The Scottish Parliament

AUDIT COMMITTEE

AGENDA

9th Meeting, 2001 (Session 1)

Tuesday 12th June 2001

The Committee will meet at 2.00 pm in the Debating Chamber of the Scottish Parliament to consider the following agenda items:

1. **Committee Business:** The Committee will consider whether to take agenda items 2 and 6 in private.

2. **National Health Service Bodies in Tayside:** The Committee will consider the lines of questioning to be put to the witnesses.

3. **Inquiry into the Application of Consultative Steering Group (CSG) Principles in the Scottish Parliament:** The Committee will consider a paper from the Procedures Committee.

4. **Mainstreaming Equal Opportunities in Committees:** The Committee will consider a paper on mainstreaming equal opportunities in committee work.

5. **National Health Service Bodies in Tayside:** The Committee will take evidence from—

   Mr Trevor Jones, Head of Scottish Executive Health Department and Chief Executive of the NHS in Scotland

   Mr Peter Bates, Chairperson, NHS Tayside

   Mr David Clark, Director of Finance, NHS Tayside

   Mr Geoff Scaife, former Chief Executive of the NHS in Scotland

   on the report by the Auditor General for Scotland entitled 'National Health Service Bodies in Tayside' (AGS/2001/3).

6. **Consideration of Evidence:** The Committee will consider the evidence taken.

Callum Thomson
Clerk to the Audit Committee
Room 1.6, Committee Chambers
Ext. 0131 348 5215
Email: callum.thomson@scottish.parliament.uk

The papers for this meeting are as follows (members are reminded to bring those papers issued for previous meeting which are relevant to the Tayside NHS inquiry).

Agenda item 3

Paper from the Procedures Committee.	AU/01/9/1

Agenda item 4

Paper from the Equal Opportunities Committee.	AU/01/9/2

Agenda item 5

Report by the Auditor General for Scotland entitled 'National Health Service Bodies in Tayside' – members are reminded to bring their copy.	AGS/2001/3
Paper from Audit Scotland - Summary of 'Rebuilding our National Health Service: guidance to NHS Chairs and Chief Executives for implementing *Our National Health.* A plan for action, a plan for change'.	AU/01/9/3
Briefing Paper.	PRIVATE PAPER

Agenda item 6

Paper from the Clerk .	PRIVATE PAPER

PROCEDURES COMMITTEE

INQUIRY INTO THE APPLICATION OF THE CONSULTATIVE STEERING GROUP PRINCIPLES IN THE SCOTTISH PARLIAMENT

Purpose

1. **The Procedures Committee would be grateful if all committees would consider whether it is appropriate for them to make a submission to this enquiry.**

Background

2. In June 1999 the Parliament endorsed the Report of the Consultative Steering Group on the Scottish Parliament (CSG) and the Report's key principles of sharing the power, accountability, accessibility and equal opportunities. The Report recommended that the Parliament should "take stock" by measuring its achievements against these principles.

3. The Procedures Committee is undertaking this task and launched its enquiry on 3rd April. **A copy of the press release is attached**.

4. The remit of the enquiry is:

> "Whether the key Consultative Steering Group principles as endorsed by the Parliament – sharing power, accountability, accessibility and equal opportunities – are being implemented in the Parliament, to what extent and with what success."

Consultation

5. MORI has been appointed to conduct an extensive consultation exercise with all MSPs and staff individually, as well as externally with the general public

Consultation with committees

6. The Committee is particularly concerned to ensure that relevant experience of committees is included in the enquiry.

7. As the enquiry is likely to generate evidence on matters that are highly relevant to the Equal Opportunities Committee and the Public Petitions Committee the relevant clerks have been kept closely in touch and Murray Tosh has written to the Conveners of both committees.

Conclusion

8. The Procedures Committee's enquiry into the application of the Consultative Steering Group principles in the Scottish Parliament is a wide ranging enquiry involving an extensive internal and external consultation exercise.

9. While the views of Members will be sought on an individual basis, the Procedures Committee considered that individual committees may wish to consider making submissions.

