

NHS 24

MANAGEMENT STATEMENT

PART 1: INTRODUCTION

1. This management statement (MS) has been drawn up by the Scottish Government's Primary and Community Care Directorate (the sponsor Directorate) in consultation with NHS 24. The management statement sets out the broad framework within which NHS 24 will operate. The MS does not convey any legal powers or responsibilities. This document supersedes all previous versions.
2. The Management Statement shall be reviewed and updated periodically by the sponsor Directorate, ensuring versions are appropriately agreed and dated.
3. NHS 24, or the sponsor Directorate, may propose amendments to the MS at any time. Any such proposals by NHS 24 shall be considered in the light of the Scottish Ministers' policy aims, operational factors and the track record of the organisation itself. The guiding principle shall be that the extent of flexibility and freedom given to NHS 24 shall reflect both the quality of its internal controls and its operational needs. The sponsor Directorate shall determine what changes, if any, are to be incorporated in the MS. Legislative provisions shall take precedence over any part of the MS.
4. NHS 24 shall satisfy the conditions and requirements set out in the MS, together with all relevant requirements in the Scottish Public Finance Manual (SPFM) and such other conditions as the Scottish Ministers / sponsor Directorate may from time to time impose. Any question regarding the interpretation of the MS shall be resolved by the sponsor Directorate after consultation with NHS 24.
5. Copies shall also be made available on the NHS 24 website and on request.

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1. FUNCTIONS, DUTIES AND POWERS

1.1 Founding legislation; status

1.1.1 NHS 24 Board (the Board) is a Special Health Board responsible to Scottish Ministers through the Scottish Government Health Directorates. NHS 24 was constituted on 6 April 2001 under the NHS 24 (Scotland) Order 2001, No. 137.

1.2 The functions, duties and powers of NHS 24.

1.2.1 Health Boards' functions, duties and powers are set out in the NHS (Scotland) Act 1978 and subsequent legislation. NHS 24 was established to exercise functions in relation to providing advice, guidance and information on health and care services.

1.3 Classification

1.3.1 For policy/administrative purposes NHS 24 is a Non Departmental Public Body (NDPB), classified as an NHS Body.

1.3.2 For national accounts purposes NHS 24 is classified to the central government sector.

1.3.3 References to NHS 24 include, where appropriate, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and NHS 24.

2. AIM(S), OBJECTIVES AND TARGETS

2.1 Overall aim[s]

2.1.1. The NHS (Scotland) Act 1978 and subsequent legislation defines the overall aims for Health Boards, including NHS 24. The overall aims and functions of NHS 24 are defined as follows:

- deliver a range of national telehealth and online services;
- work in partnership with local health services provided by NHS Boards, NHS staff organisations and local communities through integration with other parts of the NHS - in particular, the Primary Care Out-of-Hours Services provided by NHS Boards throughout Scotland, the Scottish Ambulance Service and the Acute Hospitals' Accident and Emergency Departments;
- support the health improvement agenda across Scotland by working in partnership with local Boards to provide added value services where and when required, utilising the IT telephony and infrastructure to benefit patients 24 hours a day;
- triage calls, assess patients' symptoms and refer patients to the most appropriate healthcare professional within an appropriate timescale based on clinical need;
- provide other telephone-based and online Health Information and Advice Services.

2.2 Objectives and key targets

2.2.1 NHS 24 shall prepare annually for the Scottish Government Health Directorates a Local Delivery Plan to determine the process of allocation of financial resources against the Board's priorities and targets; this should include performance indicators, have regard to the need for efficiency and effectiveness, and the achievement of value for money and quality in the delivery of service. The Local Delivery Plan shall be agreed with the Scottish Government Health Directorates under the corporate planning process (Section 4 below). This shall align with Scottish Minister's strategic aims and objectives.

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 The Scottish Ministers

3.1.1 The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities and performance of NHS 24. Their responsibilities include:

- approving NHS 24's strategic objectives and the policy and performance framework within which NHS 24 will operate (as set out in this management statement);
- providing information to the Parliament about the performance of NHS 24;
- approving the Revenue and Capital Resource Limits and the associated cash funding requirement to be paid to NHS 24, and securing the necessary Parliamentary approval;
- carrying out responsibilities specified in the National Health Service (Scotland) Act 1978 and subsequent legislation including appointments to NHS 24 Board, approving the terms and conditions of Board members, approval of terms and conditions of staff, and laying of the annual accounts before the Parliament.

