audit Committee members, if required	<b>C</b>			Private meeting between Auditors and Audit	<b>C</b>

Audit Committee Remit

A= Internal Control, Risk Management and Corporate Governance    B= Internal Audit    C= External Audit    D= Standing Orders & Standing Financial Instructions    E= Annual Accounts    F= Assurance



		No of Management Actions & Grading					
		4	3	2	1	N/A	TOTAL
Business Continuity Planning & Disaster Recovery (April 2018)	Control Objective Assessment						
	Red	1	1				2
	Amber		4				4
	Yellow						0
	Green					1	1

		No of Management Actions & Grading					
		4	3	2	1	N/A	TOTAL
Budget Management (April 2018)	Control Objective Assessment						
	Red						0
	Amber						0
	Yellow						0
	Green				1	3	4

		No of Management Actions & Grading					
		4	3	2	1	N/A	TOTAL
Educational and Research Governance (June 2018)	Control Objective Assessment						
	Red						0
	Amber		2				2
	Yellow						0
	Green						0

		No of Management Actions & Grading					
		4	3	2	1	N/A	TOTAL
Talent Management Framework (June 2018)	Control Objective Assessment						
	Red						0
	Amber		2				2
	Yellow			1			1
	Green					2	2

		No of Management Actions & Grading					
		4	3	2	1	N/A	TOTAL
Directorate Review - Essential Learning (October 2018)	Control Objective Assessment						
	Red						0
	Amber						0
	Yellow			2		1	3
	Green					1	1

		No of Management Actions & Grading					
		4	3	2	1	N/A	TOTAL
Health & Social Care Integration Governance: Partnership working (January 2019)	Control Objective Assessment						
	Red						0
	Amber						0
	Yellow						0
	Green				2	2	4

		No of Management Actions & Grading					
		4	3	2	1	N/A	TOTAL
Payroll & Expenses/Travel & Subsistence (January 2019)	Control Objective Assessment						
	Red						0
	Amber						0
	Yellow						0
	Green				2	3	5

Risk Management (January 2019)	No						
		4	3	2	1	N/A	TOTAL
Control Objective Assessment							
Red							0
Amber							0
Yellow				1			1
Green				1	3		4

Internal Communications (January 2019)	No of Management Actions & Grading						
		4	3	2	1	N/A	TOTAL
Control Objective Assessment							
Red							0
Amber							0
Yellow				1			1
Green				1	1		2

## **Board Paper Summary**

### **1. Title of Paper**

Notification from Sponsored Body Audit Committee

### **2. Author(s) of Paper**

Audrey McColl, Director of Finance

### **3. Purpose of Paper**

The purpose of this paper is to present to the Board our response to the annual request from the Health Finance and Infrastructure Division of Scottish Government for details of any significant issues of fraud which arose during 2018/19.

### **4. Key Issues**

Attached to this paper is our response to the request for notification from sponsored body audit committees. This is an annual request, asking that Audit committees highlight any significant issues that may be of wider interest. Our response sets out our process for reporting to the NES Board on the work carried out by the Audit Committee, and the assurances which have been used to support the information contained within our Governance Statement. Our response notes that we have not identified any significant issues or fraud that require notification.

The request for notification of significant issues that may be of wider interest is also attached as an Appendix to this report for information.

### **5. Equality & Diversity**

Not applicable in regard to this paper

### **6. Recommendation**

The Board is asked to note the NES response to the Health and Social Care Assurance Board.

Chair: David Garbutt  
Chief Executive: Caroline Lamb



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Richard McCallum  
Deputy Director of Health Finance and Infrastructure  
Health Finance and Infrastructure Division  
St Andrew's House  
Regent Road Edinburgh EH1 3DG

Dear Richard,

#### Notification from Sponsored Body Audit Committees

I refer to your letter of 29 April 2019. I can confirm that the Audit Committee of NHS Education for Scotland considered the Annual Report from the Audit Committee to the Board at its meeting on 13 June 2019.

This report contained detail of the work of the Audit Committee during the year to 31 March 2019 together with details of all the sources of assurance available to support the information contained in the Governance Statement to be included in our Annual Report and Accounts for the year ended 31 March 2019.

At the same meeting the Audit Committee considered the Governance Statement itself, and the Annual Report and Accounts.

There were no significant issues that arose during 2018/19 and no instances of fraud which we would wish to bring to the attention of the Health and Social Care Assurance Board.

Yours sincerely,

Doreen Steele  
Chair, Audit Committee



Chair: David Garbutt  
Chief Executive: Caroline Lamb



T: 0131 244 2357  
E: [richard.mccallum@gov.scot](mailto: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](mailto: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



## Board Paper Summary

### 1. Title of Paper

Annual Report and Accounts

### 2. Author(s) of Paper

Audrey McColl, Director of Finance  
Janice Sinclair, Head of Finance  
Monica Halcro, Acting Senior Manager Governance & Operational  
(Finance)

### 3. Purpose of Paper

The purpose of this paper is to present to the Board the Annual Report and Accounts for the year to 31<sup>st</sup> March 2019.

### 4. Financial Outturn

The draft Annual Report and Accounts are attached to this paper. The outturn reflects an underspend against the total Revenue Resource limits of £405k, which represents 0.09% of the limit.

### 5. Key Issues reported to the Audit Committee

#### 5.1 Annual Report

We continue to improve on the presentation of the Annual Report section in line with relevant Audit Scotland 'Good Practice Notes' and previous External Audit recommendations. The infographics used this year have been redesigned, and content restructured to improve the quality of the report and present the results in a way that is helpful and informative to the user.

The report highlights include references to the role NES plays in the Lead Employer initiative and the creation of the NES Digital Service (NDS).

## **5.2 Workshops on the Annual Accounts**

Two workshops were held in May to present the accounts to executive and non-executive members of the board. These workshops have led to a number of adjustments being made to further enhance the understanding of the accounts.

## **5.3 Fair Pay Disclosure**

The median total remuneration figure has slightly fallen from 2017-18 from £51,848 to £51,187 due to the increased numbers of GP Trainees now employed by NES. The ratio of median pay to the highest paid Director has consequently risen from 3.71 to 3.76. This is still significantly less than other organisations.

## **5.4 Trade Union Facility Time**

The remuneration report now includes a disclosure in line with the Trade Union (Facility Time Publication Requirements) Regulation 2017. The total cost of facility time as a % of the total pay bill is 0.007%

## **5.5 Audit Committee Recommendation**

After review, the Audit Committee recommended the accounts to the Board for approval.

# **6 Amendments to the accounts Post the Audit Committee**

## **6.1 External Audit Opinion**

There has been a minor change to the wording of the Auditor's opinion in relation to the term of appointment. The opinion in the final version will now state:

*We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is three years.*

## **6.2 Other amendments**

There have been a number of small changes to correct grammar spelling and consistency throughout the accounts, but no changes to the Financial Statements



**7 Equality & Diversity**

Not Applicable to this paper

**8 Recommendations**

The Board is asked to:

- note the items which have impacted on the preparation of the accounts post the Audit Committee meeting; and
- consider the Annual Report and Accounts and approve them for signing.

Audrey McColl  
June 19

## NHS Education for Scotland

### Board Paper Summary: Finance and Performance Management Committee Minutes

1. **Title of Paper**

Unconfirmed minutes of the Finance and Performance Management Committee meeting held on 22<sup>nd</sup> May 2019: copy attached.

2. **Author(s) of Paper**

Jennifer Allison, Committee Administrator

3. **Purpose of Paper**

To receive and note the unconfirmed minutes of the meeting of the Finance and Performance Management Committee meeting held on 22<sup>nd</sup> May 2019.

Please note these minutes have been approved by the Lead Officer's (Audrey McColl and Donald Cameron), but have not yet been approved by the Committee Chair (David Garbutt). The Chair has confirmed the minutes can be submitted to the Board meeting in draft form.

4. **Items for Noting**

Item 7 – Financial Report

The committee noted the draft financial results for 2018/19.

Item 8 – Operational Plan

The committee noted the Operational Plan for 2019/20.

Item 9 – Performance Management Report

The committee noted the report and were assured that sufficient controls are in place to manage the performance of NES.

Item 10 – Procurement Update Report

The committee noted and were satisfied with the current and planned procurement activity.

Item 11a – Properties and Facilities Update

The Committee noted the update to properties and facilities activity.

Item 11b – Proposed changes to ADEC

The Committee approved recommendations to sub-let space within ADEC to the University of Aberdeen.

Item 12 – Annual Information Governance and Security Report

The committee noted the report and were satisfied with the progress and future plans.

Item 13 – Annual Report to the Audit Committee 2017-18

The committee noted and were satisfied with the report and forward plan, and approved its submission to the Audit Committee.

Item 14 – Internal Audit Reports

The committee noted the GDPR and Educational and Research Governance.

**5. Recommendations**

None.

NES  
May 2019  
JA

**NHS Education for Scotland****FINANCE AND PERFORMANCE MANAGEMENT COMMITTEE****Minutes of the Finance and Performance Management Committee meeting held on Wednesday 22 May 2019 at Westport, Edinburgh.**

- Present:** David Garbutt, NES Chair, FPMC Chair  
 Jean Ford, Non-Executive Director  
 Liz Ford, Employee Director  
 Douglas Hutchens, Non-Executive Director (via phone)
- In attendance:** Donald Cameron, Director Planning and Corporate Resources/Lead Officer  
 Audrey McColl, Director of Finance  
 Caroline Lamb, Chief Executive  
 Janice Sinclair, Head of Service, Finance  
 Lizzie Turner, Principle Lead, Finance  
 Kenny McLean, Principle Lead, Procurement, Finance  
 Nicola Todd, Principle Lead, Properties and Facilities Management, PCR  
 Jenn Allison, Committee Administrator

**1. Chair's welcome and introduction**

David Garbutt welcomed everyone to the meeting, particularly Jean Ford who has been recently appointed to the NES Board and was attending her first Finance and Performance Management Committee. Douglas Hutchens was attending via telephone.

**2. Apologies for absence**

Douglas Hutchens noted he would be required to leave at midday.

**3. Minutes of the previous meeting held on 20 Feb 2019 (NES/FPM/19/10)**

The minutes of the previous meeting were approved as a correct record. **Action: JA**

**4. Action list from previous meeting held on 20 Feb 2019 (NES/FPM/19/11)**

Members noted that all the action points had been completed or were in hand.

Discussion took place regarding a previous action which related to how urgent decisions that may be required outside of the Board and Committee meeting dates, could be taken. It had been agreed that this would be raised with the Executive team however Members noted that the current governance structure where any urgent decisions can be reached 'virtually' continues to suit requirements and therefore it was agreed that this action can be closed.

## 5. Matters arising from the minutes

There were no matters arising.

## 6. Declarations of Interests

There were no declaration of interest.

## **Business Matters**

### 7. Finance Report as at 31<sup>st</sup> March 2019 (NES/FPM/19/13)

Lizzie Turner introduced the paper presenting the draft financial results for the year to 31 March 2019, which are still subject to final confirmation as part of the external audit process.

- NES has spent £465.4m against a budget of £465.8m, leaving a year-end underspend of £0.4m which is less than 0.08% of the overall revenue budget. This has moved from the February and March position, which reflected an underspend of £87k and £195k respectively. The final outturn figure will be confirmed in the draft Annual Accounts presented to the Board at the June meeting.
- It was highlighted that the total Revenue funding for 2018/19 had reduced by £5.2m compared to the position reported to the committee at the end of January. This reduction is predominately made up of; a £2.6m transfer from revenue to Capital. As NES does not generally receive a capital allocation all capital expenditure has to be funded by a transfer from revenue; £1.5m Transformation funding being returned to Scottish Government so it can be carried forward into 2019/20; unused allocations of £0.7m in Pharmacy Primary Care Funding and CAMHS where funding was received late in the year and accepted by NES with the proviso that unspent monies could be returned and; £0.3m of ACT funding where appropriate spend could not be identified by Boards.
- A member queried if the movement in the last quarter is comparable to previous years and Audrey McColl noted that it is slightly more than previous years, due in part to a greater than expected release of funding from recruitment lags, late receipt of allocations and that Directorates have been very cautious in declaring an underspend in some budget areas. Audrey McColl gave the Committee assurance that Finance Business Partners will be working closely with Directorates to analyse trends and agree changes to the current forecast process.
- Discussion took place regarding the provision for Fixed Term Contracts, where money is held corporately to recognise the risk of redundancy costs associated with employing staff on a Fixed Term basis. A member queried if offering permanent contracts may help to reduce this liability however Audrey McColl noted that fixed term contracts are often in place for projects that are funded on a non-recurrent basis and gave assurance to the Committee that there is rigorous process of approval via the ETSR, which is a sub-group of the Executive Team.

The Committee noted the draft financial results for 2018/19. Members thanked Audrey and Finance colleagues for their work in managing the year-end outturn position.

## 8. Operational Plan

(NES/FPM/19/14)

Donald Cameron presented the detailed Operational Plan for 2019/20, which represents the first year of NES's strategic framework for 2019-24, *A Skilled and Sustainable Workforce for a Healthier Scotland*. The Operational Plan was approved by the Board in March 2019. The following was noted/discussed:

- The Operational Plan is based on directorate plans submitted in November 2018 which identify the long-term outcome and supporting performance targets for each activity we are planning to deliver. Targets will be monitored and reported to the Board on a quarterly basis throughout 2019-20. The following principles have been used to develop the plan: aligned with the strategic framework for 2019-24; built up from directorate plans; reflective of current policy drivers and stakeholder feedback; based on long term outcomes and associated SMART targets.
- As part of the Operational Planning process Directorates were asked to identify Priority targets, which will be reported quarterly to the Finance and Performance Management Committee.
- The NES Operational Plan has been published on the website and a summary has been submitted to Scottish Government who are expected to provide feedback in due course.
- Work in relation to the transformation fund could be paused depending on confirmation of funding.
- Members noted that sight of the Operational Plan helps to give the Committee assurance that robust processes are in place and they noted that a lot of work has gone in by Directorates and the Planning and Corporate Governance team to produce the annual Operational Plan.

The Committee noted and were satisfied with the Operational Plan for 2019/20.

## 9. Performance Management Report to 31<sup>st</sup> March 2019

(NES/FPM/19/15)

Donald Cameron presented a paper which provided the Committee with an overview of NES's performance against the targets set out in the NES Operational Plan for the 4<sup>th</sup> quarter of the reporting year 2018/19. The following was noted/discussed:

- Out of 484 targets, 422 are rated Green, 48 are Amber and 14 are Red. Red and Amber targets will be carried over to be reported on in quarter one of 2019/20.
- Of the 484 targets, 57 are priority targets, of which 49 are green, 5 are amber and 3 are red.
- Of the 3 red priority targets, one relates to the collaborative property and facilities management (PFM) services review with NSS which has been closed as it has superseded by the development of an operating model across the national boards. One relates to the training of 94 training grade dentists, which is red because there are currently 12 vacancies. The other relates to the training of 45 specialty

training grade dentists, which is red because only 43 specialty training grade dentists have completed their training.

- Of the 5 amber priority targets, there are: 1 Digital, 1 Medical, 2 NMAHP and 1 Planning and Corporate Resources.
- Discussion took place regarding a medical target relating to GP recruitment and Donald informed the Committee that a more detailed explanation regarding shortfall will be submitted to the next Board meeting.
- A member raised a query regarding the general feedback on the new system and processes and Donald assured the Committee that processes are now more integrated, providing meaningful data that is easier to report on. Audrey added that integration within the planning system is helping Finance Business Partners to identify budget areas that may need to be monitored more closely. Donald also noted that it has been useful to highlight priority targets.

The Committee noted the report and were assured that sufficient controls are in place to manage the performance of NES.

#### **10. Procurement Report to 31<sup>st</sup> March 2019**

(NES/FPMC/19/16)

Kenny McLean presented the paper which provided the committee with an update on the procurement activity which has taken place during the fourth quarter of 2018/19 and an update on operational developments and projects within Procurement. The following was noted/discussed:

- The overall commitment for the fourth quarter of 2018/19 was just over £31m (of which £19m was placed via SLA's to other boards and training grades). Procurement could directly influence £12m of this order placement via NES high value contracts and the balance through NHS National Procurement, Scottish Government frameworks and call off agreements. In the fourth quarter savings of £216k were identified.
- The overall commitment for 2018/19 was just over £53m (of which £33m was placed via SLA's to other boards and training grades). NES high value contracts accounted for c. £20m of this order placement and the balance was committed via NES high value contracts, frameworks and call off agreements. A cumulative savings total at year end of £956k or 4.7% versus 3.25% target was achieved against all influenceable (external to NHS) spend.
- Progress with the National Health Boards Collaboration programme for Procurement Target Operating Model (TOM) has been slower than anticipated but dedicated resource in February and March has produced a working paper outlining further opportunities to leverage the collaborative approach. The next steps are still to be agreed.
- NES has now completed the re-tendering for the provision of Digital Library Services. 16 contracts were awarded with a total value of £7.7m.