7. ***The Procedures Committee would be pleased to hear from any committee that wishes to make a submission and present oral evidence***.

Parliamentary News Release **0019/2001**

0019/2001

Tuesday 3 April, 2001

HOW HAS THE PARLIAMENT EMBRACED THE C.S.G. PRINCIPLES? HAVE YOUR SAY

Views sought on action to date on sharing power, accountability and equal opportunities

The success or otherwise of the Parliament putting the 'key principles' of **sharing power, accountability, accessibility and equal opportunities** into practice since it began operation in May 1999 is to be examined by the Procedures Committee.

The public, outside organisations, the Scottish Executive, Parliament staff and MSPs themselves are being invited to give views on how the Parliament has begun to implement the Consultative Steering Group's (CSG) 'key principles' during the past two years.

The Parliament endorsed the CSG Report in June 1999. One of that Report's key recommendations was that the Parliament should "take stock" at the end of each Parliamentary year and measure its achievements against the key principles, which are:

- the Scottish Parliament should embody and reflect the **sharing of power** between the people of Scotland, the legislators and the Scottish Executive;

- the Scottish Executive should be accountable to the Scottish Parliament and the Parliament and the Executive should be **accountable** to the people of Scotland;
- the Scottish Parliament should be **accessible, open, responsive** and develop procedures which make possible a **participative** approach to the development, consideration and scrutiny of policy and legislation;

- the Scottish Parliament in its operation and its appointments should recognise the need to promote **equal opportunities** for all.

Remit

The Procedures Committee has agreed the following remit for this Enquiry: *"Whether the key CSG principles as endorsed by the Parliament - sharing power, accountability, accessibility and equal opportunities - are being implemented in the Parliament, to what extent and with what success."*

Evidence

In the first instance, evidence is requested in writing. It is anticipated that oral evidence sessions will be organised at a later date with individuals and representative organisations. Questions on which the Committee would be particularly interested in having views may be obtained by calling the Assistant Clerk on 0131 348 5178, the Clerk on 0131 348 5175 or on the Parliament website www.scottish.parliament.uk
Timetable

Written evidence should be submitted by Tuesday, 26 June 2001. Oral evidence sessions will be scheduled subject to the Committee's business programme.

BACKGROUND NOTES

The membership of the Procedures Committee is Convener, Murray Tosh (Con), Deputy Convener, Kenny Macintosh (Lab), Brian Adam (SNP), Patricia Ferguson (Lab), Donald Gorrie (Lib-Dem), Frank MacAveety (Lab) and Gil Paterson (SNP).
Professor David McCrone of Edinburgh University has been appointed recently as adviser to the enquiry.

Written evidence can be submitted in the following ways:

- By e-mail to Procedures.Committee@scottish.parliament.uk
- On computer disk in word 98 plus one hard copy, or by letter to The Clerk to the Procedures Committee, The Scottish Parliament, Chamber Office, Parliament Head Quarters, George IV Bridge, Edinburgh.

Guidance on the nature and extent of the evidence likely to be of interest to the Committee is contained in Annex B of Procedures Committee paper PR/00/6/6 which can be obtained by calling the Assistant Clerk on 0131 348 5178, or on the Parliament's website http://www.scottish.parliament.uk/official_report/cttee/proced-00/prp00-06.pdf

For further information, the media contact is: Andrew Slorance: 0131 348 5389
E-mail: andrew.slorance @scottish.parliament.uk **The committee contacts are:**
John Patterson, Clerk: 0131 348 5175 E-mail: john.patterson@scottish.parliament.uk
Katherine Wright, Assistant Clerk: 0131 348 5178; e-mail:

katherine.wright@scottish.parliament.uk
For public information enquiries, contact: 0131 34 85000 **For general enquiries**, contact: 0845 278 1999 (local call rate)
email: sp.info@scottish.parliament.uk
Visit our website at: www.scottish.parliament.uk ..\new.html..\new.html

Mainstreaming Equal Opportunities in Parliamentary Committees

Purpose

1. This paper is a proposal from the Equal Opportunities Committee that the committees of the Scottish Parliament support the Equal Opportunities Committee's commissioned research on mainstreaming. It recommends the involvement of members from all Parliamentary committees in research workshops to ensure the mainstreaming techniques developed are relevant and applicable for Scottish Parliament committees.