3.2 The Portfolio Accountable Officer

3.2.1 The Director-General for Health and Chief Executive of NHSScotland is designated by the Principal Accountable Officer for the Scottish Administration as the Portfolio Accountable Officer for the parts of the SG supporting the Cabinet Secretary for Health & Wellbeing. This includes the sponsor Directorate for NHS 24. The responsibilities of a Portfolio Accountable Officer are set out in detail in the Memorandum to Accountable Officers from the Principal Accountable Officer - see Annex 1 of the section on Accountability in the Scottish Public Finance Manual (SPFM).

3.2.2 In particular the Portfolio Accountable Officer shall ensure that:

- the strategic aim(s) and objectives of NHS 24 support the Scottish Minister's wider strategic aim[s];
- the financial and other management controls applied by the Health Directorates to NHS 24 are appropriate and sufficient to safeguard public funds and for ensuring that NHS 24's compliance with those controls is effectively monitored ("public funds" include not only any funds provided to NHS 24 by the Scottish Ministers but also any

- other funds falling within the stewardship of NHS 24, including gifts, bequests, donations and funds generated by approved activities);
- the internal controls applied by NHS 24 conform to the requirements of regularity, propriety and good financial management;
- any funding provided to NHS 24 is within the scope and the amount authorised by the Budget Act .

3.3 The sponsoring team in the sponsor Directorate

3.3.1 Within the Primary and Community Care Directorate, the SAS and NHS 24 Sponsorship Team of the Primary Care Division is the sponsoring team for NHS 24. The Team, in consultation as necessary with the Portfolio Accountable Officer, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of NHS 24, and the primary point of contact for NHS 24 in dealing with the Primary and Community Care Directorate. The sponsoring team shall carry out its duties under a senior officer who shall have primary responsibility for overseeing the activities of NHS 24. Whilst the Primary and Community Care Directorate are the primary point of contact for NHS 24 in dealing with the SGHD, NHS 24 is free to make appropriate direct links/engage with relevant policy branches throughout the Scottish Government.

3.3.2 The sponsoring team shall advise the Scottish Ministers on:

- an appropriate framework of objectives and targets for NHS 24 in the light of the Scottish Minister's wider strategic aim[s];
- an appropriate budget for NHS 24 in the light of the Scottish Minister's overall public expenditure priorities;
- how well NHS 24 is achieving its strategic objectives and whether it is delivering value for money.

3.3.3 In support of the Portfolio Accountable Officer the sponsoring team and the Scottish Government Health Finance Division shall:

on performance and risk management -

- monitor NHS 24's activities on a continuing basis through an adequate and timely flow of information from NHS 24 on performance, budgeting, control and risk management, including early sight of NHS 24's Statement on Internal Control;
- address in a timely manner any significant problems arising in NHS 24, whether financial or otherwise, making such interventions in the affairs of NHS 24 as is judged necessary;
- ensure that the activities of NHS 24 and the risks associated with them are properly and appropriately taken into account in the Scottish Government's risk assessment and management systems;
- ensure that appointments to the Board are made timeously and in accordance with the Commissioner for Public Appointments Code of Conduct.

on communication with NHS 24 -

- inform NHS 24 of relevant Scottish Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to NHS 24 as necessary;

- bring concerns about the activities of NHS 24 to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken.
- Maintain good working relationships with the management of NHS 24, recognising the need to ensure, on the one hand, that the organisation has the necessary freedom of action to establish its credibility, authority and effectiveness and, on the other, that such freedom of action is exercised responsibly.

3.4 The Chair of NHS 24

3.4.1 The Health Directorates Public Appointments Unit (PAU) is responsible for managing the process for selecting and appointing Chairs for NHS Boards and Special Health Boards in Scotland. These are Ministerial appointments, and must be made in accordance with the Office of the Commissioner for Public Appointments in Scotland (OCPAS), which sets out the regulatory framework for the appointment process. This Code of Practice is based upon seven principles, as recommended by the Committee on Standards in Public Life, which are ministerial responsibility, merit, independent scrutiny, equal opportunities, probity, openness and transparency and proportionality. Appointments to NHS Boards and Special Health Boards are normally restricted to two terms. However, a Chair who has served an initial term and has been reappointed may choose to apply in open competition for a third or subsequent term with the same NHS Board. The length of appointment terms are determined by any statutory constraints or be a matter for decision by Ministers.