- NES is tendering for a new 3-year Paramedic degree course which will provide a standardised degree qualification for the whole of Scotland. Subject to confirmation from Scottish Government of the funding mechanisms, a tender will be released in early May with an expected award date in September.
- Audrey McColl congratulated the Procurement team who have delivered significant savings for NES during 2018/19.

The Committee noted and were satisfied with the current and planned procurement activity and thanked the Procurement team for their hard work.

## **11. Properties & Facilities Management Reports**

### **a) Properties & Facilities Management Update**

Nicola Todd provided the committee with a verbal update on properties and facilities activity which has taken place during the fourth quarter of 2018/19.

- As part of the Dental Education Centre review, discussions have been taking place with the University of Dundee and NHS Tayside regarding the Dundee Dental Education Centre. Nicola Todd noted this is a very low-cost site and opportunities to save money may be limited.
- The current 12 month lease at the Bayes Centre for the NES Digital Service (NDS) is due for renewal in October 2019. Discussions are taking place to assess future requirements and develop an options appraisal.
- Minor physical changes will be made to the Westport Office to support ISO27001 and to accommodate new staff coming into Westport. Changes will include removal of some storage to be replaced with furniture to increase capacity. It is expected that these changes will cause fairly little disruption.
- The lease at the Centre for Health Science is up for renewal in 2021 and work has begun to identify requirements for floor space. It is anticipated that a 35-40% reduction in floor space could be achieved which would result in significant recurrent savings. Reconfiguration of space will help to provide a better working environment and support the SMARTER working policy.
- The Property and Asset Management Strategy (PAMS) is due for a 1-year interim update. The next 5 years PAMS will be done jointly with the other National Boards.

The Committee noted the update to properties and facilities activity.

### **b) Proposed Changes to ADEC**

(NES/FPM/19/17)

Nicola Todd presented the paper which updated the committee regarding the sub-letting of a training room within Aberdeen Dental Education (ADEC) to the University of Aberdeen Dental School.

- NES currently occupy ADEC via agreement with NHS Grampian. The University contacted NES expressing an interest in leasing this space in order to expand the



facilities available to the Dental School. The Dean and Business Manager for NES have confirmed that this space is underutilised, and that they would support the use of this space by the University which will generate £16k per year to NES.

The Committee approved recommendations to sub-let space within ADEC to the University of Aberdeen.

**Action: NT**

## **12. Annual Information Governance and Security Report** (NES/FPM/19/18)

The Committee reviewed a paper detailing progress on Information Governance and Information Security during 2018-19 and detailing future activity planned for 2019/20.

- A data breach has been reported to the Information Commissioner's Office, following an incident in which a spreadsheet with personal information was available via the internet. The Information Commissioner was content that immediate action had been taken to resolve this and no further action is required.
- Preparation continues towards achievement of ISO27001 accreditation, which is on track for completion by the end of the calendar year. Positive feedback has been received following a practice assessment.

The Committee noted the report and were satisfied with the progress and future plans. Members thanked Information Governance colleagues for their work.

## **13. Annual Report to the Audit Committee 2018-19 and forward work plan 2019-20** (NES/FPM/19/19)

Donald Cameron presented the Committee's draft Annual Report to the Audit Committee 2018-19 and the forward work plan 2019-20, for comment and approval.

Members noted and were satisfied with the report and plan, and approved its submission to the Audit Committee, subject to a minor amendment.

**Action: DC**

Discussion took place regarding the report for next year and it was agreed that a column should be added to the table to note the level of assurance against each of the items.

**Action: DC**

### **Items for information**

#### **14. Internal Audit Reports**

Two internal audit reports were received by the Committee for information.

- a) GDPR

The Committee noted and were content with this report.

- b) Education and Research Governance

The Committee noted and were content with this report.

**15. Any Other Business**

There was no other business discussed.

**16. Date of Next Meeting**

The date of the next meeting is Thursday 23<sup>rd</sup> Aug at 10:45 in Westport.

NES  
May 2019  
JA/dc/amc

## NHS Education for Scotland

### Board Paper Summary

#### 1. Title of Paper

Interim update of the Property and Asset Management Strategy (PAMS) for 2019/20.

#### 2. Author(s) of Paper

Nicola Todd, Principal Lead – Property and Facilities Management

#### 3. Purpose of Paper

This paper is intended to provide a brief update to the Board on the Property and Asset Management Strategy for 2017-27.

#### 4. Key Issues

The Scottish Government request annual updates monitoring and highlighting progress towards the Property and Asset Management Strategy for each Board. This will be the last annual report produced individually until the production of a 5-year combined PAMS to be submitted on behalf of the National Boards in 2020.

Attached is a copy of our PAMS interim update report for review and approval.

#### 5. Educational Implications

The Property and Asset Management strategy supports educational activities across all sites by the provision of appropriate training and works space.

#### 6. Equality and Diversity

Equality and diversity factors are taken into consideration as part of the PAMS development, particularly in the statutory compliance and functionality aspects of the property appraisals.

#### 7. Recommendation(s) for Decision

That the Board note and approve the update and actions to take forward the Property and Asset Management Strategy in order that this can be submitted to the Scottish Government.

# **NHS Education for Scotland Property and Asset Management Strategy**

## **Interim Update Report – June 2019**

## **1. Introduction**

The purpose of this document is to present an interim update on the NHS Education for Scotland (NES) Property and Asset Management Strategy (PAMS), prior to the development of a joint 5-year PAMS for the national boards. In June 2017, the NES Board approved a review of the 2015 PAMS which set out a forward plan for the 10-year period from 2017 to 2027. The purpose of this 2019/20 interim report is to provide an update under the following headings:

- *Where are we now?* Provide a summary of any significant changes over the last 12 months.
- *Where do we need to be?* Consider if there have been any substantial changes to our plans since our last submission which may alter the needs from the estate.
- *How do we get there?* Consider if the strategy remains appropriate and report on progress on its implementation., flexible and future proofed.

To assess the current status of the property portfolio held by NES, it is important to consider the progress made to date in creating flexible, modern (SMARTER) workspaces for our staff and visitors. Prior to 2015, NES reduced the number of properties within Edinburgh and Glasgow by moving to single sites in Westport (Edinburgh) and 2 Central Quay (Glasgow), reducing the overall floorspace by 45% and achieving recurrent savings and qualitative improvements through increased collaboration, shared learning and communication. In addition, in 2017 we completed a new lease on a reduced floor area at Forest Grove House in Aberdeen. The reduced leased area enabled the space utilisation to be maximised and, following refurbishment and reconfiguration, addressed condition, functionality and quality requirement while supporting our aim to embed SMARTER working practices.

Over the last 10 years NES has made considerable progress in reducing floorspace to meet Scottish Government targets. In addition, we have developed workspaces to support SMARTER working practices with collaborative working and teaching space, no owned offices/workstations and staff provided with the technology to work anywhere.

## **2. Where are we now?**

Currently NES occupy 10 properties across Scotland, with the majority of these as commercial leases with third party landlords, and the remainder through Service Level Agreements (SLAs) with NHS Boards. These are shown below.



Since the 2017 PAMS review, a recent addition to the NES estate is the lease in 2018 of 216 sq.m. at the Bayes Centre, within the University of Edinburgh campus, designed to foster digital collaboration, research and learning. This space was taken on a one-year lease to support the first phase of recruitment and growth for the NES Digital Service (NDS) in delivering key elements of the Digital and Health Care Strategy. Taking an initial 12 months lease which allowed NDS space to grow, would not have been possible without major configuration at Westport. Given that the employee numbers within NDS will change substantially within the initial period of establishment, and the opportunities associated with being located within that digital environment, the low-cost space offered at Bayes and the access to other digital occupiers was identified as the best option for the initial phase of development.

The next 5 years will see most of the commercial leases held by NES coming to an end, and the future of the estate will need to consider the needs of the organisation in order to ensure that the estate is flexible and cost efficient, while continuing to provide a high-quality learning and employment environment. The nature of the occupational arrangements in place for each site are as follows;

Property	Tenure	Expiry Date
Aberdeen Dental Education Centre Argyll House, Forresterhill, 45%Aberdeen AB25 2ZR	Inter NHS	Rolling SLA
Forest Grove House Forresterhill Road Aberdeen AB25 2ZP	Leased	22/04/2027 (break at 2022)

Dundee Dental Education Centre Frankland Building Dundee DD1 4HN	Other	Rolling SLA
Postgraduate Medical Office, Level 8 Ninewells Hospital and Medical School Dundee DD1 9SY	Other	Rolling SLA
Edinburgh Dental Education Centre Lauriston Place Edinburgh EH3 9EN	Inter NHS	Rolling SLA
Level 4, The Bayes Centre University of Edinburgh Potterow Edinburgh EH8 9BT	Leased	31/10/2019
Westport 102 Westport Edinburgh EH3 9DN	Leased	29/07/2025
Glasgow Dental Education Centre 378 Sauchiehall Street Glasgow G2 3JZ	Inter NHS	Rolling SLA
2 Central Quay 89 Hydepark Street Glasgow G3 8BW	Leased	20/10/2023
Centre for Health Science Old Perth Road Inverness IV2 3JH	Leased	22/10/2021 and 2023 (Phase 2)

The properties currently held on commercial leases from third party landlords, are all modern with none older than 20 years. The dental education centres are in a slightly different situation, with the maintenance of these sites falling primarily to the NHS Boards within which these centres are located.

As a result, NES are in the position of having relatively high-quality estate, with a low level of backlog maintenance. Where occupying space on the basis of commercial 3<sup>rd</sup> party leases, the PFM team work closely with landlords and their managing agents to plan for any items of maintenance work which will impact upon the operations of the site, but also to try and manage the expense of these items as they are scheduled to be charged through the service charge budget.

NES have submitted their request for condition surveys to be undertaken as part of the National Framework Agreement for surveys (phases 11- 13). While this will provide an update on the cost and condition of the estate, it is not likely to change

the ratings for the properties owing to their age, regular maintenance undertaken, and the nature of the classification measures used.

Within the last year, we have undertaken some minor flooring and decoration works at Glasgow Dental Education Centre (GDEC) to improve the condition rating of the site. There are no high-risk maintenance items either identified or outstanding within our operational estate and our statutory compliance remains very high with property risks captured, and swift action taken to mitigate these.

One significant unplanned expense over the last 12 months was the purchase of additional air conditioning for the server room in 2CQ following a breakdown of the existing units. The repair to the existing unit, plus the purchase of additional air conditioning now offers an increased resilience and improved cooling capacity.

Despite the relatively modern nature of the estate, a key component of maintaining a high standard is having a planned preventative maintenance programme to minimise breakdown and reactive expenditure. In the coming year, we will tender the hard facilities management service contract, with separate provision already made for the business-critical systems within the server rooms.

NES currently spends around £3.8 million per annum on property related costs, with a large percentage of this are fixed costs for contractual obligations from occupation of properties. Where there are opportunities to minimise this, these have been taken. An example of this would be in Inverness, where we successfully challenged the level of business rates being charged by contesting the rateable value set. We are also releasing some space within the Aberdeen Dental Education Centre to the University of Aberdeen and will achieve a recurrent cost reduction as a result.

The largest property cost is rent, and in the case of 2CQ, we agreed a nil increase with the landlord from October 2018. While not representing a saving, it did ensure that there will be no rent increase for the remainder of the lease.

With rent representing the largest element of property costs, decisions to take on new premises are considered carefully. Within the last 12 months, NES has leased a floor within the newly developed Bayes Centre at Edinburgh University to support the growth of NDS during their start-up phase. This is the lowest cost of all NES offices on a cost per sq.m. basis and provides a facility with a capacity for up to 50 staff at a low level of rent for Edinburgh City Centre.

**Carbon Reduction and Sustainability** - The Scottish Government has a target of reducing carbon emissions by 80% by the year 2050 as per the Climate Change (Scotland) Act 2009. NES accepts that the minimal level of environmental performance is full legal compliance, however, the ambition of the Board is to incorporate sustainable practices into all business functions. In order to develop and support this, a Sustainability and Facilities Management Board has been established and meets quarterly with representatives from across the organisation to ensure an embedded corporate approach to sustainability. NES has submitted the first Climate Change Report in 2017, and through the regular meetings of the Sustainability Board, working towards improving the current score of bronze (53%) for 2018/19.



**Travel** - NES has a managed travel policy to oversee and ensure appropriate standards for the public sector, and the NHS in Scotland, are met. This includes ensuring all public money is spent appropriately, and that travel arrangements reflect a commitment to sustainability and carbon reduction. This policy provides a range of travel options primarily to support low carbon emissions but also reduce the requirement to travel using modern communication technology.

**New Technology** - NES staff use Office 365 across the organisation to aid flexible working with several Microsoft tools presenting opportunities for improved communication and collaboration regardless of location. Over the past 12 months, there have been upgrades to some of the audio-visual equipment within the visitor and training rooms at both Westport and 2CQ to improve the visitor experience. Additionally, we have introduced digital screens within both of those offices to ensure that the teams managing Turas Learn and Appraisal across the NHS in Scotland have access to real time information in order to support the Turas applications. This will be further developed in time to fully support workflow. Additionally, there is a continued commitment to review and improve the equipment needed to support modern technologies such as VCs and mobile devices.

**Information Governance** - NES is preparing for final ISO27001 accreditation in Q3/4 or 2019. This globally recognised management standard has meant that current processes have been reviewed to work towards attaining this international standard for information management and security. This has led to some minor works at 2 Central Quay and Westport in order to satisfy the physical controls required within the standards. The PFM team is working to ensure that sites are monitored on an ongoing basis and that any security issues are addressed both internally, but also with third party landlords.

### **3. Where do we want to be?**

NES is the national NHS Board with responsibility for education, training and workforce development working with key partners in the Scottish Government, NHS Boards, regions, social care, the academic sector, UK professional bodies and regulators. Over the last 5 years, our role has developed to help address the workforce pressures faced by health and social care. This has included an increased responsibility for digital development and the adoption of cloud technologies which allow access to services anywhere, on any device at any time.

NES has recently set our new strategy for 2019 – 2024 which outlines the ambitions for the organisation under 5 key areas of focus representing our contribution to ensuring a skilled and sustainable workforce for the future. In this context, the NES Digital Service (NDS) was established as a new directorate with responsibility for delivering key elements of the Digital and Health Care Strategy, working across the health and social care sector to develop a national digital platform.

As a new directorate, NDS staff numbers will grow during an initial start-up period. This poses several challenges from a property perspective, primarily in ensuring that NDS accommodation has the flexibility to adapt to an increasing number of people, while also ensuring that space is not taken until it is ready to be utilised. This is difficult in terms of occupational leases which have a relatively rigid structure. By

working closely with key staff within NDS, we will ensure that a cost-effective, appropriate property solution is found over the coming 12 months and presented to the Scottish Government.

As indicated in the previous section, when most of the leases were agreed, NES took steps to consolidate the space in a way that created a modern estate that achieves cost savings for the organisation. This was made possible by embracing the principles of SMARTER working with all staff operating in offices with a 'no owned' desk policy and the provision of flexible space for a range of work tasks. There is scope for this to be developed further to ensure the estate is as efficiently and effectively used as possible.

#### **4. How Do We Get There?**

In NES the principles of flexibility around the workspace have been generally accepted within the larger sites since the consolidation of space from 2012 onwards. Staff and guests have been positive about the modern environment within the Edinburgh, Glasgow and Aberdeen offices; however, we believe further improvements can be achieved by encouraging SMARTER working practices and supporting collaboration across the organisation.

With over 94% of our property costs fixed, it is essential that space utilisation is maximised in a way that ensures we operate efficiently, while providing a high-quality workplace and learning environment. The NES strategy for 2019-24 published earlier this year highlights a high performing organisation as a key area of focus. This includes continuing to develop a culture of continuous improvement and further embedding improved working practices, using technology, communications and workplace design. During 2019 we are establishing a SMARTER working improvement programme to further embed SMARTER working practices and policies across NES to achieve the following benefits;

- financial efficiency through a smaller estate and better use of technology
- more collaborative working and better communication using digital
- greater use of flexible working policies giving staff more control
- carbon efficient and sustainable workplaces/working practices and less travel

These benefits will be achieved through an in-depth review of the current state of SMARTER working policies and practices across NES followed by an improvement programme to achieve better consistency and broader application in the use of workplace design/working practices, digital technology and flexible working policies.

**Centre for Health Science, Inverness** - Work is already underway to identify the ongoing space requirements for the Centre for Health Science in Inverness. The existing space is currently occupied based on two leases over both phases of the development. The first of these expires in 2021, and the operational requirements are currently being assessed to develop the options for consideration and submission to the Scottish Government in advance of the lease expiry. It is anticipated that there will be a significant reduction in space which will create recurrent savings, as well as presenting the opportunities to create a more modern, flexible environment for staff.