Background

2. In December 2000 the Conveners Liaison Group (CLG) approved a proposal from Equal Opportunities Committee for a research project on mainstreaming of equal opportunities in the Scottish Parliament and that project has now been commissioned. The aims are to provide information on the mechanisms for mainstreaming in parliamentary committees and to propose practical techniques to ensure mainstreaming in Scottish parliamentary committees.

3. This is an innovative project since there is little existing research in the UK on mainstreaming equal opportunities in Parliaments. The research will draw on existing literature and knowledge and experience of experts in the field to identify techniques that may be appropriate for Committees.

4. It is vital to ensure that any techniques developed are relevant and appropriate to the context of the Scottish Parliament. In order to achieve this the research team has proposed that they host workshops on the major aspects of equalities. There will be one workshop involving members and two for Parliament staff. The aim of these workshops will be to establish the relevance of these techniques in the Parliamentary context.

5. Representation from MSPs from a broad range of Committees and political parties is necessary to ensure that the techniques developed are relevant across the Parliament. CLG have further agreed to encourage all committees to send one delegate to the workshop.

Proposal

6. It is requested that the Committee support the research and nominate at least one member from the Committee to attend the workshop. It is likely that it will be 2-3 hours in duration and will take place during the evening of 20 June. Further details about the workshops will be sent to each Committee nominee close to the time.

Summary of 'Rebuilding our National Health Service: guidance to NHS Chairs and Chief Executives for implementing *Our National Health.* A plan for action, a plan for change'

The overall aims of the change programme are to:

- Clarify responsibility
- Increase accountability
- Streamline bureaucracy
- Improve planning
- Integrate decision making across local NHS systems.

The primary focus is on the need to change culture and behaviours within the NHS rather than on major structural changes to the Service.

The change programme has 5 principle themes:

1. **New governance arrangements**. This describes the role and composition of the new NHS Boards and how they will be established. The governance arrangements will be in place by **30 September 2001** by which time all 15 new unified boards will be formally established.
2. **New performance and accountability arrangements.** The paper describes work to develop a new Performance Assessment Framework which will be in place by **30 September 2001**.
3. **Changes to the financial framework.** This framework will be revised in a phased way. Some initial changes will be introduced for 2001- 2002. More substantive changes will be announced during 2001 and implemented from April 2002.
4. **New planning arrangements.** There will be a single Health Plan for each NHS Board area. NHS Boards will have a closer involvement in community planning with local authority partners. The first new Local Health Plans will be drawn up **during 2001 - 2002** covering the period 2002 – 2003 and beyond.
5. **The Scottish Executive Health Department.** The programme outlines how the Department will support the NHS in improving health and health care in Scotland.

1. New governance arrangements

In each of the 15 NHS Health Board areas there will be a single unified Health Board. In the 12 mainland areas these unified boards will replace the separate structures of the existing NHS Health Boards and NHS Trusts.

Special Health Boards and other NHS organisations are not within the scope of the paper although care is taken to say that they will work within national policies and priorities.

Role and function of unified Health Board

The role will be to:

- improve and protect the health of local people
- improve health services
- focus on health outcomes and people's experiences
- work with other local agencies to promote integrated health and community planning
- provide a single focus of accountability for the performance of the local NHS system.

The functions will include:

- strategy development
- resource allocation
- implementation of the Local Health Plan

Accountability within local NHS systems

NHS Boards will be accountable to the Scottish Executive Health Department and to Ministers for the functions of the Board and the performance of the local NHS system.

All members of the Board will share collective responsibility for the overall performance, including the performance of its separate component parts.