3.4.2 The Chair is responsible to the Scottish Ministers. The Chair shall aim to ensure that NHS 24's policies and actions support the wider strategic policies of the Scottish Ministers; and that NHS 24's affairs are conducted with probity. The Chair shares with other Board members the corporate responsibilities set out in paragraph 3.5.2, and in particular for ensuring that NHS 24 fulfils the aim[s] and objectives set by the Scottish Ministers.

3.4.3 The Chair has a particular leadership responsibility on the following matters:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance issued by the Scottish Ministers;
- promoting the efficient and effective use of staff and other resources;
- encouraging high standards of propriety and regularity;
- representing the views of the Board to the general public.

3.4.4 The Chair shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Scottish Ministers of the needs of the NHS 24 Board when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- assess the performance of individual Board members on an annual basis.

3.4.5 The Chair shall also ensure that, for those bodies which fall within the provisions of the Ethical Standards In Public Life etc (Scotland) Act 2000, Board Members are fully aware of the body's Code of Conduct approved by the Scottish Ministers. For those bodies not covered by the provisions of the ethical standards framework the Chairman shall ensure that members uphold the requirements of the Companies Act or the principles set out in the Nolan Report as regards ethical standards.

3.4.6 Communications between the Board and the Scottish Ministers shall normally be through the Chair. The Chair shall ensure that the other Board members are kept informed of such communications.

3.5 The Board

3.5.1 The Board Members are also Ministerial appointments and are made in accordance with the arrangements set out in paragraph 3.4.1.

3.5.2 The Board has corporate responsibility for ensuring that NHS 24 fulfils the aim[s] and objectives set by the Scottish Ministers and for promoting the efficient and effective use of staff and other resources by NHS 24 in accordance with the principles of Best Value - see relevant section of the SPFM. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of NHS 24 within the policy, planning and resources framework determined by the Scottish Ministers;
- ensure that the Scottish Ministers are kept informed of any changes which are likely to impact on the strategic direction of NHS 24 or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds (ie all funds falling within the stewardship of NHS 24) are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Health Directorates, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account relevant guidance issued by the Scottish Ministers;
- ensure that the Board receives and reviews regular financial information concerning the management of NHS 24; is informed in a timely manner about any concerns about the activities of NHS 24; and provides positive assurance to the Primary and Community Care Directorate that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by setting up and using an independent audit committee - in accordance with the guidance on Audit Committees in the NHS Scotland Audit Committee Handbook - to help the Board to address the key financial and other risks facing NHS 24. The Board is expected to assure itself on the effectiveness of the internal control and risk management systems.
- provide commitment and leadership in the development and promotion of Best Value principles throughout the organisation;
- appoint a Chief Executive to NHS 24 and, in consultation with the Health Directorates, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight both to the proper management and use of public monies and to the delivery of outcomes in line with Scottish Ministers' priorities.

3.5.3 Individual Board members shall act in accordance with their wider responsibility as Members of the Board - namely to:

- comply at all times with the Code of Conduct [paragraph 3.4.5 above] that is adopted by NHS 24 and with the rules relating to the use of public funds, conflicts of interest and confidentiality;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Code of Conduct or for those bodies not covered by the provisions of the Ethical Standards framework, the Board's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of NHS 24.

3.6 The Chief Executive

3.6.1 The Chief Executive of NHS 24 is designated as NHS 24's Accountable Officer in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.

3.6.2 The Accountable Officer of NHS 24 is personally responsible for safeguarding the public funds (ie all funds falling within the stewardship of NHS 24) for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of NHS 24. He/she should act in accordance with the terms of the MS and within the terms of relevant guidance in the SPFM and other instructions and guidance issued from time to time by the Scottish Government and Scottish Ministers - in particular the Memorandum to Accountable Officers of Other Public Bodies (Annex 2 of the section on Accountability in the SPFM).