If considered on a cost-per-desk basis, Inverness is currently our most expensive site, largely due to the lack of change since the property was initially occupied in 2006. This ongoing project will reconfigure the space in line with the SMARTER working principles which will create a recurrent saving, as well as an improved and flexible employment experience for staff.

**Westport** - Due to new data responsibilities being taken on by NES, there will be an increase in staff numbers within the Westport office as their base location over the coming 12 months. A project is currently underway to identify the ongoing needs and demands for space within Westport and staff are being encouraged to work in a way that is flexible, and fully embraces SMARTER working practices to reduce storage and use space more effectively. The recently extended lease at Westport for a 3-year period until 2025, will ensure that any alterations will derive a longer-term benefit from the financial outlay.

**The Bayes Centre** - The Bayes Centre at the University of Edinburgh is currently occupied by NDS until October 2019 with a short extension currently being negotiated. Future requirements are currently being assessed, particularly given the expectation that staff numbers will grow over the next few years. In order to support this growth, there is a challenge in finding accommodation able to support the increasing numbers which avoids the needless use of excess space.

In line with the requirements of the Scottish Government, options within the existing public sector estate will be considered as the preferred option unless there are compelling reasons to the contrary. Work is ongoing to identify the most suitable property solution for NDS in the coming year, but also to align that to suitable accommodation as they reach their full employee numbers over the coming years.

**Dental Education Centres** - Working with colleagues within the dental directorate, PFM are reviewing the ongoing property needs for the various sites to establish whether the current agreements are fit-for-purpose and whether the space could be better used.

One of the first of these relates to Aberdeen Dental Education Centre where a small area of space is currently being sub-let to the University of Aberdeen to provide additional space for dental students. This will create a small saving by passing on the costs which NES currently pay on a pro-rata basis.

**Target Operating Model (TOM) and Collaboration Opportunities** - NES has been an active participant in working with the other national boards to identify opportunities for collaboration over property and facilities and identify any service improvements or savings that can be made. This will continue to help ensure that all possibilities are considered and actioned where appropriate presenting either cost efficiencies or service improvement.

## **5. Conclusion**

In conclusion, we consider that the Property and Asset Management Strategy (PAMS) review approved by the NES Board in June 2017 remains current and appropriate for our organisation. The implementation plan set out in the PAMS continues to progress on programme.

## NHS Education for Scotland

### Board Paper Summary

#### 1. Title of Paper

Revised draft Assurance Framework

#### 2. Author(s) of Paper

Audrey McColl, Director of Finance  
Rob Coward, Principal Educator

#### 3. Purpose of Paper

The purpose of the paper is to present the revised draft Assurance Framework to the Board for approval.

#### 4. Key Issues

This draft incorporates the changes to the framework identified by the Board at the workshop in April 2019 and comments from the 13 June Audit Committee meeting. It also identifies areas where optimum assurance may not currently be provided. This can either mean that a specific method of assurance has not been identified or that the balance between the levels of assurance provided is not considered to be appropriate.

#### 5. Key Risks and Proposals to Mitigate the Risks

The development of this framework contributes to the strengthening of risk management across the organisation as it enables Internal Audit resource to be more effectively targeted towards activities with a higher level of residual risk.

#### 6. Equality and Diversity

NES has a duty to consider equality and diversity issues and take relevant and proportionate action to eliminate discrimination and harassment, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not in the delivery of our functions.

The draft Assurance Framework identifies a number of sources of assurance in relation to NES's equality and diversity duties in the areas of performance management, quality improvement and human resources management.

## **7. Recommendation(s) for Decision**

The Board is asked to review the revised draft Assurance Framework and consider;

- the clarity of the information presented
- Is the framework complete? Are there any further sources of assurance which should be included?
- Is the list of areas for further clarification complete? Are there other areas where the level of assurance currently provided should be reviewed?

The Board is also asked to note that the Assurance Framework will be presented to the Board on an annual basis.

NES  
*July 2019*  
AMcC/RC

**27 June 2019  
Board Paper**

## **1. Purpose**

The purpose of the paper is to present the revised Assurance Framework to the Board for approval. This incorporates the changes identified at the Board workshop in April 2019 and comments from the 13 June Audit Committee meeting.

## **2. Background**

Members will recall that health boards are required to develop an Assurance Framework to meet the requirements of the Scottish Government's revised Audit and Assurance Committee Handbook (April 2018). The purpose of the new Framework is to enable the Audit Committee and the Board to understand the levels and sources of assurance it receives in relation to work, systems and processes. This will enable identification of areas where current levels of assurance are considered excessive or where further assurance mechanisms need to be identified and implemented.

### **2.1 Audit Committee discussion – 16 January 2019**

NES's first draft of its Assurance Framework was presented to the Audit Committee at its meeting on 16 January 2019. The minute of the discussion regarding the draft Framework was as follows:

*'The Committee noted the report and were satisfied with the design of the proposed Assurance Framework model, the categorisation of function/process areas to be subject to assurance mapping and the proposed mapping outputs. Audit Committee members suggested that the Assurance Framework is added to the Internal Audit Plan for 2019/20.'* (minute 12b)

### **2.2 Board away-day discussion – 24-25 April 2019**

Following the Audit Committee discussion, there was further work to populate the Assurance Framework with the different sources of assurance under each area of management, and to simplify the presentation. A further draft of the Assurance Framework was the subject of a workshop discussion at the NES Board's away-day on 24-25 April.

### **2.3 Audit Committee discussion – 13 June 2019**

The committee reviewed and agreed the changes which had been incorporated from the Board away-day.

### **3. Key changes to the draft Assurance Framework**

The Assurance Framework has been updated by the Planning and Corporate Resources team to incorporate comments made by the Board at its away-day workshop. The amended framework is attached as *Appendix 1*. The changes made have included;

#### **Performance management**

- New sources of assurance relating to the processes used to develop the NES Strategy (consultation, Board workshop/sign-off etc)
- New content relating to Participation/engagement (Feedback, Comments, Concerns and Complaints)

#### **Quality management**

- Information on sources of assurance on the quality management of digital products and services, including 'user feedback'.
- New information on sources of assurance on research governance.

#### **Financial management**

- Inclusion of information on annual accounts (first, second and third level assurance)

#### **Human Resource management**

- New assurance information on senior staff remuneration (first, second and third level)
- New assurance information on access to training and Differential Attainment (first and second level)

#### **Change management**

- New level 2 assurance information on review of Change Programme risk register

#### **Risk management**

- New information on Level 2 assurance reports of Audit Committee on Standing Committees' review, handling and identification of risks

#### **Information management**

- Addition of Information Management Strategy to Level 1 assurance.
- New Level 1 assurance information on role-based access to information systems and dashboards

### **4. Items highlighted for further consideration**

A key purpose of the Assurance Framework is also to identify areas where optimum assurance is not currently provided. This can either mean that a specific method of assurance has not been identified or that the balance between the levels of assurance provided is not considered to be appropriate.

The areas highlighted for further consideration at the Board workshop and agreed by Audit Committee members are noted in the table below.

Functional area	Comments made
Performance management	The level of engagement which takes place across NES with key stakeholders is not visible to Board committees. What level 2 and/or 3 assurance could be developed?
Quality management	Quality management of education and training. It was observed that there was no scrutiny by regulatory bodies for a high proportion of NES educational workstreams. Should there be additional level 2 assurance to support this area?
Change management	Assurance on progress of organisational change programmes – how would this be visible to Board committees? (Levels 2 and 3)
Information management	Discussion suggested that there may be a need for an overarching information management strategy and more detailed reporting on a regular basis. (Levels 2 and 3)

Any further comments from Board members will be incorporated into the Assurance Framework. It should be noted that update of the framework will need to be an iterative process where it is reviewed on a regular basis particularly if there is a significant change in the NES operating environment.

Regular review of the Assurance Framework falls under the remit of the Audit Committee and forms part of their consideration of the NES internal control environment. However, it was proposed at the Audit Committee, and endorsed by Internal Audit, that the framework should also be presented to the full NES Board on an annual basis.

## 5. Recommendation

The Board is asked to review the revised draft Assurance Framework and consider;

- the clarity of the information presented
- is the framework complete? Are there any further sources of assurance which should be included?



- Is the list of areas for further clarification complete? Are there other areas where the level of assurance currently provided should be reviewed?

The Board is also asked to note that the Assurance Framework will be presented to the Board on an annual basis.

AMcC/RC  
June 2019

## APPENDIX 1

### NES Assurance Framework – DRAFT 3 20 June 2019

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)	Executive Assurance Role	Board Governance Assurance Role
<p><b>Performance in delivering Strategic Plans</b></p> <p><b>(Making sure that our plans deliver against our strategy and that we deliver against our plans)</b></p>	<p>Development of the NES Strategy in consultation with internal and external stakeholders</p> <p>Operational Planning processes – ensuring strategic alignment</p> <p>Directorate deployment of resources (people and money) to achieve Strategic Objectives</p> <p>Financial Plan aligns with Operational plan</p> <p>All staff have objectives that</p>	<p>Board workshop and sign-off of consultation draft and final NES Strategy</p> <p>Annual Operational Plan presented to F&amp;PM and Board, evidences plans to progress delivery of key strategic outcomes.</p> <p>Quarterly Performance Reports presented to F&amp;PM and Board with detail of actual performance against targets.</p> <p>Annual Strategic Outcomes progress report to Board</p>	<p>Consultation feedback on NES Strategy and Scottish Government feedback</p> <p>Internal Audit Reports on Performance, and Staff Governance</p> <p>External Audit review of Performance in Annual Report and Accounts</p> <p>Scottish Governance monitoring of Staff Governance Standard</p>	<p>Managing the process to develop the Strategic Plan and Financial Plan for approval by the F&amp;PM and the Board.</p> <p>Ensuring systems and processes at a local directorate level support high performance.</p> <p>Executive Team oversight of performance indicators, financial indicators and staffing indicators.</p>	<p>Setting the Direction (Approval of Strategic Plan and Financial Plan (Board))</p> <p>Holding to Account (Receiving quarterly performance reports and challenging areas of poor performance (F&amp;PM))</p> <p>Assessing Risk (Achieving balance between ambition and realistic assessment of what is achievable given resources, environment etc (Board, standing committees))</p>

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Performance in delivering Strategic Plans (continued)</b>	relate to delivery of key targets		
	Performance against targets considered at Directorate meetings – measures taken to remedy areas of poor performance	Reports to Staff Governance Committee on personal objectives and Staff Governance Standard	
	Staff management – ensuring staff are managed in accordance with the Staff Governance Standard and NES policies to be high performing.		
	Equality and diversity targets developed annually in operational planning	Biannual performance reports presented to E&RGC & SGC	
	Feedback, complaints handling and participation processes	E&RGC and Audit Committee sign-off annual Feedback, Comments, Concerns	Scottish Government and Scottish Public Services Ombudsman reviews FCCC report

	Engaging Stakeholders (obtaining assurance that stakeholders have been involved in the setting of Strategy and in understanding annual operational plans. How do we keep stakeholders informed of performance and progress. (Board))
Executive Team has oversight of progress against equality and diversity targets.	Influencing Culture (oversight of Staff Governance indicators (SGC))

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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	implemented by directorates  Engagement with stakeholders	and Complaints (FCCC) report	and provides feedback
<b>Quality Management</b>  <b>(Making sure that what we deliver – in all areas, is of a high quality, and fit for purpose)</b>	Local processes in place to ensure quality and ‘fitness for purpose’ of educational programmes, resources.  Feedback collected from service users and stakeholder organisations and reviewed to identify quality issues  Complaints management process (including follow-up on complaints related recommendations) and annual review	Educational Governance Framework approved by the E&RGC  Risk-based reporting in line with Educational Governance Framework to E&RGC  E&RGC approval of Annual Feedback, Comments, Concerns and Complaints (FCCC) Report  E&RGC review of local quality management outcomes, including those from trainee surveys.	Internal Audit reviews.  Formal Review by the GMC (every 5 years) of Medical Education in Scotland.  Scottish Government review of Feedback, Comments, Concerns and Complaints report

Managing local operational processes to assure, control and improve quality.  Ensuring appropriate stakeholder engagement in development of new products/review of existing programmes.  Executive Team oversight of draft Educational Governance processes  Executive Team approval of	Setting the Direction (approval of the Educational Governance Framework (E&RGC))  Holding to account (reviewing educational governance reports, Annual FCCC report, Equalities Outcomes progress reports (E&RGC, SGC))  Assessing Risk (Identifying risks to receiving assurance related to performance and

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Quality management (continued)</b>	Annual review of standing committee business to check performance against approved remits	Audit Committee review of Board standing committee annual reports confirming adherence to approved remits Standing committee annual workplans approved by standing committees and Audit Committee	
	Development of standing committee annual workplans	Approval and monitoring of: Equality Outcomes and Mainstreaming Priorities Equality Impact Assessments Fairer Scotland Duties	Review of Equality Outcomes and associated reports by Equality & Human Rights Commission
	Compliance with equality related statutory duties	-	User feedback on digital products
	Application of local quality management processes to digital developments	Approval of NES Research Governance	

complaints handling processes	quality including compliance with statutory and policy duties (Board, standing committees))
Executive Team oversight of draft Equality Outcomes, Mainstreaming Priorities and FCCC reports	Engaging Stakeholders (oversight of appropriate stakeholder/lay involvement in educational and digital developments (E&RGC))  Influencing Culture (advocating for proper oversight of learning environment at all NHS Boards (E&RGC))

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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	Application of local research governance process aligned with NES Research Framework	Framework (aligned with UK Research Standards) and annual report to E&RGC on research governance	Internal audit of research governance
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What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Financial Management</b>  <b>(Making sure that our resources are properly applied to deliver our Strategic Plans and that we do not breach our financial limits)</b>	<p>Budget setting process aligned to Operational Planning which aligns to Strategic Plan</p> <p>Operational level challenge to budget setting process</p> <p>Regular and accurate reporting of actual against budget and forecast</p> <p>Production of Annual Accounts and sign-off by Accountable officer</p> <p>Annual Best Value review</p>	<p>Full details of process of developing an annual budget discussed at F&amp;PM and Board</p> <p>Regular Financial reporting to F&amp;PM and Board</p> <p>Review of annual accounts by Audit Committee and approval by NES Board</p> <p>Directors assurance provided to the C.E to support signing of the Governance Statement.</p>	<p>Internal Audit (e.g. Budget Management, Fraud prevention, Procurement)</p> <p>External Audit of Annual Accounts</p> <p>Scottish Government scrutiny of Procurement Annual Report</p> <p>Auditor General for Scotland and the Scottish Government Health and Social Care Directorate review and provide feedback on Annual Accounts</p>
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<p>Detailed controls on expenditure at a Directorate level.</p> <p>Adherence to delegated authorities</p> <p>Regular review of Finance monitoring reports</p>	<p>Ensures effective financial stewardship through considering value for money, financial control and financial planning and strategy through the following:</p> <p>Setting the Direction (Approval of Strategic Plan and Financial Plan)</p> <p>Holding to Account (Receiving monthly Finance Report)</p> <p>Assessing Risk (Understanding key areas of budget risk)</p> <p>Engaging Stakeholders (Ensuring that</p>
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What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Financial Management (continued)</b>	<p>Regular review of in-year financial performance at Directorate level</p> <p>Development and adherence to Standing Financial Instructions setting out limits of financial delegation</p> <p>Development and implementation of procurement controls</p> <p>Development and implementation of financial controls and reconciliations</p> <p>Savings plans and measurement of delivery</p>	<p>F&amp;PM Committee monitoring of Procurement including performance of the compliance with Procurement Duty (through Procurement Annual Report)</p>	
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	<p>stakeholders understand the budget)</p> <p>Influencing Culture (Setting a strong tone in relation to the proper use of public money)</p>
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What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Human Resource Management</b>  <b>(Making sure that NES recruits, develops, manages and retains its staff fairly, efficiently and effectively)</b>	People and OD Strategy including Key Performance Indicators (including relevant workforce metrics)	Approval of People and OD Strategy (including KPIs) by Staff Governance Committee	Internal audit  External audit
	Reports on Staff Governance Standard	Staff Governance Committee reviews progress against agreed KPIs (through quarterly review of metrics and dashboard with KPIs) and reports on Staff Governance Standard	Scottish Government reviews Staff Governance Monitoring data and provides feedback
	Use of feedback on staff satisfaction and team working through iMatter to identify issues and affect improvements	Staff Governance Committee review of NES and national iMatter reports	Publication of iMatter comparative data by Scottish Government and thematic review