NHS Trusts will retain their existing operational responsibilities for acute and primary care services. Operational responsibilities of Chief Executives will be largely unaffected by the establishment of the new unified Health Boards:

- Chief Executives will retain their 'accountable officer' status, and will remain directly answerable to the Scottish Parliament for the propriety and regularity of financial transactions under their control and for the economic, efficient and effective use of resources.
- Chief Executives will remain accountable to their respective NHS Board/Trust for the delivery of quality and clinical governance.
- The Board Chief Executive will be the 'accountable officer' in respect of the total funds allocated to the local NHS system.

Most importantly, NHS Boards should ensure that they have systems in place to be able to identify and act on problems early.

Public involvement
There will be a separate paper on patient and public involvement. However, NHS Boards are expected to focus on people's experience of the local NHS system. This includes liaison with patients and representative groups; appropriate treatment of complaints; and use of patient feedback. Boards and Trusts will need to draw on the experience of Local Health Councils and must hold all meetings in open session.

Operational components
There are no current plans to change the existing configuration of NHS Trusts in each NHS Board area, although Boards are able to propose re-configurations if they can demonstrate service benefits to patients and better integration of health and social services.

Membership of the unified Health Board
The NHS Board is to be a board of governance. It is not a management board or a representative body.

All seats will be public appointments.

Chairs are in the process of being recruited – interviews to be held May – July. Chairs have already been appointed in Fife and Tayside. The NHS Board chair will have responsibility for the:

- overall governance of the NHS Board
- health improvement activities of the NHS Board.

Other members of the unified Health Board will be:

- Chairs and chief executives of the NHS Trusts
- Chief executive of the existing Health Board
- Director of Public Health
- Health Board Finance Director
- The Staff Side Chair of each Area Partnership Forum[1] will, subject to Ministerial approval, be invited to sit on the NHS Board for their area
- Senior local authority member (leader; deputy leader; or member with designated responsibility for public health). Each local authority will have one seat on its principal NHS Board.
- Health Boards with a University Medical School will have an additional seat for a member from the University.
- Chair of the Area Clinical Forum[2].

Management of NHS Trusts
NHS trusts will retain their existing operational and legal responsibilities but with streamlined management arrangements and fewer non-executive directors.

[1] Each of the unified Health Boards will have a partnership forum to ensure that staff are fully involved in the local decision making processes, including the development of the Local Health Plan.
[2] The chairs of the professional committees in each NHS Board area will be invited to form a new multi-professional Area Clinical Forum.

Primary legislation requires each NHS Trust to have at least 3 non executives – the Chair and 2 others. The Chair will sit on the unified NHS Board. The other 2 non-executives will serve on the Trust's committees, although may sit on committees across the local NHS system as required.

Trust Establishment Orders currently provide that Trusts should have 5 executive directors. There are no current plans to change this.

Thus the full Trust management team will comprise:

- Chair
- 2 non-executive Directors
- 5 executive Directors.

Committees within the local NHS system

The paper recognises that there is scope for rationalising the number of committees within each area. All unified Health Boards will be expected to review their committee structures across the whole system, and those committees that share identical remits should be combined.

The following committees should exist at **unified NHS Board level**:

- **Clinical governance**. This will cover systems assurance and public health governance. However, the main focus of clinical governance activities will remain at Trust level. Trusts will need to retain their own clinical governance committees.
- **Audit.** In line with best practice, there remains a continuing requirement for separate audit committees for each part of the local NHS system. The paper proposes that the audit committee in each component part of the system should have common membership drawn from across the NHS system, including at least one non-executive representative from each trust and the board. Audit committees should not have executive membership.
- **Staff governance.** This committee will have a key role to play in ensuring consistency of policy and equity of treatment of staff across the whole system. This will include remuneration issues.
- **Ethics.** This will be a continuation of the existing requirement to have a Research Ethics Committee.
- **Discipline** (for primary care contractors).

All members of NHS Boards and Trusts will be expected to play a full part in the work of committees across the local NHS system.

In the longer term there will be a high level review of the management and decision making structures of the NHS in Scotland. Ministers will announce details of the scope, remit and membership of the review later this year.