3.6.3 The Accountable Officer has a duty to secure Best Value, which includes the concepts of good corporate governance, performance management and continuous improvement. Guidance to Accountable Officers on what their organisations should be able to demonstrate in fulfilment of the duties which make up a Best Value regime is included in the Best Value section of the SPFM.

3.6.4 As Accountable Officer the Chief Executive shall exercise the following specific responsibilities:

on planning, performance management and monitoring -

- establish NHS 24's corporate and business plans in the light of the Scottish Minister's wider strategic aim[s];
- establish a robust performance management framework which supports the achievement of NHS 24's aims and objectives as set out in the corporate and business plans; and which enables full performance reporting to the Board, the Health Directorates and the wider public;

- inform the Primary and Community Care Directorate of NHS 24's progress in helping to achieve the Scottish Minister's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Health Directorates; that the Health Directorates are notified promptly if overspends / underspends are likely or if performance targets are at serious risk and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Health Directorates in a timely fashion;

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance issued by the Scottish Ministers / Health Directorates;
- advise the Board on NHS 24's performance compared with its aim[s] and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques as set out in the Green Book are followed as far as this is appropriate and practical;
- take action as set out in section 5 of the Memorandum to Health Service Accountable Officers if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

on managing risk and resources -

- ensure that a system of risk management is embedded in the organisation to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that the funds made available to NHS 24, including any approved income or other receipts, are used for the purpose intended by the Parliament, and that such moneys, together with NHS 24's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by NHS 24, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective human resource management policies are maintained and that strategic human resource planning is related to NHS 24's objectives;

on accounting for NHS 24's activities -

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Scottish Ministers;

- sign a Statement of Accountable Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding NHS 24's system of internal control, for inclusion in the annual report and accounts;
- ensure that an effective complaints procedure is in place including, where applicable, reference to the Scottish Public Services Ombudsman, and made widely known;
- give evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by NHS 24.

3.6.5 The Chief Executive may delegate the day-to-day administration of his/her Accountable Officer responsibilities to other employees in NHS 24. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.6.6 The Chief Executive is responsible for informing the Portfolio Accountable Officer about any complaints about NHS 24 accepted by the Scottish Public Services Ombudsman for investigation, and about NHS 24's proposed response to any subsequent recommendations from the Ombudsman.

4. PLANNING, BUDGETING AND CONTROL

4.1 The Local Delivery Plan

4.1.1 NHS 24 shall produce annually a Local Delivery Plan and 3 year strategic development plan in accordance with guidance issued by the Health Directorates .

4.1.2 The plan shall reflect the statutory duties of NHS 24 and, within those duties, the priorities set from time to time by the Scottish Ministers.

4.1.3 The main elements of the plan - including the key performance targets - shall be agreed between the Health Directorates and NHS 24 in the light of the Health Directorate's decisions on policy and resources taken in the context of the Scottish Ministers' wider public expenditure plans and decisions.

4.2 National Priorities

4.2.1 Within the Local Delivery Plan, NHS 24 shall set out for the 3 years ahead priorities, key targets and milestones, which shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Health Directorates.

4.3 Publication of plans

4.3.1 Subject to any commercial considerations, the NHS 24 Local Delivery Plan shall be made available on the NHS 24 website.

4.4 Reporting performance to the Health Directorates

4.4.1 NHS 24 shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its Local Delivery Plan and its 3 year strategic development plan.

4.4.2 NHS 24 shall take the initiative in informing the Health Directorates of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the Local Delivery Plan and 3 year strategic development plan.

4.4.3 NHS 24's performance in helping to deliver Ministers' policies, including the achievement of agreed key objectives, shall be reported to the Health Directorates on a monthly basis. Performance will be formally reviewed each year at the Annual Review of NHS 24 which shall be chaired by the appropriate Cabinet Secretary / Minister and be held in public. The appropriate Director and other relevant officials shall meet representatives of NHS 24 Board regularly to discuss NHS 24's performance, its current and future activities and any policy developments relevant to those activities.

4.4.4 NHS 24's performance against key targets shall be reported in their annual report and accounts [see Section 5.1 below]. Other forms of reporting performance to the public should also be considered, as underpinned by the principles of the Freedom of Information Act. Each year NHS 24 should publish, no more than two months after their Annual Review, a public annual report in line with relevant guidance from the Health Directorates.