ET ensures alignment of human resources with strategic priorities and operational needs	Setting the Direction (Approving the People and OD Strategy and Workforce Plan (SGC))
ET reviews performance against People and OD Strategy KPIs	Holding to account (Reviewing reports on Staff Governance, the Workforce Plan, iMatter, performance against KPIs (SGC))
ET reviews reports on Staff Governance Standard	Assessing Risk (Identifying key risks relating to Human Resource Management and ensuring these are managed effectively (Board, SGC))
ET reviews iMatter reports and initiates change where required	
ET considers Establishment Control recommendations at each meeting	

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Human Resource Management (continued)</b>	Monitoring quality of staff performance objectives and personal development plans to ensure alignment with directorate and NES objectives	Report to Staff Gov Committee on outcomes from quality assurance of performance objectives and PDPs	-
	Compliance with the specific statutory duties under Equality and Fairer Scotland legislation	Staff Gov. Committee approves Equality Outcomes and Mainstreaming Priorities and monitors progress reports  Staff Gov. Committee monitors compliance and improvement in relation to specific equality duties through review of Equal Pay statement and workforce equality data (presented in Workforce Plan) and Fairer Scotland related reports.	Equality and Human Rights Commission scrutiny  Scottish Government reviews Workforce Plan

	Engaging stakeholders (Ensuring that People, OD and policy application is developed in partnership (SGC))
Equalities performance data reviewed by SMLT	Influencing Culture and standards of people management across the organisation (SGC)

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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	<p>Ensure fair remuneration of senior staff</p> <p>Ensure fair access to development opportunities and training progression for staff and employed trainees through 'Differential Attainment' actions</p>	<p>Remuneration Committee considers pay levels and performance of senior staff.</p> <p>Staff Governance Committee and E&amp;RGC considers reports on Differential Attainment initiatives and information.</p>	<p>National Performance Evaluation Committee reviews performance ratings and provides feedback.</p>
<p><b>Change Management</b></p> <p><b>(Making sure that NES manages significant service change and any consequential organisational change)</b></p>	<p>Business cases and plans for service re-design and change (including explicit information on impact and efficiency and Stakeholder Engagement Plan)</p> <p>Organisational Change Policy and Procedures</p>	<p>Plans for service re-design and progress reports</p> <p>Organisational Change Policy and Procedures approved by Staff Governance Committee</p> <p>Change Programme risk register reviewed by Staff Governance Committee</p>	<p>Internal audit</p> <p>External audit</p>

<p>ET reviews and authorises business cases and plans for service re-design and change</p> <p>Change Management Programme Board authorises and monitors organisational change processes</p>	<p>Setting the direction (Approving the Organisational Change Policy- Staff Gov)</p> <p>Holding to account</p> <p>Assessing risk</p> <p>Engaging stakeholders (Ensuring NES follows consultation)</p>

What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<p><b>Change Management (continued)</b></p>	<p>Change Management Programme Board authorises and monitors organisational change processes</p> <p>Organisational Perf. Imp. Programme processes</p>	<p>The F&amp;PM committee review a quarterly report form the OPIP team.</p>	
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	<p>and engagement processes (Board))</p> <p>Influencing culture (Ensuring NES is focused on improvement in all aspects of its work (Board, Standing Committees)</p>
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What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<p><b>Risk Management</b></p> <p><b>(Making sure that NES identifies and manages key risks to its services, stakeholders and the organisation)</b></p>	<p>ET review of NES Risk Strategy and Risk Management Framework.</p> <p>Development and local review of corporate and directorate risk registers.</p> <p>Recording and monitoring of directorate and project risks using Planning and Risk Management System (MiTracker).</p> <p>Quarterly Risk Register Review Process in directorates.</p> <p>Reports to ET on directorate risk registers</p>	<p>Audit Committee review and approval of Risk Strategy and Management Framework</p> <p>Annual review of risk appetite by the Board</p> <p>Regular Board review of the Corporate Risk Register</p> <p>Standing Committee review of the most significant (Primary rated) Directorate risks</p> <p>Reports of Audit Committee on Standing Committees' review, handling and identification of risks</p> <p>Audit Committee review of Audit Scotland reports</p>	<p>Internal audit reviews</p> <p>External audit</p>
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<p>ET reviews reports on risk registers</p> <p>ET advises on Risk Strategy and Risk Management Framework</p>	<p>Setting the Direction (Approving the Risk Strategy and Management Framework, determining NES's risk appetite)</p> <p>Holding to account (Reviewing corporate and directorate risk registers to check key risks are identified and managed effectively)</p> <p>Assessing risk (Identifying key risks to NES business)</p>
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What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<p><b>Information Management</b></p> <p><b>(Making sure that NES only collects the data it needs, the data is kept securely and is only accessed by the correct people)</b></p>	<p>Development and implementation of Information Management Strategy</p> <p>Policies, plans and processes for information governance, data security, records management, Freedom of Information and intellectual property.</p> <p>Information management policies, plans and processes aligned with relevant legislation, international quality standards and Scottish Government policy/strategies</p>	<p>Board reviews Caldicott Guardian annual report</p> <p>Annual Information Governance &amp; Security report reviewed by Finance and PM Committee</p>	<p>Internal audit</p> <p>External audit</p> <p>The Digital Health &amp; Care Strategic Portfolio Board reviews and provides feedback on regular reports from the NES Digital Service</p>
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<p>Executive Team approves organisational policies, plans and processes for information management.</p> <p>Executive Team monitors Information Management through reports in areas such as Freedom of Information and data protection.</p>	<p>Setting the direction (Approve strategy (F&amp;PM, Digital Sub-Committee)</p> <p>Holding to account (Review and challenge progress reports from NDS. Review Data incident reports) (Digital Committee)</p> <p>Assessing risk (Understand the kind of information risks NES could be exposed to and seek assurance on how these are addressed) (Digital Sub-Committee)</p> <p>Engaging stakeholders (how do we communicate how we use the data we hold)</p>
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What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Information Management (continued)</b>	Role-based access to information systems and dashboards		
	Development, implementation and audit of NES Information Security Management System		
	Information Asset Register and Data Protection Impact Assessment Register		
	Business continuity/disaster recovery systems and processes	The Executive team has reviewed and commented on the iterative development of the Business Continuity plans	
	Provision of cloud-based information management systems for safe data storage, retrieval and sharing		

	Influencing culture
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What are we seeking assurance on?	First line (from front line operational areas)	Second line (oversight, effective management information)	Third line (independent and more objective assurance)
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Executive Assurance Role	Board Governance Assurance Role
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<b>Information Management (continued)</b>	Information security based on agreed processes for authentication and registration of system users.		
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## NHS Education for Scotland

### Board Paper Summary: Educational & Research Governance Committee (E&RGC) Minutes

1. **Title of Paper**

Minutes of the Educational & Research Governance Committee (E&RGC) meeting held on 23 May 2019: copy attached.

2. **Author(s) of Paper**

Rob Coward, Educational Projects Manager

3. **Purpose of Paper**

To receive the unconfirmed minutes of the E&RGC meeting held on 23 May 2019.

4. **Items for Noting**

**Minute 7. Educational Governance Lead Officer's Report**

The Committee considered the first Educational Governance Lead Officer's report, which was designed to provide selected information on new products and services, significant events, new commissions, emerging issues and other matters. The first report included information from the NES Digital, Medicine, Workforce and Dental directorates.

E&RGC members thanked all responsible for compiling and contributing to the Lead Officer's report, which was presented in a helpful format.

**Minute 10. Register of externally regulated NES educational activities**

David Felix attended the meeting to introduce the report on the Educational Governance review of the Dental Directorate, which culminated in the event on 11 February 2019. He thanked his directorate team for their preparations for the review and contributions to a successful event. The review process provided helpful assurance that the Directorate's programmes of work are effective and well governed.

5. **Recommendations**

The Board is asked to note the unconfirmed E&RGC minutes and invited to ask questions.

## **NHS Education for Scotland**

### **EDUCATIONAL & RESEARCH GOVERNANCE COMMITTEE**

**Unconfirmed minutes of the thirty-fifth meeting of the Educational & Research Governance Committee held on Thursday 23 May 2019 at Westport 102, Edinburgh**

**Present:** Mr Douglas Hutchens (Chair)  
Dr Doreen Steele  
Ms Sandra Walker

**In attendance:** Professor Stewart Irvine, Director of Medicine/Executive Lead  
Mr Rob Coward, Educational Projects Manager/  
Executive Secretary  
Mr David Garbutt, NES Chair  
Dr David Felix, Director, Dental (items 6 – 10)  
Dr Kristi Long, Equality and Diversity Adviser (items 13 -15)

#### **1. Welcome and introductions**

Douglas Hutchens welcomed everyone to the meeting. He informed colleagues that a new NES Board member, Victoria Nairn would be joining the Committee. It was agreed that Stewart Irvine and Rob Coward would offer to brief her on the work of the E&RGC. **Action: SI/RC**

#### **2. Apologies for absence**

Apologies for absence were received from Caroline Lamb, Chief Executive and Karen Wilson, Director of Nursing, Midwifery and Allied Health Professions.

#### **3. Notification of any other business**

Doreen Steele noted that the Strategic Committee of Heads of Nursing had recently discussed a Learn Pro pre-placement e-learning module on blood transfusion. This could not now be accessed by all NMAHP undergraduate students on LearnPro and it was now a significant gap. It was suggested that the group should raise this with the Director of NMAHP with a view that the module be made available on Turas Learn. **Action: RC/KW**

#### **4. Declaration of interests**

There were no declarations of interest in relation to the items on the agenda.

## **5. Minutes of the Educational & Research Governance Committee (NES(E&RGC)19/11)**

The unconfirmed minutes of the E&RGC meeting on 21 February were considered by the Committee. The minutes were confirmed as an accurate record of the meeting subject to the correction of one typographical error. **Action: RC**

## **6. Action status report and other matters arising (NES(E&RGC)19/13)**

The E&RGC reviewed the action status report and sought further clarification and updates on the following items:

Minute 5, 21 February 2019, Action status report

Rob Coward confirmed that filenames in Admincontrol and Sharepoint had been updated to maintain consistency across E&RGC papers.

Minute 6, 21 February 2019, Action status report

In response to a question from the Committee regarding the Dental Postgraduate Fellowship Scheme, David Felix explained that there had been difficulty getting dentists on to NES Quality Improvement programmes. This issue had now been resolved. He further confirmed that the University of Dundee programme would not be used for the Postgraduate Fellowships.

Minute 14, 21 February 2019, Educational Governance case study

Rob Coward reported that the information regarding the impact of implementation science techniques on Psychology techniques had recently been provided. He agreed to circulate this material to E&RGC members. **Action: RC**

Minute 11, 28 May 2018, Feedback, Comments, Concerns and Complaints annual report  
Members noted the update on difficulties identifying a suitable source of positive feedback for the FCCC annual report. It was suggested that further efforts should be made to balance the complaints and concerns featured in these reports with positive comments. Sources of positive feedback could include the Scottish Training Survey and the NES Annual Review. Rob Coward was asked to address this point in the subsequent FCCC annual report and amend the 2019 report to highlight the large volume of positive feedback received.

**Action: RC**

## **7. Educational Governance Lead Officer's Report (NES(E&RGC)19/14)**

The Committee considered the first Educational Governance Lead Officer's report, which was designed to provide selected information on new products and services, significant events, new commissions, emerging issues and other matters. The first report included information from the NES Digital, Medicine, Workforce and Dental directorates. Introducing his report, Stewart Irvine highlighted the updates from Digital which addressed issues discussed at previous E&RGC meetings. These included new arrangements for the quality management of digital learning resources and the new NHSScotland journal subscriptions. It was explained that the new subscriptions preserved access to most journal titles at a

reduced cost. Members welcomed the Digital contributions and requested an update on the transition of digital resources to Turas Learn in future Lead Officer reports.

**Action: RC/Digital**

Committee members noted the updates on Enhanced Monitoring cases in Postgraduate Medical Training, which included some areas of particular concern. There were other instances where boards were engaged in the remediation of training quality, and programmes where quality was improving steadily.

E&RGC members welcomed the investment in Dental Nursing Modern Apprenticeships which will enable the removal of the £750 course fee for all Dental Nursing candidates. The first two groups, in Dundee and Inverness, started in April 2019 with groups in Glasgow and Aberdeen joining in the autumn.

It was noted that there was currently no review process for short leadership and management courses. Members agreed that updates on the review process could be provided through the Lead Officer's report or quality management reports. These updates should include information on governance arrangements.

**Action: RC**

The E&RGC observed that several directorates did not contribute information for the report. It was agreed that a longer lead-in time and clarification of the information to be reported is required for the Lead Officer's report to ensure all directorates can give updates.

**Action: RC**

The Committee considered the need for the participation of professional leads in ERGEG and E&RGC meetings to respond to questions, consider issues arising and supply information on an ad hoc or other basis. Stewart Irvine agreed to discuss this with the Executive Team.

**Action: SI/RC**

E&RGC members thanked all responsible for compiling and contributing to the Lead Officer's report, which was presented in a helpful format.

## **8. Educational & Research Governance Executive Group minutes (NES(E&RGC)19/15)**

Stewart Irvine presented the minutes of the ERGEG meeting held on 2 May 2019, highlighting discussions on research impact, sharing education practice and differential attainment in training.

Noting the presentation of the updated Research Register at the ERGEG, members sought confirmation that the NES Research Policy had provisions to enable researchers to discontinue projects where this was justified. This would be checked with the Research Governance Lead.

**Action: HA/RC**

The E&RGC commented on the establishment of the NMAHP Governance Group, which consolidated three NMAHP groups. It was agreed that the purpose, title and reporting lines for this group would be checked with the NMAHP Director.

**Action: KW/RC**

## **9. Summary Educational Governance monitoring report - Family Nurse Partnership (NES(E&RGC)19/16)**

Stewart Irvine presented the summary Educational Governance monitoring report on the Family Nurse Partnership programme. He explained that this programme reported to the ERGEG and E&RGC in 2017 when it was confirmed that it was well managed, but there was a residual doubt about accountability for clinical governance following the transfer of services to the Scottish Government. The report provided unequivocal assurance that accountability for clinical governance of the Family Nurse Partnership programme was held by the Scottish Government and the territorial NHS Boards. The report provided substantial assurance as to the educational governance and quality of the programme.

## **10. Review of the Dental Directorate (NES(E&RGC)19/17)**

David Felix was welcomed to the meeting to introduce the report on the Educational Governance review of the Dental Directorate, which culminated in the event on 11 February 2019. He thanked his directorate team for their preparations for the review and contributions to a successful event. The review process provided helpful assurance that the Directorate's programmes of work are effective. The Directorate's self-assessment document produced for the review was a helpful reference resource for new staff and external partners.

Members noted comments in the report regarding the Directorate's difficulties in accessing support from NES's Digital team for e-learning resources. In response, David Felix indicated that Dental had been required to obtain support from external providers in some instances, and there were cases where updates of products and services had not been completed e.g. the Dental Vocational Training e-Portfolio.

In reply to a question about a Scottish trainee survey for dentists, David explained that the small numbers involved militated against an anonymous survey. The Directorate had good intelligence on training quality issues and satisfaction levels were generally high.

David reported that his biggest concerns with the Directorate were the constrained budgets and developments in other UK countries, and specifically those relating to Health Education England (HEE). These developments would have a potential effect on the Celtic dental deaneries, although there had been a striking absence of involvement from HEE.

Members noted the three recommendations made by the review panel. David confirmed these were considered achievable and were all in hand. It was agreed that it would be useful to have updates on progress on responses to the recommendations in the Educational Governance Lead Officer's report. **Action: DF/RC**

The Committee thanked David and his team for their work on the Educational Governance review.

## **11. Educational & Research Governance Committee annual report 2018-2019 (NES(E&RGC)19/18)**

E&RGC members received and considered the Committee's annual report to the Audit Committee for 2018-2019 and the workplan for 2019-2020. The purpose of the report was to provide the Board with evidence and assurances as to the Committee's effective discharge of its remit and responsibilities.

The Committee welcomed the report, noting that an abbreviated version would be submitted to the Audit Committee, as previously agreed. Members approved the report subject to the correction of one typographical and removing a reference to 'manpower' in one section of commentary. It was further agreed that a new column would be added to the 2019-2020 workplan to indicate which part of the Committee's remit is to be addressed by planned business items.

**Action: RC**

It was agreed that the abbreviated version of the annual report to the Audit Committee would include all sections up to and including the paragraphs on 'External Review' together with the headings from the remaining sections of the report.

**Action: RC**

The Chair thanked E&RGC colleagues for their contributions to the work of the Committee during the year.

## **12. Feedback, Comments, Concerns and Complaints annual report 2018-2019 (NES(E&RGC)19/19)**

The Committee considered the annual NES Feedback, Comments, Concerns and Complaints (FCCC) report for 2018-2019. This is required of all Health Boards as specified by the 2017 Patient Rights Directions and NHS national complaints guidance. The report provided a detailed summary of all complaints handled by the corporate Complaints Team and an extended narrative on how NES collects and uses feedback from its service users.