2. New performance and accountability arrangements

There will be:

- A new **Performance Assessment Framework** (PAF) to hold local NHS systems to account for their performance - including outcomes and quality of care not just the meeting of efficiency and financial targets.
- Development of **further national standards** for NHS performance.
- A revised **accountability review** process.

Prime responsibility for performance management of local NHS systems will lie with the new unified Health Boards. The measures outlined above are designed to ensure consistency in approach and standard setting. NHS Boards will be required to report to their local communities on performance, at least on an annual basis. This will need to include a report on compliance with local and national standards.

The Health Department will:

- maintain the PAF
- encourage effective local performance management
- analyse national performance information
- monitor progress against national targets
- assess performance through accountability reviews with NHS Boards
- publish an NHS Scotland annual report.

Performance Assessment Framework
A new framework will be in place by 30 September 2001. This will provide measures, standards and indicators of performance under the following headings:

- health improvement and reducing inequalities
- fair access to health care services
- clinical governance, quality and effectiveness
- the patient's experience, including quality
- involving the public and communities
- staff governance
- organisational and financial performance and efficiency.

Detailed proposals are due to be issued in the next few weeks.

Developing standards
The Clinical Standards Board (CSBS) is already developing national clinical standards. As well as using the CSBS' work the Executive wishes to work with other agencies that review and report on the performance of NHS bodies, including Audit Scotland, the Royal Colleges, SHAS, CNORIS and others. The aim is to prevent duplication and overlap and make best use of existing resources in Scotland.

The Executive will also work with Local health Councils, the Scottish Consumer Council and others to put in place mechanisms for involving patients in the setting and monitoring of standards.

Accountability reviews
Formal accountability reviews will be held at least annually between the Executive and the new unified Health Boards. Evidence will be taken from the PAF and other independent assessments of performance to ensure that the reviews are objective and evidence based.

Key features will include:

- sharing of assessments before the review so that attention can be focused on the substance not the minutiae
- consideration of performance over time
- comparison with other nhs boards and with scottish averages
- review of independent assessments against accepted and published standards
- discussion of ideas for change and innovation
- agreement of a programme of action to address national and local priorities, and set appropriate targets
- the NHS Board will be obliged to make public the findings of the accountability review. This will be provided in a letter from the Scottish Executive to the Chair of the Board
- NHS Boards will also be required to publish in their annual reports performance information outlined in the PAF and other forms of assessment.

Details of the new accountability review process, which will be used to support reviews of NHS performance during 2001- 2002 will be in place by **30 September 2001.**

3. Revised financial framework

The overall aim is to simplify the way money flows in the local NHS system allowing greater flexibility for financial planning over the longer term. Some changes can be introduced now while others need further detailed review and examination.

Financial targets
Health Boards and NHS Trusts currently have different financial targets. Health Boards have a target to stay within their cash limit. On the introduction of resource budgeting they will also need to work within their resource limit.

Trusts have to achieve 3 targets:

- break even taking one year with another (this is the only target set out in statute)
- meet their external financing limit (EFL)
- achieve a 6% return on net relevant assets.

Cash control
Requirement to break even must remain as a target as it is set out in statute. The management of cash continues to be a high priority and the need to manage within the EFL will remain at least within the short term. These 2 targets together provide good indications of strong financial management in the NHS.

6% return
The requirement to achieve a 6% return on net assets is one part of Trusts' capital charges and is intended to represent the cost of using capital. Capital charges are currently being introduced across the public sector as part of the resource accounting and budgeting initiative.

The return on assets is another financial management tool but its use as a key financial target can be misleading and the requirement to achieve it exactly each year may hinder long term financial planning. Consideration is being given to allowing greater flexibility – trusts will still be required to plan, and include within costs, a 6% return. They will be required to state the rate of return actually achieved and explain any deviations from 6% in a note to their accounts. The primary target, however, will be that the Trust should break even, taking one year with another.

A whole system approach
The new NHS Boards will be accountable for the financial performance of the whole local NHS system.