4.5 Budgeting procedures

4.5.1 NHS 24's budgeting procedures are set out in the Financial Memorandum.

4.6 Internal audit

4.6.1 NHS 24 shall establish and maintain arrangements for internal audit in accordance with NHS Scotland Internal Audit Standards. NHS 24 shall consult the Health Directorates to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit, or Director from private firm assuming this role, and the requirements for approving appointment.

4.6.2 NHS 24 shall set up an independent audit committee of its board in accordance with the guidance on Audit Committees in the SPFM

4.6.3 NHS 24 shall arrange for periodic quality reviews of its internal audit in accordance with the standards. The Health Directorates shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the Health Directorates reserve a right of access to carry out / commission independent reviews of internal audit in NHS 24.

4.6.4 The Scottish Government's internal audit service shall also have a right of access to all documents prepared by NHS 24's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including NHS 24's Head of Internal Audit's (or equivalent) opinion on risk management, control and governance shall be copied to the sponsoring team who shall consult the Scottish Government's Head of Internal Audit as appropriate.

4.6.5 In addition, NHS 24 shall forward to the Health Directorates an annual report on fraud and theft suffered by NHS 24 per CEL2008 (44); notify any unusual or major incidents as

soon as possible; and notify any changes to its internal audit's terms of reference, its audit committee's terms of reference or its Fraud Policy and Fraud Response Plan.

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year NHS 24 shall publish an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any subsidiary or joint venture under the control of NHS 24.

5.1.2 The report and accounts shall comply, so far as appropriate, with the Government Financial Reporting Manual. The accounts shall be prepared in accordance with the Accounts Direction and other relevant guidance issued by the Scottish Ministers.

5.1.3 The report and accounts shall outline the main activities and performance of NHS 24 during the previous financial year and set out in summary form its forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.

5.1.4 The report and accounts shall be submitted in draft to the Health Directorates for comment and the final version shall be laid before the Parliament by the Scottish Ministers in line with agreed timetables determined by the Scottish Government Health Directorates. The final accounts must not be laid before they have been formally sent by the Auditor General to the Scottish Ministers and must not be published before they have been laid. NHS 24 shall be responsible for the publication of the report and accounts, including on their website.

5.2 External audit

5.2.1 The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, NHS 24's annual accounts and passes them to the Scottish Ministers who shall lay them before the Parliament. For the purpose of audit the AGS has a statutory right of access to documents and information held by relevant persons specified by an Order under section 24 of the Public Finance and Accountability (Scotland) Act 2000.

5.2.2 NHS 24 shall instruct its auditors to send copies of all management letters (and correspondence relating to those letters) and responses to the Primary and Community Care Directorate.

5.3 VFM / 3E examinations

5.3.1 The Public Finance and Accountability (Scotland) Act 2000 provides that the AGS may carry out examinations into the economy, efficiency and effectiveness with which NHS 24 has used its resources in discharging its functions. For the purpose of these examinations the AGS has statutory access to documents and information held by relevant persons.

5.3.2 In addition, NHS 24 shall provide, in conditions to grants and contracts, for the AGS to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to

secure access for the AGS to any other documents required by the AGS which are held by other bodies.

6. STAFF MANAGEMENT

6.1 Within the arrangements approved by the Scottish Ministers or set out in the body's legislation, NHS 24 shall have responsibility for the recruitment, retention and motivation of its staff. To this end NHS 24 shall ensure that:

- the recruitment of its staff is based on fair and open competition and equal opportunities;
- the level and structure of its staffing, including gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is managed effectively and efficiently; they are satisfactorily appraised; and the performance appraisal and promotion systems of NHS 24 are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the objectives of NHS 24;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing procedures consistent with the Public Interest Disclosure Act are in place;
- a code of conduct for staff is in place based on the document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

6.2 As required by section 121 of the NHS (Scotland) Act 1978 (as amended by Section 3 of the NHS Reform (Scotland) Act 2004), NHS 24 will put in place arrangements for the purposes of:

- (a) improving the management of the officers employed by it;
- (b) monitoring such management; and
- (c) workforce planning.