Commenting on the draft FCCC report, the E&RGC indicated that this report might provide Health Boards with an opportunity to report on whistleblowing activity. It was suggested that the E&RGC could be an appropriate forum for considering whistleblowing information.

The FCCC report was confirmed subject to the inclusion of information on the different routes through which complaints are received by NES.

**Action: RC**

## **13. End-of-year Equality and Diversity report 2018-2019 (NES(E&RGC)19/20)**

Kristi Long joined the meeting to present the Equality and Diversity Annual Report 2018-2019. The purpose of the report was to provide the E&RGC and other Board committees with information on progress in delivering NES's statutory equality duties. The report indicated that satisfactory progress had been achieved against equality outcomes and statutory duties. There were however several equality impact assessments that had been deferred in response to recent developments, or to take account of changes to employment arrangements.

In discussion, Kristi advised the E&RGC that the issues relating to equality impact assessments (EQIAs) had been discussed by the Senior Management and Leadership Team and the Participation, Equality & Diversity Leads Network. These discussions had highlighted good examples of processes to assess the impact of NES products and services on different groups, but these had not been codified in the formal EQIAs. Equality and Human Rights Commission advice had also emphasised the need for positive outcomes, rather than the EQIA process. It was important to establish a clear evidence trail, however.

Further work was in progress to ensure that NES can evidence effective approaches in this area. Kristi also confirmed that was useful for the E&RGC to continue ask questions about EQIAs to clarify what issues they indicate and how these have been addressed. It was agreed that Kristi would circulate an example of a good EQIA report with the E&RGC minutes.

**Action: KL/RC**

In reply to a question about general progress on equality at NES, Kristi indicated that the overall staff profile at NES has not changed significantly in the past ten years. There had been clear changes to organisational culture however and the way work is conducted. This resulted in a higher level of engagement with equality.

The Committee thanked Kristi for her helpful report.

#### **14. Internal audit report: Research Governance (NES(E&RGC)19/21)**

The Committee received the internal audit report from Scott-Moncrieff on research governance arrangements at NES. The report concluded that NES has an effective governance process for research which allows for frequent scrutiny by the Board. It included one recommendation to ensure that the ERGEG has consistent oversight of live projects through regular status updates and narrative reports on progress.

The E&RGC noted the report and it was agreed that any information from new internal auditors relating to E&RGC priorities would be shared with the Committee.

**Action: RC**

#### **15. Educational Governance case study (NES(E&RGC)19/22)**

E&RGC members considered a case study report on an initiative to reduce antibiotic prescribing in dentistry using an audit and feedback intervention. The trial intervention was used to support the implementation of NES's Scottish Dental Clinical Effectiveness Programme and was evaluated by the Translational Research in a Dental Setting (TRiADS) team.

The Committee noted the Educational Governance case study as an example of good practice.

## **16. Identification of risks**

The Committee identified the following risks arising from the business of the meeting where further assurance is required:

- Feedback, Comments, Concerns and Complaints – There is a need to identify methods for gathering and reporting on positive feedback from NES's service users.
- Equality impact assessments – The slow progress on assessing the equality impact of NES's products, services and policies.
- Ensuring all directorates are represented in ERGEG and E&RGC discussions relating to Educational Governance.

## **17. Scheduled E&RGC workplan items not covered on the meeting agenda**

The scheduled Educational Governance monitoring report on the Medical Education Research/SMERC report was postponed enabling the programme lead to attend the ERGEG meeting.

## **18. Date and time of next meeting**

The next meeting of the E&RGC will be held on Thursday 19 September 2019 at 10.15 a.m.

RC/SI/DS  
June 2019



**NHS Education for Scotland**

**Board Paper Summary**

**1. Title of Paper**

Sturrock Report - NES Response

**2. Author(s) of Paper**

Dorothy Wright, Director of Workforce

**3. Purpose of Paper**

To provide the Board with the proposed response from NES as requested by Scottish Government, to the Sturrock Report into Cultural Issues in NHS Highland.

**4. Key Issues**

The Board discussed the Sturrock Report and commented on the prevailing culture and people management framework in NES at their meeting on the 29<sup>th</sup> May.

Based on that discussion and others within NES, the following response has been prepared for consideration by the Board. The letter from the Cabinet Secretary setting out the issues, Boards are required to address is attached for information.

Scottish Government has requested responses are submitted by the 28<sup>th</sup> June.

**5. Educational Implications**

Not applicable to this paper.

**6. Financial Implications**

There are no financial implications arising out of this paper. All activity in support of all elements of the Staff Governance Standard are costed as part of operational planning. No additional investment is required.

## **7. Which of the 5 Key Outcomes does this align to?**

All aspects of our people management strategies and policies are aligned with the NES Strategy. In particular this work aligns with our strategic outcomes in relation to 'A High Performing Organisation'

## **8. Impact on the Quality Ambitions**

Not applicable to this paper.

## **9. Key Risks and Proposals to Mitigate the Risks**

People management risks are identified as part of operational planning and risk registers. No issues have been identified in connection with this paper that need to be brought to the Board's attention.

## **10. Equality and Diversity**

NES has a duty to consider equality and diversity issues and take relevant and proportionate action to eliminate discrimination and harassment, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not in the delivery of our functions.

Please summarise any key equality and diversity findings related to the duty or equality and diversity risks relevant to the work described in the paper. If you have identified any risks of negative impact, indicate what actions you propose to mitigate that impact.

*[This section is required when a decision is requested to: approve new work; approve work which will result in significant change; disinvest in programmes of work].*

The basis of the Staff Governance Standards and all elements of our people management framework are based on the principles of inclusiveness and diversity. There is no specific assessment which is required to support the content of this paper.

## **11. Health Inequalities**

Briefly describe opportunities the work offers to reduce health inequalities and proposed actions.

*[See [guidance](#) if further information is required].*

Not applicable to this paper.

**12. Communications Plan**

A Communications Plan has been produced and a copy sent to the Head of Communications for information and retention:

Yes

No

A Communications Plan format template is available in the 'Meetings' and 'Communications' sections of the NES Intranet.

The Chief Executive has issued a bulletin (regular publication), which focussed exclusively on values and behaviours including 'Our Way'. A podcast is currently being prepared and will be issued shortly.

**13. Recommendation(s) for Decision**

The Board is asked to comment on and approve the NES response to the Sturrock Report, agreeing to its submission to Scottish Government on the 28<sup>th</sup> June.

NES  
*June 2019*  
DW

T: 0300 244 4000  
E: [scottish.ministers@gov.scot](mailto:scottish.ministers@gov.scot)

All NHSScotland Health Board  
Chairs  
Chief Executives

Copied to:  
HR Directors  
Employee Directors

20 May 2019

Dear Colleague,

## **Scottish Government Response to the Sturrock Review into Cultural Issues related to allegations of Bullying and Harassment in NHS Highland**

As you may be aware, I recently announced in parliament, the actions the Scottish Government will take in response John Sturrock QC's Review of cultural issues in NHS Highland. The [full report](#) and [Scottish Government response](#) are published on the Scottish Government website.

Whilst the Review only considered matters in Highland, it is clear to me that there are important issues raised that require serious reflection across the health service more broadly. What the Review articulates about how we work to build supportive cultures to engender and encourage behaviour that reflects our NHS values is of general application. I am clear that Mr Sturrock's review provides not just an opportunity for NHS Highland, but an opportunity for us all in NHS Scotland.

My response sets out in full a package of measures I will implement to support positive workplace culture across the whole of the NHS. Furthermore, I have undertaken to write to all NHS boards to ensure that they reflect on and learn from the findings of the Sturrock Review. With this in mind I am asking that senior leadership of all Boards consider the recommendations falling from this report (contained within the Scottish Government's response), and noting the points raised at Annex A, that you provide, where appropriate:

- Details of immediate actions your Board have taken/plan to take on the back of the recommendations made in the Sturrock report.
- What support the your Board have put in place/will put in place for any member of staff who has been affected by bullying and harassment.
- Details of your Board's plan for staff engagement to consider these recommendations and a timeline of when this will be carried out.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

I ask that you provide this information directly to Anna Gilbert, Head of Staff Governance, Health Workforce Directorate [anna.gilbert@gov.scot](mailto:anna.gilbert@gov.scot) by **Friday 28 June 2019**.

I am committed to ensuring that everyone in the NHS in Scotland feels valued, safe and supported and that they can raise any concerns that they have, no matter what they may be. This is not only important to every member of staff in our NHS, but it also matters greatly to the patients that we serve.

I hope this letter is helpful in clarifying my position.



**JEANE FREEMAN**

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

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[www.gov.scot](http://www.gov.scot)



Accredited  
Until 2020



We will explicitly look for assurance that all boards:

- Are fostering opportunities for open and active dialogue with all staff, in the spirit of our Everyone Matters Workforce Vision and Values;
- Senior leaders are challenging themselves and their teams to ensure that a culture in which our vision and values are routinely modelled, and that positive behaviours permeate throughout the whole organisation;
- Remain assured that their local Staff Governance Monitoring arrangements effectively scrutinise implementation of the Staff Governance Standards, in particular that staff continue to be treated fairly and consistently, with dignity and respect, in an environment where diversity is valued;
- Are using systems for staff engagement and feedback, including iMatter, effectively and that boards continue to take action where issues are identified;
- That boards review the implementation of workforce policies relating to bullying and harassment and whistleblowing; that they promote staff awareness of these policies including how they can safely and confidentially raise concerns, the sources of support available and that staff are supported throughout the process;
- That boards review their existing workforce training and development needs and make use of the talent development and management programmes NHS Scotland has in place, including Project Lift, to ensure that we are equipping all our staff with the skills and abilities they need to be effective managers of people.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

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[www.gov.scot](http://www.gov.scot)



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From the office of the Chief Executive

To Anna Gilbert

Head of Staff Governance

Scottish Government

Dear Anna

**Sturrock Review**

Further to the Cabinet Secretary's letter of the 20 May 2019, I enclose our response to the Sturrock Report as requested. As the Report was reflective in nature, we have taken a similar approach on our submission to you.

This response has been approved by our Board and was discussed in partnership.

Please do not hesitate to contact me if you have any questions or require further information.

Caroline Lamb

cc. Chair

## **NHS EDUCATION FOR SCOTLAND -STURROCK REVIEW**

### **RESPONSE TO THE CABINET SECRETARY'S LETTER OF THE 20 MAY 2019**

#### **1 Overview**

**1.1** The Sturrock Report has been discussed at our Partnership Forum and Board meetings. It is the view of our Partnership Forum that NES does not experience the challenges in leadership, culture and staff governance practices set out in the Sturrock Report. Our Board supports this conclusion.

**1.2** We reach this view based on engagement with staff, regular discussions on a wide range of national and local workforce developments, triangulation of a range of data and the quality of our partnership working. We conclude that we can evidence good and continual improvement against the Staff Governance Standard. We are not complacent however and we continue to work to improve our performance. The Sturrock Report has been very helpful in pointing the way in key areas and we reflect this in our response.

**1.3** In terms of Board governance, the Staff Governance Committee is an important component of our structure. For a number of years, we have had a People and OD Strategy aligned to the NES Strategic Plan (and recently refreshed to ensure alignment). We have two versions of our People and OD Strategy- one formal document and another which is designed to communicate the strategy to staff.

**1.4** Our Staff Governance Committee agenda is wide ranging and includes monitoring progress against the People and OD Strategy and consideration of a comprehensive suite of management information, which we describe here. The development of Key Performance Measures has been an important part of the Staff Governance Committee's work in 2018/19 with further developments planned for 2019/20.

**1.5** The Sturrock report emphasises the need for the appropriate leadership style and open two- way engagement with all staff. We discuss leadership later in this response. Communication and engagement require continuous focus, review and improvement. We regularly review our communication and engagement channels- again further commentary below.

**1.6** Given the role of NES we also lead on and support the wider NHSScotland system with a range of issues highlighted in the Sturrock Review. This includes through Scotland's Deanery, insights gathered from all doctors in training including data on bullying and harassment. We play a key role in national provision in leadership, organisational and workforce development, including Project Lift. We describe this support in this response.



**1.7** The Board, Executive Team and Partnership Forum are very aware that NES's role and national contribution has changed, widened and become more complex over the last 5 years. We have considered the Sturrock Review within that context and refer to actions we have and are taking in response to what has been a rapid period of growth for the Board and our staff.

## **2 Immediate and Future Actions**

**2.1** You request details of immediate action have taken or plan to take in response to the recommendations made in the Sturrock Review. An early first step has been to undertake an initial overview of the current components of our people management provision that supports appropriate values and behaviours, staff dignity at work and health and wellbeing. We have committed to continuing our emphasis on effective induction (which is values based), line management relationships, staff engagement and living the appropriate values and behaviours.

### **Induction**

**2.2** Our corporate induction evaluates well. It forms part of our essential learning suite and we monitor attendance levels. We have agreed we wish to increase participation and will consider how we go about this. Our induction programme is where new members of staff hear about NHSScotland values and our Leadership Behaviours (see later for further commentary). It includes a session on equality and diversity which focusses on our equality outcomes and inclusive work culture.

### **Line Manager Effectiveness**

**2.3** We have a comprehensive suite of learning and training opportunities for managers and staff and would particularly highlight the elements of this provision specifically referenced by Sturrock viz-Effective Conversations for Managers, Coaching Skills for Managers, Manager's induction, Leading Effective Teams and Developing Others. They all support the people centred and compassionate leadership espoused in the Report.

**2.4** We have reviewed uptake of these learning opportunities and have agreed that we need to understand this better. We also want to include a quality review of some of our provision. We have concluded that we may not have been as systematic and continually explicit about the skills and approach we require from all our managers and this is something we have agreed to address.

**2.5** It has been part of our discourse within the Board for a number of years, that the quality of the relationship a staff member (at any level) has with their line manager (highlighted in the Sturrock Review) is one of the biggest determinants of a positive staff experience. This has informed and continues to inform our formal development provision and informal interventions that we make as described later in this response.

We will continue to improve the triangulation of the uptake of formal learning opportunities with other data that have currency as elements of a healthy organisational culture.

### **Staff Development**

**2.6** We have been focussed on making learning and training opportunities as accessible as possible to all staff groups. We have now fully adopted '*Turas Learn*' as our Learning Management system which allows access to information and course booking on any device, anytime, anywhere. Access is part of our equality and diversity monitoring. We are developing an Equality and Diversity Zone on Turas Learn as a national resource to support good equalities practice.

**2.7** NES has a leadership role on the leadership and development component of 'Project Lift' and we work nationally and in partnership to progress and embed this key development (see later in this response). Project Lift is promoted to our staff as is participation in other national provision such as *Leading for the Future* and *Leadership for Integration*. The Director of Workforce and Chief Executive receive details in each quarter of those identified as high potential through the Project lift Self- Assessment process.

**2.8** We are exploring how best to support the leadership aspirations of these individuals, as well the work already underway to support the effective leadership and management of our wider workforce. Project Lift espouses Compassionate and Collective Leadership and we are very aware of the work of Professor Michael West in this field, with the NES Executive Team having benefitted from dedicated development sessions with Michael West in 2013-14.<sup>1</sup>

### **Staff Experience**

**2.9** With regard to Staff Experience and Engagement as measured by our iMatter engagement index we perform well. We do recognise that increasing ownership of engagement in iMatter with all managers would enable us to focus on a more systematic review of the Storyboards generated as a result of Action Planning, emerging themes and team follow through. Embedding iMatter is referenced as a key action for 2019/20 in our Staff Governance Monitoring Return 2018/19.

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<sup>1</sup> Michael West Head of Thought Leadership, Kings Fund

**2.10** We also have invested in real time workforce metrics delivered through a series of dashboards developed using advanced Business Informatics software. Amongst other directorate level data (e.g. turnover, sickness absence rates) this data enables team, and line manager, effectiveness in relation to key activities aligned to staff experience (e.g. iMatter, Appraisal, Objective Setting and Development Planning and Essential Learning) to be understood. This data and approach have been endorsed by the Staff Governance Committee.

**2.11** We have over the last fourteen months been working towards triangulation of a wide range of workforce metrics and with the full engagement and encouragement of our Staff Governance Committee we have agreed an initial set of Key Performance Measures specifically aligned to our People and OD Strategy, and through this the Staff Governance Standard. This allows the Staff Governance Committee to be confident that they are discharging their assurance and monitoring responsibilities.

**2.12** We had recognised – and the Sturrock Report confirms this – that proactive seeking of data and intelligence and its’ triangulation is key to gaining a rounded picture of staff governance performance. The Staff Governance Committee has also agreed with the proposal that reporting on the key performance measures will be supplemented by intelligence and insights from our HR and OD Business Partners. We have an agreed reporting schedule including a commitment to have a ‘deep dive’ biannually into specifically identified areas.