At the moment Health Boards and Trusts report their financial position to their own Boards and submit separate monitoring information to the Scottish Executive. In the future each unified NHS Board will be required to submit annually a 5 year financial plan showing how resources will be used while maintaining firm financial control and achieving financial targets. The Scottish Executive will provide as firm an indication as possible of the resources to be allocated on a 3 year basis. For the final 2 years of the financial plan a range of assumptions will need to be used.

Until this is in place the Scottish Executive will require a copy of the joint financial plan to be submitted with the normal monitoring returns (*from individual components?)*

Health Boards and Trusts will be expected to produce a joint financial report on a regular basis throughout the year. These will be reported at the existing Health Board meetings until the NHS Boards are up and running. These reports will include:

- current and projected income and expenditure position
- current and projected cash position
- level and plans for the use of any reserves
- supporting narrative setting out key issues and corrective action as required.

Monitoring arrangements by the Scottish Executive for Boards and Trusts will remain separate for the financial year 2001-2002.

The consolidation of financial reporting will provide a single focus for accountability and performance of the local NHS system but further consideration needs to be given to its format and frequency; how balance sheets are structured and the current arrangements for the accounting for capital.

The paper recommends that Health Board areas produce a joint annual report and that this contains summary financial information for each NHS body. Where possible this information should be consolidated. In future years consolidated financial information will be required in the annual accounts for the unified NHS Board.

3 year financial management

NHS Boards will be given firm allocations for the first year, and guaranteed minimum allocations for the next two years. Over the longer term the intention is to increase the flexibility allowed on the achievement of financial targets and the timescales over which these should be met, subject to appropriate safeguards being in place.

Further consideration will be given to overly bureaucratic approaches. In particular:

- Capital charges
- The Common Services Agency and cash and accountability arrangements in relation to Primary Care Trusts and the current Health Boards.

Other issues

Further work will take place on developing proposals for improving the **commissioning of specialist services**.

Consideration is being given to moving towards including family health service resources together with hospital and community health and GP prescribing resources in a **single budget**.

The Scottish Executive plans to **reform the capital planning and funding arrangements** by:

- increasing the formula allocation in the year from april 2001
- maintaining strict controls over capital to revenue transfers
- publishing clear criteria by autumn 2001 for identifying projects to be funded from the capital pool
- considering by summer 2002 how to distribute more capital to nhs boards to help meet local priorities.

4. New planning arrangements

Each NHS Board will draw up a single **Local Health Plan** for its area. This will replace the previous Health Improvement Programmes and the Trust Implementation Plans. Guidance will be provided on drawing up local health plans by **October 2001.** It is expected that this guidance will influence plans from 2002-2003 onwards.

The local health plan will cover primary, community, secondary and tertiary services and will set out a clear financial strategy to demonstrate that the actions and developments proposed are affordable.

NHS Boards will work with local authorities and other planning partners within community planning partnerships to develop **joint local health improvement plans** for each local authority area. Overall responsibility for agreeing the local health improvement plans will lie with community planning partnerships. NHS action points from these health improvement plans will be incorporated into the Local Health Plan. Guidance on health improvement planning will be produced by **September 2001.**

A more systematic approach will be developed to planning those health services which are delivered at a regional / national level. This work will be led by the Health Department.

5. Role and functions of the Scottish Executive Health Department

The Health Department's role is to:

- improve, protect and monitor the health of the people of Scotland
- develop and deliver modern, person centred primary and community care services
- provide modern, high quality, responsive hospital and specialist services.

Its functions include:

- strategy development
- resource allocation
- implementation of policy
- performance management
- supporting Scottish ministers and accounting to Parliament and the public

The Department is accountable to Scottish Ministers who in turn are accountable to the Scottish Parliament. The Department is also under the obligation to explain its policies and provide information to the public.

As Chief Executive and 'accountable officer' the Head of Department is directly answerable to the Scottish Parliament for financial propriety and regularity, and for the economic, efficient and effective use of the resources allocated to the Department and the NHS in Scotland. He is supported by the Health Department Board.

The Health Department will develop a communications programme for the Department and the NHS in Scotland. The new NHS Boards will be expected to put in place effective communications arrangements for their local health systems.