6.3 In order to comply with this statutory requirement, NHS 24 should put in place arrangements to improve continuously in relation to the fair and effective management of staff. This can be achieved by complying with the Staff Governance Standard which specifies that staff are entitled to be:

- well informed;
- appropriately trained;
- involved in decisions which affect them;
- treated fairly and consistently; and
- provided with an improved and safe working environment.

6.4 NHS 24 shall have a Partnership Forum that will ensure internal audit of staff governance in undertaken in accordance with the guidance set out in the Staff Governance Standard. NHS 24 is also required to have due regard to the Partnership Information Network (PIN)

Policies, which are intended to achieve fair and consistent best practise standards for the management of staff across NHSScotland.

6.5 NHS 24 shall have a staff governance committee as a standing committee of the Board in accordance with the guidance contained in the Staff Governance Standard.

7. REVIEWING THE ROLE OF NHS 24

7.1 The role of NHS 24 shall be subject to review in accordance with the business needs of the Scottish Government Health Directorates, relevant guidance issued by the Scottish Government, and the business needs of NHS 24.

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1. BUDGETING PROCEDURES

The Departmental Expenditure Limit (DEL)

1.1 NHS 24's resource and capital expenditure form part of the Scottish Government's "Resource DEL" and "Capital DEL" respectively.

Setting the annual budget

1.2 Each year, in the light of decisions by the Scottish Ministers on NHS 24's Local Delivery Plan (paragraph 4.1 of the management statement), the Health Directorates will send to NHS 24:

- a formal statement of the annual budgetary provision setting the Revenue Resource Limit (RRL) and Capital Resource Limit (CRL) allocated by the Scottish Ministers in the light of competing priorities across the Scottish Government and of the associated funding and any approved forecast income; and
- a statement of any planned change in policies affecting NHS 24.

1.3 NHS 24's annual planning will take account both of its approved budgetary provision and of any forecast income, and will include a budget of estimated payments and receipts together with a profile of expected expenditure / consumption of resources and of draw-down of grant in aid and other income over the year. These elements will form part of the Local Delivery Plan for the year in question (paragraph 4.2.1 of the management statement).

1.4 Funding provided by the Scottish Ministers for the year in question will be included in the annual Budget Act and will be subject to approval by the Parliament.

Transfers of budgetary provision

1.5 All transfers of budgetary provision between resource and capital budgets and between "cash" and "non-cash" headings require the prior approval of the Health Directorates. Other transfers between main budget headings may be undertaken without the prior approval of the sponsor Directorate.

End-year flexibility

1.6 NHS 24 must operate within agreed revenue and capital resource limits (or budgetary provision) and as set out in agreed 3 or 5 year financial plans. Any proposals to carry forward from one financial year to the next, surplus revenue or capital budgetary provision must be agreed by the Health Directorates as part of the financial planning process. NHS 24 must at the earliest opportunity submit to the Health Directorates details of any proposed changes to their agreed financial plans. The budgetary consequences of any proposed changes will be considered by the Health Directorates in light of the overall financial priorities and a decision provided thereafter.

Authority to spend

1.7 Once NHS 24's budget has been approved by the Health Directorates and subject to any restrictions imposed by Statute/the Scottish Ministers/the (MS/FM), NHS 24 shall have authority to incur expenditure / consume resources without further reference to the Health Directorates, on the following conditions:

- NHS 24 shall comply with the specific delegations set out in the attached Appendix. These delegations shall not be altered without the prior agreement of the Health Directorates;
- NHS 24 shall comply with the conditions set out in this financial memorandum regarding novel, contentious or repercussive proposals and with any relevant guidance in the Scottish Public Finance Manual (SPFM);
- inclusion of any planned and approved expenditure in NHS 24's budget shall not remove the need to seek formal Health Directorate approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
- NHS 24 shall provide the Health Directorates with such information about its operations, performance, individual projects or other expenditure as the Health Directorates may reasonably require.

Impairment of Assets

1.8 Assets will normally only impact on the resource budget through depreciation and the cost of capital charge or where there is a profit or loss on disposal, which would all score in the resource DEL budget of NHS 24. Assets should be recorded on the balance sheet at equivalent use value or in the case of specialised assets depreciated replacement cost, with any fluctuations in value being dealt with through the revaluation reserve. However, where an asset suffers an impairment (i.e. a permanent write-off of value which cannot be met from the revaluation reserve) this amount should be charged as operating expenditure in year. Funding may be available from Treasury for some impairments and the Board should refer to the NHS Scotland Capital Accounting Manual to determine the appropriate budgetary treatment and classification. The details of impairments for each year should be agreed in advance by the Health Finance Directorate.