**2.13** Our Staff Governance Committee has also asked if we could build employee voice into this intelligence gathering process and we are thinking through how we might go about this in a balanced way.

**2.14** We publish an annual analysis of workforce equality data which considers workforce composition, recruitment, development and retention. This provides an opportunity for us to reflect on any patterns arising from informal and formal employee relations casework, exit interviews and to review staff development, progression and experience metrics. This report is developed with input from our Partnership Forum and reviewed by our Executive Team and Staff Governance Committee.

**2.15** Our Executive Team has an iMatter Action Plan and we have fully embraced the new approach to executive appraisal including all Executive Team members having objectives in ‘Valuing and Leading People’. We agreed that we would meet regularly as a team without an agenda to discuss our team working and challenges, we are facing as individuals and collectively. This is work in progress however our aim is not always to be focussed on task but how we are working together.

**2.16** We recognised that the span of control for the Executive has expanded considerably as the role of NES has changed and grown. As an Executive Team that has not seen a significant turnover in recent years, we have had to form effective working relationships with a new team of Non-Executive Directors. We have recently had a two-day development event which has been very helpful in building that understanding and relationships, as well as exploring the results from the Good Governance Blueprint self-assessment.

### **Management Information**

**2.17** We also note that the Sturrock Report identifies the information that needs to go to Board Committees and the Board in a large, complex and expanding organisation. This requirement informed our Board Self -Assessment and Action Plan- Blue Print for Good Governance<sup>2</sup> and our People and OD dashboard feeds up into our Assurance Framework.

**2.18** We have referenced above the NES Leadership Behaviours. These were developed by staff through an organisation wide engagement process. Critically these are behaviours required by all staff- not just those in supervisory or management positions. Our view is that we promote and value 'leadership at all levels' and that behaviours as a team member are just as important as those of a manager.<sup>3</sup>

### **Culture, Values and Behaviours**

**2.19** The NHSScotland values are set out in our recruitment materials, supported by a comprehensive Values Based Recruitment (VBR) Toolkit aligned to the levels in the Knowledge and Skills Framework which embeds our Leadership Behaviours in our recruitment and selection process. Our VBR approach for all appointments in NES will be fully rolled out across NES by January 2020. We have begun reflecting with the Staff Governance Committee how we might measure impact over time.

**2.20** The Sturrock Report gives a comprehensive and fundamental critique of the importance of relationships, collaborative working and behaviours. This is reflected in our internal 'Our Way' resource. 'Our Way' was developed with involvement of over 100 staff in 2017/18 with an animation and suite of learning resources made available on the Intranet. It defines the kind of conduct we expect from all staff and that which is not in keeping with the NHSScotland Values, our Leadership Behaviours and ways of working.

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<sup>2</sup> Blue print for Good Governance, John Brown CBE; [https://www.sehd.scot.nhs.uk/dl/DL\(2019\)02.pdf](https://www.sehd.scot.nhs.uk/dl/DL(2019)02.pdf)

<sup>3</sup> Leadership Behaviours- Inspiring, Empowering, Adaptive, Collaborative and Engaged and Engaging.

**2.21** The Staff Governance Committee and Partnership Forum have been fully engaged in the development of 'Our Way'. Having reviewed the take up of what is an excellent tool kit and learning resources in light of our discussions with the Partnership Forum and the Board on the Sturrock Report, it was agreed that 'Our Way' should be more actively promoted and supported in implementation. This has begun with our Chief Executive's latest all staff bulletin which focuses exclusively on the Sturrock Report and 'Our Way'. A further first step towards wider engagement with 'Our Way' our cross NES Participation, Equality and Diversity Leads, are also taking forward work to champion and embed 'Our Way' in the day to day work of their Directorates.

**2.22** 'Our Way' includes an intention for staff to adopt an 'Active Bystander' role where they witness any inappropriate behaviour. We note that Sturrock reinforces the importance of this, referencing the need to empower those staff who are bystanders to raise concerns early. We had been contemplating developing 'Active Bystander' training and making it part of the recommended toolkit for all line/project managers. This could help staff the skills and confidence to supportively challenge behaviours that are not 'Our Way'. We will now look to prioritise this development.

**2.23** Awareness raising of the toolkit with the full Board has already been agreed by the Board under the Self- Assessment and Action Plan (Blueprint for Good Governance referenced above).

### **Support for Health and Wellbeing**

**2.24** The absence rate recorded for NES in 2018/19 was 2.4%. There is only one classification for stress related illness (26% of our sickness absence is stress related), however details on work related stress cannot be derived from the data. As with Dignity at Work our HR team records instances of advice to managers and staff in relation to sickness absence however we have no direct record of the number related to work related stress.

**2.25** All NES employees have access to an employee assistance programme (AXA ICAS). Services available include counselling (by phone, face to face, e-counselling) and life management. Staff can self -refer and conversations are completely confidential. We also promote the NHS Credit Union along side a range of other support services for staff.

**2.26** In 2019 a Stress Survey was issued to NES staff (excluding doctors in training) and we have had 399 responses. They are currently being analysed and will be used to information recommendations from our Health Working Lives Group. For our employees who are Doctors in Training, the results of the GMC Training Survey, which now includes questions on burnout, will also be reviewed by this Group.

**2.27** NES has held the Healthy Working Lives Gold Award since 2009. As the work of NES has expanded, it has become more challenging to get staff and managers involved. In view of its importance, we will look to see how we can strengthen support for the group to continue to play this key role in NES, particularly in understanding employee voice in relation to wellbeing in the workplace.

### **3. What Support NES have put in place/or will put in place for any member of staff who has been affected by bullying and harassment**

**3.1** We note from the Sturrock Report the discussion on using data to assess the extent of bullying and harassment and reporting of formal case work. We have recognised for a number of years the need to record informal contact and advice between HR and managers and staff under the Dignity at Work policy. We track these instances and we believe this proactive informal approach to 'nipping issues in the bud' through facilitation is essential. None of these instances escalated to formal stages of the policy.

**3.2** Our exit questionnaire data identifies that no member of staff (who completed the questionnaire) declared their main reason for exit as experience of bullying and harassment. The majority left due to their contract ending, retirement or for a new post. NES average turnover for 2018/19-excluding doctors in training- was 2.06%. The participation rate of leavers in the exit questionnaire in 2018/19 was 54.71%.

**3.3** 'Our Way' described above was developed as a response to making sure that we continued to have and indeed strengthen a culture that made it safe for staff to speak up. Providing tools, ideas and coaching in how to do this came from our 'Senior Operational Leadership Group (middle managers) who identified this as something they felt was important to address. We want to continue to promote the value of 'Our Way'.

**3.4** Staff are made fully aware of our policies using a variety of methods and the HR team also sign post and encourage staff to use these avenues if they have concerns. Our focus is however to continue to achieve early and informal resolution if at all possible. Policies are all published and freely available on our Staff Intranet and for our doctors in training employees through the 'Turas Hub'.

### **4. Board Plan for staff engagement to consider these recommendations and a timeline of when this will be carried out**

**4.1** NES has begun the engagement process through discussions at our Partnership Forum. Our Chief Executive issues a regular all staff bulletin with the latest edition issued on the 4 June 2019. The bulletin conveys our commitment to a healthy working environment where no-one should feel they are unable to speak up or their concerns not listened to.

**4.2** Our Chief Executive is also going to do a podcast which will give another opportunity for all staff to hear directly on our commitments and available support. The podcast will be issued by the 30 June 2019. Conversations and discussions will continue in our all staff meetings and through Directorate management and staff team meetings. As now progress with all aspects of our People and OD Strategy and performance against the Staff Governance Standard will continue to be discussed through performance management, Partnership Forum and Staff Governance Committee.

## **5. NES's Role in the Wider System**

### **Doctors in Training**

**5.1** As referenced above Scotland's Deanery and the Medical Director of NES as the Responsible Officer for all doctors in training in Scotland, has oversight of a wide range of data and intelligence on the working lives of this key staff group. Through the annual GMC National Training Survey, doctors in training can highlight concerns regarding bullying/undermining. This can be done in the form of free text comments.

**5.2** There is also an indicator called 'supportive environment' which asks questions relating to whether staff- including doctors in training- are treated fairly and with respect; whether they feel able to raise their concerns and whether they consider the overall environment to be supportive.

**5.3** Negative responses are likely to lead to the creation of red or pink flag outliers which are considered at quality review panels, in conjunction with other information to consider whether an inquiry to the Training Programme Director or the Director of Medical Education in the relevant Board or a Deanery visit is required. Follow up actions and timeframes are agreed, and a matter is only closed when outcomes are delivered. Follow up can include further investigations or the engagement of the professional regulator (General Medical Council).

**5.4** The Scottish Training Survey asks similar questions. There is only a brief summary of the processes and frameworks that exist to spot trends and address issues through triangulation and sharing of data and follow through with Boards. There is also a section on Scotland's Deanery website for doctors in training to report a concern. This is a critical area of support that NES provides.

### **Healthy Organisational Culture, Effective Leadership and Management, Leadership and Talent**

**5.5** The Sturrock Report places a significant focus on the work NES delivers in respect of the 2020 Workforce Vision in support of Effective Leadership and Management and a Healthy Organisational Culture and the Leadership and Talent component of

the Health and Social Care Delivery Plan. These are likely to remain important workforce themes in respect of the 2035 Future Vision that will emerge during 2019/20.

**5.6** The Report has further implications for our role as one of the Lead Employers for doctors in training (and dentists in training) in the course of the next few months. It is essential that we continue to work with the Placement Boards of our employees to ensure that NES policies are implemented consistently. In conjunction with Scotland's Deanery we will be sensitive to any issues that impact on all trainees and trainees we employ on placement in NHS Highland.

### **Effective Leadership and Management**

**5.7** The design of our Turas Leadership and Management Zone (*Turas Learn*) and resources, our multi-professional programmes such as *New Horizons*, *Leading for the Future and Leadership For Integration*, plus recruitment to the Graduate Management Training Scheme, are all based on the NHSScotland Values and the six Leadership Capabilities for Health and Care-*Vision, Collaboration and Influencing, Creativity and Innovation, Self-Leadership, Motivating and Inspiring and Empowering*. These align well to the attitudinal and behavioural approaches the Sturrock Report advocates.

### **Healthy Organisational Culture**

**5.8** The Head of OD, Leadership and Learning in NES and Chair of the NHSScotland OD Leads Group are currently working on a scoping paper for Chief Executives that will propose steps they could commission to develop a '*Healthy Culture Blueprint*'. This could be used by Boards in a similar way to the Good Governance Blueprint, to support work to develop cultures that are consistent with NHSScotland Values.

**5.9** NES has also led the development of a national OD Guide for Health and Care, and are leading OD Matters, a programme to support the strengthening of expert OD capability and the adoption of contemporary development practices by individuals not in the profession. This is felt necessary to help meet the significant demand for support with relational and behavioural aspects of change and improvement.

### **Leadership and Talent**

**5. 10** We lead Project Lift which has an explicit focus on collective and compassionate leadership and the promotion of individual agency at all levels through the development of a leadership community. Our work has included ensuring the inclusion of an explicit category in *Turas Appraisal* re Leading and Valuing People and supporting the induction of seven new Chief Executives.



**5.11** This latter piece includes some strategic business partnering for the Chief Executive of NHSS Highland which is likely to lead to an Inverness event in summer 2019 co-led with one of Ashridge Business Schools international experts on employee voice focussed on supporting people to speak up.

### **Lead Employer Role**

**5.12** Over the last 8 months, NES has assumed employment (as one of four Lead Employers), of over 1,100 doctors in training. This will grow further over 2019/20 and 2020/21. Building and sustaining collaborative and close working relationships with all placement Boards and GP Practices is essential if doctors in training are going to have a good and ideally enhanced staff governance experience. The Lead Employer model is changing the way in which Staff Governance is supported for this key staff group.

**5.13** The Turas Hub and Scotland Deanery website provides doctors in training with information on the support available to them during their training and employment journey and includes the employee assistance programme available to all NES employees and access to the Performance Support Unit in the Deanery for education support.

**5.14** NES (Deanery) provides co-leadership of the Sharing Intelligence for Health and Care Group (SIHCG), including NES, HIS, PHI/NSS, Audit Scotland, the Mental Welfare Commission, Care Inspectorate and SPSO, which allows us to take a 'helicopter view' of all patient-facing Boards in NHSScotland, with feedback to the senior team in that Board where concerns are identified.

**5.15** NES is in the process of working with the BMA in setting additional partnership working models in the form of a Local Joint Negotiating Committee and will move in due course to sign a formal recognition agreement.

## **6. Summary**

**6.1** In this response we have described the main components of our framework and emphasis on effective induction, line management relationships, staff engagement and appropriate values and behaviours which support dignity at work and staff health and wellbeing. We have also reflected on the changing nature of staff governance in assuming the role as a Lead Employer of a substantial number of doctors in training. This is not a comprehensive dossier, but we describe our initial reflections on the Sturrock Report.

**6.2** We do not believe we need a wholesale change in our approach, support and learning opportunities. Rather we need focussed reviews and a more explicit and relentless promotion of our requirements of all staff and managers. The programmes

and approaches outlined here are not recent developments but have been worked on and built up in a sustained way over many years. We have worked to sustain and continually improve our support for staff, including development and learning opportunities.

**6.3** In terms of our national role, we see the potential to promote the benefits of a collective single system approach to OD, Leadership and Workforce Development. We would be pleased to lend our strategic support and advice to these conversations going forward.

**6.4** We believe that there is merit in working collaboratively across Boards in addressing some of the issues identified. For example, Partnership, Health and Wellbeing and Whistleblowing. We will fully engage with planned conversations in the HR Directors Group with Scottish Government.

**6.5** Our initial action plan in response to the Sturrock Report is attached.

Caroline Lamb  
Chief Executive NES  
27 June 2018

## Sturrock Report Action Plan June 2019

Action	Governance	Completed By
Increase attendance at Corporate Induction and monitoring against an agreed corporate performance measure	Senior Leadership & Management Team/Staff Governance Committee	31 March 2020
Review participation in and quality of development programmes that support issues raised by Sturrock	Senior Leadership & Management Team/Staff Governance Committee	30 June 2020
Develop and promote a framework of core management development provision that line managers and aspiring line managers should look to include in their personal development plan	Senior Leadership & Management Team/Staff Governance Committee	31 March 2020
Promote and embed ownership of iMatter across all managers and teams	Senior Leadership & Management Team/Staff Governance Committee	Review progress 31 December 2019
Deliver agreed work on Key Performance Measures, intelligence and insights	Senior Leadership & Management Team/Staff Governance Committee	31 December 2019 (first phase)
Complete the planned roll out of Values Based Recruitment for all recruitment events	Senior Leadership & Management Team/Staff Governance Committee	31 January 2020
Raise awareness and promote use of Our Way, including the development of 'Active Bystander' training	Senior Leadership & Management Team/Staff Governance Committee	30 June 2020
Report results of and develop action plan to address the outcomes from our Stress Survey	Health & Wellbeing Group/Senior Leadership & Management Team/Staff Governance Committee	31 October 2019



**NHS Education for Scotland**

**Board Paper Summary**

**Feedback, Comments, Concerns and Complaints report 2018-2019**

**1. Author**

Rob Coward, Principal Educator

**2. Purpose and background**

Feedback, comments, concerns and complaints are considered by NHSScotland as a performance indicator, and as a mechanism for driving continuous improvement. This is reflected in the requirement for all NHS Boards to publish an annual Feedback, Comments, Concerns and Complaints (FCCC) report as specified by the 2017 Patient Rights (Feedback, Comments, Concerns and Complaints (Scotland)) Directions and national complaints guidance. This states that relevant NHS bodies should prepare an annual report summarising action taken as a result of feedback, comments and concerns received. NHS Boards are also required to provide an annual return to NHS National Services Scotland (NSS) confirming complaints figures which are included in the NHS Complaints Statistics publication.

The Educational & Research Governance Committee and Audit Committee reviewed drafts of the FCCC report at their meetings on 23 May 2019 and 13 June 2019 respectively.

The Committee is invited to consider and approve the Feedback, Comments, Concerns and Complaints Report 2018-2019.

**3. Key Issues**

The report provides a summary of the feedback and complaints reported via our directorates, or directly received by our Planning and Corporate Governance team. It also outlines how we have used complaints and feedback to evaluate and improve our programmes and services. This report will be available on our website by the end of June 2019 and will also be submitted to the Scottish Government and the Scottish Public Services Ombudsman (SPSONHS).

### **3.1 Complaints**

NES continues to receive very few complaints requiring investigation using the agreed corporate complaints handling process. There were only seven such complaints received during the year, plus two comments on significant issues which were investigated by the relevant directorates. Of these complaints, five were upheld, a further one was partially upheld, and one related to a medically qualified external trainer and was referred to her Responsible Officer for investigation.

### **3.2 Participation and engagement**

The draft report includes information on the different ways in which we encourage the participation of service users and partners in our work. This is designed to provide assurance that our education and training is informed by a range of important perspectives including those of end service users, trainees and other learners and service partners. A range of different case studies has been used to illustrate the different approaches to engagement and feedback collection methods used by our directorates.

The draft report emphasises that partnership working with stakeholders and service users is a key feature of all our developments and that the collection and use of learner feedback is a vital aspect of educational governance arrangements for all directorates and programme teams.

### **3.3 Positive feedback**

NES receives a significant amount of positive feedback about products and services from learners and our stakeholders. This feedback is not currently documented in the FCCC report as there is no central collation of this data. E&RGC and Audit Committee members commented on the need to present information on positive feedback to balance data on complaints and concerns. It was agreed that Planning and Corporate Governance team will further investigate methods of collecting presenting positive comments and other feedback in the 2019-2020 FCCC report.

## **4. Educational Implications**

There are no immediate educational implications associated with the report.

## **5. Financial Implications**

There are no direct financial implications relating to the report.

## **6. Key Risks and Proposals to Mitigate the Risks**

Given that NES receives very few complaints and expressions of concern, no key risks have been identified. Risks relating to feedback on education and training are managed by directorates and programme teams and are reported through Educational Governance processes.

## **7. Equality and Diversity**

The FCCC report details our approaches to addressing equality and diversity issues identified through complaints, concerns, comments and concerns. It includes a case study on our comprehensive response to an expression of concern received in relation to differential attainment for black and minority ethnic medical trainees.

## **8. Recommendation(s) for Decision**

NES Board members are invited to note the 2018-2019 Feedback, Comments, Concerns and Complaints report, which is due to be published on the NES website and submitted to NSS and the Scottish Government by the end of June 2019.

RC  
June 2019

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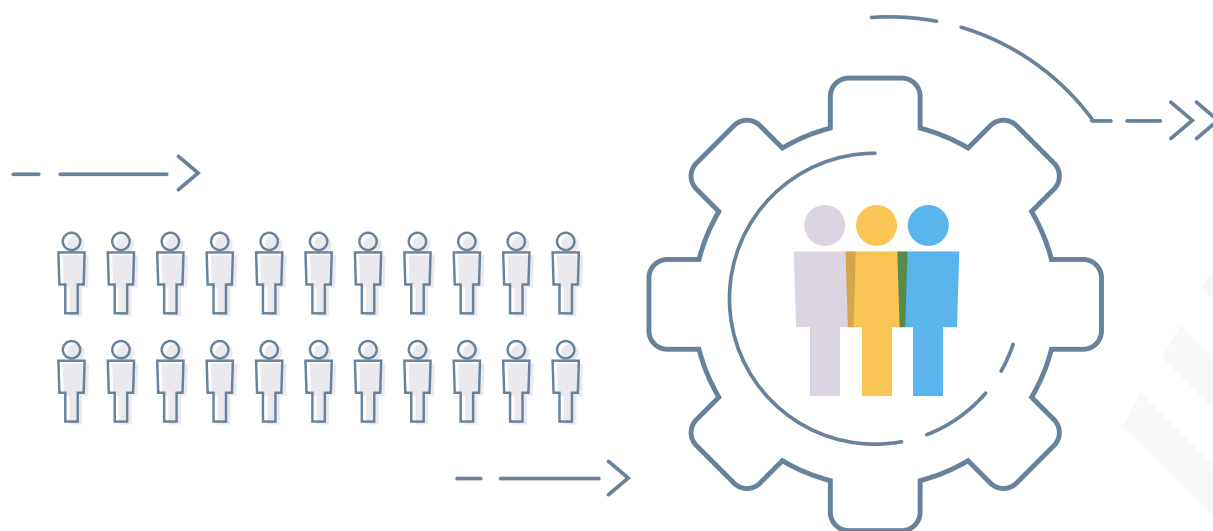


# About NES

**We are a national special NHS Board responsible for education, training and workforce development for those who work in and with NHSScotland.**

The summary table on the following page precedes the full report and provides brief details of the complaints we received between 1 April 2018 and 31 March 2019, plus other feedback, comments and concerns.

The full report provides more detailed information on feedback, comments, concerns and complaints we received during the year.



# Summary of complaints received and outcome 2018-19

	Subject of complaint	Outcome of complaint	Lessons learned
1	<b>Complaint about reception staff at Glasgow office</b>	Fully upheld	Team training about customer service has been delivered; team values have been refreshed and agreed by the whole team; reflective practice has been adopted as part of one-to-ones; a clearer process about how visitors can provide feedback at Glasgow office has been implemented and is now visible to all.
2	<b>Poor communication around GP application</b>	Fully upheld	Communication has been improved between Glasgow and Edinburgh recruitment teams.
3	<b>Anti-Semitic views of contracted external trainer</b>	Referred to Responsible Officer and GMC for investigation	Workforce are reviewing how all 'workers' across NES are recruited i.e. those recruited outwith the Kenexa system. Once this work is complete, this process will be adopted across all Directorates.
4	<b>Complaint about NES staff and Annual Review of Competence Progression process</b>	Partially upheld	Deanery reviewed the guidance and support given to trainees and educational supervisors around the need for transparent communication about summary reports and the degree of concordance over those reports.

## Summary of complaints received and outcome 2018-19

Subject of complaint	Outcome of complaint	Lessons learned
<p><b>5</b> <b>Private email address was contained within a historical document on an obsolete NES website.</b></p> <p><b>The same document was found 4 months later, on a different obsolete NES website.</b></p>	Fully upheld	A full search for this document has been conducted across all NES websites. Digital has reviewed historical websites to close them down.
<p><b>6</b> <b>Lack of response by Digital Services</b></p>	Fully upheld	Lack of initial response led to escalation of complaint. Apology given, and action taken to resolve issue promptly.
<p><b>7</b> <b>Delayed reimbursement of psychology expenses</b></p>	Fully upheld	Lack of initial response led to escalation of complaint. Apology given, and action taken to resolve issue promptly.

## Summary of complaints received and outcome 2018-19

Subject of concern	Outcome of complaint	Lessons learned
<b>8</b> Concerns about training outcomes for female black, and minority ethnic surgical trainees.	Letter responding to concerns and providing supporting data	A full response provided, including the requested information, addressing specific issues, acknowledging the general issues raised and highlighting further work in progress to address differential outcomes in medical training.
<b>9</b> Concerns regarding quality of dental training data and related financial issues.	Letter responding to specific points of concern	The issues raised in the correspondence have been investigated and a full response provided.

# Contents

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# Introduction

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**Welcome to our annual report on feedback, comments, concerns and complaints for 2018-2019. The report is a requirement of the 2017 Patient Rights (Feedback, Comments, Concerns and Complaints (Scotland)) Directions which specifies that relevant NHS bodies should prepare an annual report at the end of each year summarising action taken as a result of feedback, comments and concerns received in that year.**

The NES report includes a summary of the complaints and concerns expressed by our service users during the year. Importantly it also describes our approaches to gathering feedback and comments, listening to concerns and dealing with complaints. Our approaches to collecting feedback and using comments from our service users are illustrated using case studies.

At NES we value highly the participation of staff, trainees and stakeholders in our work. The intelligence provided by our partners enables us to understand what is important and how we can improve our educational products and services for staff and trainees across health and social care.



# 1 Our processes for encouraging, gathering & supporting feedback

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**All our services and planned, developed and reviewed in partnership with stakeholders, including health care professionals in training and other health and care staff who rely on NES educational support to provide excellent patient care.**

Our approach to collecting feedback focuses on the 'user experience' of our diverse training programmes and products, ensuring they are accessible and fit for purpose.

We are aware that feedback provides a key metric for the engagement of learners, which provides valuable predictive insight into the impact of our educational programmes and resources. Learner feedback is also essential in enabling us to improve the accessibility and quality of our training.

The case studies featured in this report provide some examples of how feedback has been used to identify opportunities for improvement. The collection and use of learner feedback is a key focus for our Educational Governance activities, which are monitored at senior levels within the organisation.

In addition to our Educational Governance processes, a [Contact Us](#) page on our website provides an online form for feedback (positive or negative) about any aspect of our work.



**Further information, including examples of these processes and how we use feedback is provided in the following sections of the report**



## 1.1 Our approaches to gathering and using feedback, including how we publicise opportunities for providing comments

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**Our stakeholders play an important part in the review and improvement of education initiatives by providing informed feedback. In this respect learners and trainees are uniquely placed to provide expert insight into their experience.**

The development, commissioning and quality management of education and training is informed by stakeholder participation in consultation exercises, focus groups, reference groups, steering groups, programme boards, and the valuable feedback we elicit from learners, Health Boards and others. The importance we attach to this aspect of our work is reflected in our efforts to publicise and encourage feedback from learners and others involved in our work.

Across our portfolio of activities there are several instances where service users or learners participate in the ongoing review and enhancement of our programmes.

This includes the recruitment of Postgraduate Medical Trainees to assist in our Quality Management of training programmes.



**Further information about our experience of working with these Trainee Associates is provided in the case study on the next page.**





## CASE STUDY

### **Trainee Associate involvement in the Quality Management of Postgraduate Medical Education and Training**



Our Medical Directorate recruited 26 medical trainees to participate in the quality management of postgraduate medical training as members of our team of associates. During their two-year appointment the role of these Trainee Associates is to analyse information and identify objectives for the quality assurance process; verify information received through visits; and make judgements about whether the General Medical Council's standards for training are being met.

Trainee Associates have participated fully in quality management visits to training programmes, asking questions and giving their opinions at the post-visit discussion that takes place prior to the conclusion of feedback sessions. Their contributions have provided additional insight into the quality of the training experience, which has helped NES and training providers enhance programmes. A workshop for the Trainee Associates was held in Perth in February 2019. This was an opportunity to gain feedback on their experience so far. Feedback from Trainee Associates confirmed that their experience has been positive, and further recruitment is planned. ■

## 1.2 Our Educational Governance processes

**Our Educational Governance arrangements are designed to ensure that the quality of our education activities is managed effectively and continuously improved. This approach requires the application of quality assurance and quality control processes and the sharing of information at local, directorate and corporate levels.**

Our Educational and Research Governance Committee (E&RGC) is responsible to the NES Board for scrutiny of our processes and how they are applied.

A key focus for our Educational Governance monitoring processes is the engagement of programme teams with partner organisations, health and care staff, trainees, service users and third sector organisations. In reviewing these relationships, our executive management and Board seeks assurance that our activities are aligned with service needs (including those of patients) and learner preferences. We also consider the methods used to elicit feedback from trainees and other learners, and the responsiveness of teams to comment and concerns.

The channels used to elicit feedback from learners (including health professionals in training) and other stakeholders are quite diverse and chosen according to context. They include surveys of learners using our digital learning resources, the annual Scottish Training Survey of postgraduate medical trainees, focus group meetings and interviews to develop detailed insight into the design, delivery and content of courses etc. In collecting data on the effectiveness of our programmes we have focused on the impact of work. This involves asking learners about their engagement with training (satisfaction, relevance to practice etc), the learning impact (improvements in skills, knowledge, confidence, motivation etc) and performance impact (improvements in practice).



**Our feedback in these areas has demonstrated where changes are needed but has also documented a significant volume of positive reaction from learners.**

## 1.3 Involving our stakeholders in our educational activities

**We have a range of mechanisms in place to ensure we actively involve stakeholders in the development, implementation and review of our educational and training activities. Below is a selection of examples illustrating our work in this area.**

### CASE STUDY

#### Trainee and Lay representation on Dental Specialty Training Committees



Our Dental directorate co-ordinates Specialty Training Committees to provide advice and guidance the maintenance and improvement of specialty training. These Specialty Training Committees comprise a Specialty Chair, relevant Training Programme Directors and Royal College, Specialist Advisory Committee, and university, trainee and lay representatives. Trainee representation on the committee ensures that the trainee perspective is taken into account before decisions are reached and provides a forum in which trainees can voice ideas or concerns about any aspect of their training. Lay representation ensures the views of patients also feed in to the decision-making process, enabling us to address patient preferences and concerns in Specialty Training. ■

## CASE STUDY

### The new NES Strategy 2019 – 2024



The NHS Education for Scotland (NES) Strategic Plan is a high-level reference document for NES staff, stakeholders and partner organisations. It guides our planning processes, outcomes and targets, and projects a future five-year direction for supporting the health and social care workforce.

In developing the new Strategy, we gathered intelligence from our staff, the NES Board and Executive Team and senior Scottish Government colleagues. Importantly, formal external consultations on the draft 2019-2024 Strategy took place between December 2018 and January 2019. Given that we work in partnership with a wide range of organisations and individuals, we sought to further establish what mattered to our stakeholders and to further align future priorities for the health and social care workforce. A multi-modal approach to gathering feedback was offered. The intelligence received was synthesised and incorporated, where appropriate, into the new Strategic Plan.

The NES Strategic Plan 2019-2024 was discussed and finalised at the March 2019 Board meeting and published on our website on Friday 29 March 2019. Our new Strategy highlights our core role in education, training and workforce development. It also emphasises our growing contribution to national workforce data, digital infrastructure and wider career attraction and retention. ■

## 1.4 Equality and Diversity including approaches to proactively engage with particular groups

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**We actively collect feedback on equality, diversity and inclusion, at directorate level through a variety of mechanisms, including engagement with stakeholder groups, educational delivery and participation in project steering groups.**

The findings are reviewed by the **Participation, Equality and Diversity Lead Network (PEDLN)**, which comprises representatives from each of our directorates, as part of an annual review of performance. Findings are used to identify priorities for action, including our operational planning targets and longer-term equality targets and mainstreaming priorities.

The case studies throughout this report illustrate how we engage with diverse stakeholders when developing our educational programmes and resources. The extent and impact of the diversity of this engagement is a focus of the PEDLN meetings and reviews, which seek to share intelligence and learning from programme and directorate-level feedback and engagement.

Our complaints log enables us to code complaints and concerns thematically as being relevant to equality and diversity at both directorate and corporate level. Complaints and concerns are reviewed annually by PEDLN within the context of our equalities review, providing another source of data which can be triangulated to inform policy and strategy development and to measure our progress delivering our equality outcomes and equality mainstreaming priorities.

The PEDLN meetings also provide a forum to share the outcomes of feedback on equality, diversity and inclusion undertaken at directorate level, to discuss the implications for other professional groups, share good practice and to inform specific projects.

## EXAMPLES INCLUDE:



- Sharing learning from a pilot programme to reduce differential attainment for International Medical Graduates and Black and Minority trainees in postgraduate medical training, which has been informed by engagement with educational supervisors and trainees;
- A review of barriers and enablers to inclusion for disabled trainees, which has informed ongoing work to establish a reasonable adjustments passport;
- Discussion of feedback on accessibility issues with digital platforms, ways to improve accessibility and learning points.

**We have an Inclusive Education and Learning Policy which sets out the expectations for embedding equality and diversity in educational work and encourages the use of feedback for improvement, particularly feedback on accessibility. The policy covers all aspects of learning. Implementation of the policy is monitored through the Educational Governance process, which includes a focus on educational inclusion and feedback from learners.**



## CASE STUDY

### **Addressing differential attainment for International Medical Graduates & black & minority ethnic medical trainees**



Research and data analysis commissioned by the General Medical Council has identified risks of differential attainment in medical education for International Medical Graduates (IMG) and UK graduates from black and minority ethnic (UK BME) communities. NES has convened a Differential Attainment Working Group, recently reconstituted as the Fairness in Training for All group, which is working with partners to devise and implement interventions to ensure fairness in postgraduate medical training. IMG and UK BME trainees have been engaged in this workstream as members of the working group and through focus group activities. A consultant member of the working group who is an IMG facilitates a Facebook group for IMG and BME doctors and trainees. This Facebook group provides a support network, and they have provided feedback to the Fairness in Training for All on ideas for improvement activity. ■

## CASE STUDY

### **User experience testing for disabled users of learning resources**



NES is investing in the provision of digital learning resources through our Turas Learn platform. This virtual learning platform is used widely across the health and social care sector and it is important that our resources can be used by all staff. We recognise the additional challenges in using digital technology faced by staff with some types of sensory disabilities and we have therefore been testing the user experience with a group of disabled people. This has led to the implementation of robust digital development standards across all new NES digital learning resources and platforms. ■

## 2 Encouraging and handling complaints

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### 2.1 Our approach to encouraging complaints, and supporting complainants

**We encourage and handle complaints directly through our Educational Governance processes and training programme feedback channels. Our [Contact Us](#) digital form is available for those wishing to express a concern or make a formal complaint.**

Other complaints or expressions of concern are submitted to our Chief Executive, Chair, Directors or other senior staff and are forwarded to the corporate Complaints Team for formal investigation. Most complaints are resolved by our programme teams or directorates at a local level and are not included in our annual complaints report.

Through our Educational Governance processes, we have in-built local appeals or complaints processes e.g. in foundation and speciality training in medicine and dentistry. Commensurate with our educational support role as a National Health Board we do not normally receive a high number of complaints and a detailed breakdown for 2018-19 is provided in the [Feedback, Comments, Concerns and Complaints Register](#) below. Only seven complaints were handled through our formal complaints process in 2018-19, with two further items of critical feedback also being investigated. There were 9 complaints formally investigated in 2017-18.

The complaints and concerns handled by our corporate Complaints Team are detailed in the register at section 2.1 below. This provides brief details about the complaint and its outcome.



## 2.2 Feedback, Comments, Concerns and Complaints Register - Year to 31 March 2019

### Complaints (part 1)

Source	Summary	File Ref	Is complaint suitable for frontline resolution?	Receipt Date	Acknowledged (A) and Response (R) Dates	Outcome	Was complainant satisfied with frontline resolution?	Lessons Learned/ Improvements
<b>NHS Staff (other)</b>	Complaint about reception at Glasgow office	Reception 2CQ May 2018	No	30/05/18	(A) 31/05/18 (R) 18/06/18	Fully upheld	n/a	Apology given. PFM devised an action plan to ensure lessons are learned. This included a review of how complaints can be made in Glasgow office and how NES staff should respond.
<b>Foundation Year 2 Trainee</b>	Poor communication around GP application	20180621 GP Application	Yes	21/06/18	(A) 22/06/18 (R) 26/06/18	Fully upheld	Yes	Apology given. Communication has been improved between Glasgow and Edinburgh recruitment teams.
<b>NHS Staff (other)</b>	Anti-Semitic views of contracted external trainer	Medical Trainer August 2018	No	15/08/18	(A) 15/08/18 (R) 28/08/18	n/a	n/a	Referred to Responsible Officer who initiated General Medical Council review.
<b>Higher Specialty Trainee</b>	Complaint about NES staff and Annual Review of Competence Progression process	Medical Tayside September 2018	No	03/09/18	(A) 04/09/18 (R) 24/09/18	Partially upheld	Yes	Deanery reviewed the guidance and support given to trainees and educational supervisors around the need for transparent communication about summary reports and the degree of concordance over those reports.

## 2.2 Feedback, Comments, Concerns and Complaints Register - Year to 31 March 2019

### Complaints (part 2)

Source	Summary	File Ref	Is complaint suitable for frontline resolution?	Receipt Date	Acknowledged (A) and Response (R) Dates	Outcome	Was complainant satisfied with frontline resolution?	Lessons Learned/Improvements
<b>Member of public</b>	Private email address was contained within a historical document on a little used NES website.	November 2018 LGBT website	No	10/11/18	(A) 12/11/18 (R) 13/11/18	Fully upheld	n/a	A full search for this document has been conducted across all NES websites. Digital has reviewed historical websites and closed them down. Data Protection team informed.
	The same document was found 4 months later, on a different seldom used NES website.			03/03/19	(A) 04/03/19 (R) 04/03/19	Fully upheld	n/a	
<b>Educational Institution</b>	Lack of response by Digital Services	December 2018 e-learning module	Yes	05/12/18	(A) 05/12/18 (R) 05/12/18	Fully upheld	No	Lack of initial response led to escalation of complaint. Apology given, and action taken to resolve issue promptly.
<b>Job applicant</b>	Delayed reimbursement of psychology expenses	December 2018 Travel Expenses	Yes	05/12/18	(A) 05/12/18 (R) 10/12/18	Fully upheld	No	Lack of initial response led to escalation of complaint. Apology given, and action taken to resolve issue promptly.

## 2.2 Feedback, Comments, Concerns and Complaints Register - Year to 31 March 2019

### Concerns

Source	Summary	File Ref	Is complaint suitable for frontline resolution?	Receipt Date	Acknowledged (A) and Response (R) Dates	Outcome	Was complainant satisfied with frontline resolution?	Lessons Learned/ Improvements
<b>NHS Staff (other)</b>	Concern about training outcomes for female black, and minority ethnic surgical trainees.	February 2019  Medical Concern	No	24/02/19	(A) 25/02/19  (R) 28/03/19	n/a	n/a	This is a concern, not a complaint. A full response was provided, including the requested information, addressing specific issues, acknowledging the general issues raised and highlighting further work in progress to address differential outcomes in medical training.
<b>NHS Staff (other)</b>	Concerns regarding data presentation and dental training data.	March 2019  Dental Concern	No	04/03/19	(A) 05/03/19  (R) 15/04/19	n/a	n/a	This is a concern, not a complaint.  Concerns over quality of dental training data were addressed by the Dental Directorate in a full response.

## 2.3 Learning from complaints and other expressions of concern and making improvements

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**In line with the requirements of the NHSScotland Complaints Handling Procedure, we have learned from the complaints and expressions of concern received during the year to enhance our work. This is reflected in the table at 2.1 above, which details some of the specific improvements resulting from the complaints and more general concerns we have investigated.**

Of the nine complaints handled by the corporate Complaints Team during the year, seven were fully upheld with a further one partially upheld. For each of the complaints upheld, there were specific recommendations made to the team involved or more general recommendations to NES. We expect the recommendations to be fully implemented and keep a record of the requirements and their implementation in a central complaints register. The corporate Complaints Team monitors the progress of actions and our internal auditors also check that the expected improvements have been actioned satisfactorily.

Two of the complaints upheld during the year related to complaints made to programme teams that were not addressed at a directorate level by the relevant programme team. In these cases, the corporate Complaints Team has followed-up the recommendations to ensure there has been appropriate improvements in process and/or practice. This remedial action is recorded in the corporate complaints register.

## CASE STUDY

### Concern about equality in surgical training



NES received a letter from a training grade doctor in a surgical specialty detailing her general concerns about the experiences of female, black and minority ethnic (BME) surgical trainees in her region of Scotland. The letter set out specific issues affecting career progression relating to differences in the outcomes of exams, supervisory relationships and bullying. She requested Scottish Trainee Survey data from NES and asked us to investigate the issues raised.

The letter expressed general issues rather a specific case and was therefore taken forward as an expression of 'concern' rather than a complaint. As requested, we replied to the doctor following a detailed analysis of the available evidence and consideration of the issues raised. We consulted General Medical Council (GMC) colleagues in this work in the light of their extensive research into 'differential attainment' in recent years.

Our analysis of examination outcomes among doctors in surgical specialties confirmed that many doctors in training do not disclose their ethnicity at the point of registering with our Trainee Management System. The analysis further indicated however that the prevalence of unsatisfactory exam outcomes appears higher (at 11.8%) among those self-declared to be BME and female than those self-declared to be white and female. This corresponds with the GMC's UK data for higher surgery trainees.

The NES response to the doctor submitting comments included the requested Scottish Training Survey data together with a highly detailed analysis of the claims made in the letter. While some of these claims were challenged on the basis of available data, the response acknowledges the already widely recognised issue of differential attainment between BME and white doctors in training that is also seen across the UK. NES is actively working with the GMC and other partners to understand and address these important issues. ■

### 3 The Culture, including Staff Training and Development

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**One of our key workforce priorities is creating and sustaining a healthy organisational culture which values openness, honesty and responsibility. Through our ways of working we encourage our staff to be open, to listen and learn and to take responsibility and lead by example.**

This applies to how we respond to feedback, comments, concerns and complaints and as outlined in Section 2, during 2018-19 the corporate complaints team and each directorate's complaints lead have worked to ensure that we are compliant with the **NHSScotland Complaints Handling Procedure** that came into effect 1 April 2017. This included encouraging ongoing training across all staff involved in handling complaints throughout the organisation, particularly around the new **Complaints Handling Procedure**. The corporate Complaints Handling Team has participated in complaints investigation training, with all members achieving the BTEC Complaints Handling and Investigation award.

As a key agency for workforce development in health and social care services, we have provided localised training for teams and independent contractors in handling complaints and responding to feedback. We have continued to promote the use of e-learning modules in Complaints Handling and these have now been transferred to our Turas Learn online learning platform, where they are freely accessible to all health and social care staff.

We have been working with the Scottish Government on their Openness and Learning programme which encourages health and social care staff to be open and honest when things go wrong and to learn from their experiences. This includes a focus on complaints procedures and how we respond to complaints.

As part of this work we have undertaken a piece of research to look at the readiness individuals and organisations for a culture of openness and learning. During the research we have held discussions with both Patient Advice and Support Service staff as well as complaints personnel from NHS Boards about good practice examples and learning from their experiences.

In conjunction with Healthcare Improvement Scotland, we commissioned a pilot training course 'Foundations in Care Experience' delivered by the Point of Care Foundation. This training brought together 38 staff from health boards and integrated joint boards for a 4-day training course looking at how we gather and make better use of care experience data and information to deliver improvements in care.

This course covered areas such as quality improvement methodology, data collection both qualitative and quantitative and how to use this to make improvements to service delivery, service user/carer engagement and involvement, learning from care experience including feedback and complaints and improving delivery of person-centred care. An impact evaluation of this programme is currently underway with a follow-up at three and six months.

**During 2018-2019 we have also maintained our support for the Defence Medical Services (DMS) as they continued their journey towards a more person-centred approach to handling complaints. This included delivering a bespoke training session for a further 35 military and civilian staff.**



## 4 Improvements to Services

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**We gather feedback through educational surveys, evaluation and impact assessment (as documented above). This data is held by our directorates in a variety of formats and systems.**



The following section provides examples of improvements made as a result of our feedback and educational governance processes in addition to improvements resulting from feedback, comments, concerns and complaints reported to our directorates or received directly by our corporate complaints team.





## 4.1 Education and Training Programmes

### CASE STUDY

#### Development of Scottish arrangements for supervision and assessment of nursing and midwifery students on placement



The Nursing and Midwifery Council (NMC) released new [standards framework for nursing and midwifery education](#) in May 2018. Within Scotland transition to part 2 of the framework, the [standards for student supervision and assessment](#) will take place for all NMC approved pre and post registration nursing and midwifery programmes in September 2020. There is an increased emphasis with the standards on partnership working between Academic Education Institutions (AEI's) and practice partners. To support partnership working in the development of a national Scottish framework for student supervision and assessment, the NES NMAHP practice education team have utilised the GoTo virtual medium to encourage feedback to influence and support the development of a national framework document. To date stakeholder engagement has taken place with mentors/sign off mentors/practice teachers, students, AEI colleagues and practice partners across the breadth of Scotland using the GoTo virtual medium.

A total of 400 participants have thus far been engaged in the national discussions. In order to help participants feel their feedback is welcome and influencing the national debate, recordings of the sessions are available on the [Future Nurse and Midwife Programme Board](#) webpages for a wider audience to access. At the beginning of each subsequent GoTo session participants are provided with an update of how their feedback has fed into and impacted on the shaping of the framework. The GoTo sessions are publicised via established network mailing lists, the NES NMAHP practice education network, twitter and AEI and practice partners' intranet sites and newsletters. ■

## CASE STUDY

### Childsmile training for Dental Nurses and Dental Health Support Workers



Our Childsmile training for Dental Nurses and Dental Health Support Workers forms an important part of the Dental Directorate's Priority Groups programme, which aims to reduce inequalities in dental health in Scotland. The impact of the workstream's Childsmile training events is informed by post-training evaluation questionnaires to participants. All training events are evaluated using this method and participants report that they find the course to be very beneficial to their role and would recommend it to others. Feedback from health boards is gathered via focus groups which are a regular part of Health Board Co-ordinators' events.

Delivery of Childsmile and its impact on patient care is evaluated by Childsmile's Central Evaluation and Research Team. Feedback has highlighted that the course places too much emphasis on theory assessment and work is underway to provide a more practical approach to assessment. ■

## CASE STUDY

### Evaluation of Scottish Infection Prevention and Control Education Programme



The prevention and control of infection in health and care services has been a priority for the Scottish Government and NES for several years. NES was given responsibility for providing educational support and has developed a range of resources for frontline practitioners in the form of the Scottish Infection Prevention and Control Education Programme (SIPCEP).

We have been evaluating the SIPCEP resources to ascertain their accessibility, relevance, and impact on practice. The primary method for collecting this feedback is through end-of-module feedback questionnaires, and we have followed up feedback responses to invite health and social care staff to participate in focus group meetings. We have also engaged with supervisory staff and managers to elicit their views on the SIPCEP resources and its impact. This evaluation work is ongoing and has helped us to make significant changes to the topics addressed by the resources and the learning presented in digital learning modules. ■

## 4.2 Feedback - Educational Governance

As described in section 1.2 above, we value feedback from learners as an important source of information on educational quality. This information provides us with assurance on the efficacy of our work and helps us to identify opportunities to improve (or remediate) educational programmes. We have continued to evolve the ways in which we gather feedback from learners about specific aspects of their learning experience (for example, educational supervision, quality of facilitation, materials provided) to enable us to make focused enhancements.

### CASE STUDY

#### Pilot Evaluation of NES Mental Health, Learning Disability and Dementia Learning Resources



Our Mental Health, Learning Disability and Dementia (MHLDD) Programme were interested to find out how their learning resources are used and how individuals access them. An initial pilot evaluation was undertaken with the dual objectives of exploring the impact in practice of disseminated MHLDD resources and how recipients of the resources prefer to access these, and any associated support needs they may have in doing so.

The evaluation was undertaken by means of an online survey employing Questback software. The survey collected feedback on how resources have been used, the usefulness of resources, preferences for accessing resources and potential support needs in doing so. Respondents reported that the resources have been used in a variety of learning situations and at varying frequencies.

[continued...](#)

## CASE STUDY (continued...)

Importantly, feedback on the preferred format of the MHLDD resources indicated that a combination of hard copy and online versions of the materials was preferred, with online only versions were least accessible.

The need for flexibility across format types is summarised in the following response:

*“Whilst online versions are available I have adapted this into face to face sessions for staff to attend as not all staff are comfortable or able to access online courses. Many staff state a preference for face to face as it allows reflective practice and they feel that this helps to embed their learning.”*

This preference for hard copy and online versions of materials will inform our approaches to future developments in this area.

## 4.3 Complaints and Feedback

**Where we have identified issues arising from complaints and feedback we have responded with actions to improve services. An outline of the responses and specific improvements resulting from the nine complaints and two expressions of concern received by our corporate complaints handling team during 2018-19 is provided at section 2.1 above.**

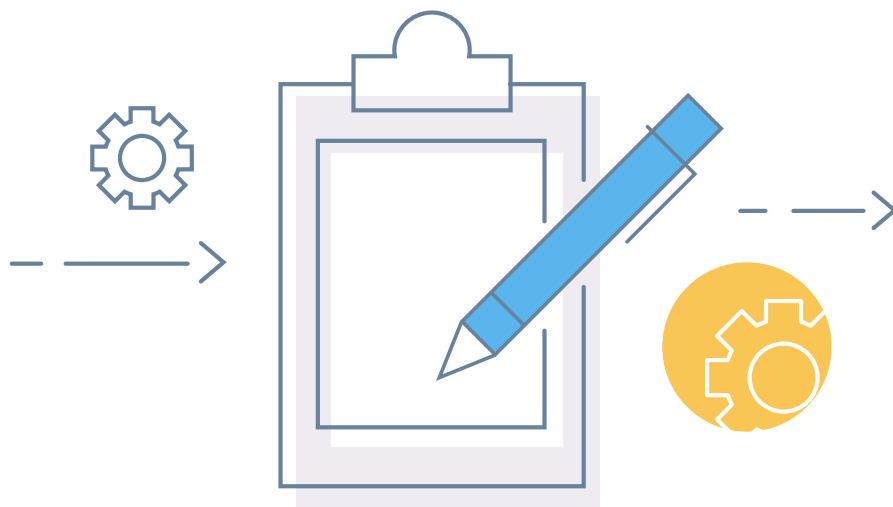
## 5 Accountability and Governance

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**This annual FCCC report is submitted to our Executive Team, Education and Research Governance Committee and Audit Committee and recommendations arising from complaints are followed up by our corporate complaints team.**

The annual report is published on our website by the end of June each year at <https://www.nes.scot.nhs.uk/about-us/corporate-plans-and-annual-reports.aspx> and sent to the Scottish Government and the Scottish Public Services Ombudsman (SPSO).

Our Educational and Research Governance Committee (E&RGC) meets regularly to monitor and quality assure our educational services and to record recommendations made as a result of feedback. A formal note of E&RGC meetings is reported to our Board as a routine and regular agenda item.



## 6 Further information

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For further information about NHS Education for Scotland's processes and performance in collecting feedback and handling complaints please contact:

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[complaints@nes.scot.nhs.uk](mailto:complaints@nes.scot.nhs.uk)



This resource may be made available, in full or summary form, in alternative formats and community languages. Please contact us on **0131 656 3200** or email **altformats@nes.scot.nhs.uk** to discuss how we can best meet your requirements.



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