Provisions

1.9 A provision is a liability of uncertain timing or amount. It should be recognised in the resource DEL budget for NHS 24 when it has a present obligation (legal or constructive) as a result of a past event, when it is probable that a transfer of economic benefits will be required to settle this obligation, and when a reliable estimate can be made of the amount of the obligation. The timing of significant changes in provisions should be agreed in advance by the Health Finance Directorate.

Bad Debt

1.10 Bad debt that is written off by NHS 24 scores in its resource DEL budget. Write-off of bad debt is subject to the delegated limit set out in the attached Annex. Write-off above that limit is subject to the prior approval of the Health Finance Directorate. Appropriate provision for known bad debt should be made in the Annual Accounts at the year end.

2. NHS 24'S INCOME

Funding

2.1 Funding will be paid to NHS 24 in monthly instalments, on the basis of a written application from NHS 24 showing evidence of need. The application shall provide the Health Directorates with, as a minimum, information, which will enable the satisfactory monitoring by the Health Directorates of:

- NHS 24's cash management;
- actual and forecast outturn of expenditure;

2.2 Funding should not be paid out in advance of need. Cash balances accumulated during the course of the year from funding shall therefore be kept at the minimum level consistent with the efficient operation of NHS 24. No funding shall be paid into any reserve held by NHS 24.

Borrowing

2.3 Borrowing cannot be used to increase NHS 24's spending power. No borrowing should be undertaken by the Board, excluding agreed overdrafts.

Maximising income from other sources

2.4 NHS 24 shall seek to maximise income from other sources provided that this is consistent with NHS 24's main functions and its Local Delivery Plan as agreed by the Scottish Ministers and Health Directorates. Proposals for new sources of income or methods of fundraising should be cleared with the Health Directorate.

Receipts from the EC

2.5 NHS 24 should ensure that the Health Directorates are informed of all potential EU funding so that there can be a full assessment of the implications of such funding for the Scottish Government. See the guidance in the EU Funding section of the SPFM.

Fees and charges

2.6 Fees or charges for any services supplied by NHS 24 shall be determined in accordance with the Fees & Charges section of the SPFM.

Receipts from sale of goods or services

2.7 Receipts from the sale of goods and services, rent of land, and dividends may be used to provide additional spending power subject to them being included in the approved budget.

Interest earned

2.8 Interest may not be earned by NHS 24 on cash balances.

Proceeds from disposal of assets

2.9 Disposals of land and buildings are dealt with in Section 7 below.

Gifts, bequests and donations

2.10 NHS 24 is free to retain any gifts, bequests or similar donations. These shall be treated as receipts that, where appropriate, can be used to increase spending power. [NOTE: Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement.]

2.11 Before proceeding in this way NHS 24 shall consider if there are any associated costs in doing so or any conflicts of interests arising. NHS 24 shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Unforecast changes in in-year income used to provide additional spending power

2.12 If income realised or expected to be realised in-year is **less** than estimated, NHS 24 shall, unless otherwise agreed with the Health Directorates, ensure a corresponding reduction in its gross expenditure so that the authorised budget is not exceeded.

2.13 If income realised or expected to be realised in-year is significantly **more** than estimated, NHS 24 may apply to the Health Directorates to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to funding. The Health Directorates shall consider such applications, taking account of competing demands for resources. If an application is refused funding shall be correspondingly reduced.

3. NHS 24'S EXPENDITURE:

GENERAL PRINCIPLES

Delegated authority

3.1 NHS 24 shall not, without prior approval of the Health Directorate, enter into any undertaking to incur any expenditure, which falls outside the specific limits on NHS 24's delegated authority as set out in the attached Appendix.

Appraisal and Evaluation

3.2 All expenditure proposals shall, so far as appropriate, be subject to the guidance in the Appraisal and Evaluation section of the SPFM.

Procurement

3.3 NHS 24's procurement policies shall reflect relevant guidance in the Procurement section of the SPFM. Procurement should be treated as a key component of achieving NHS 24's objectives, as well as a means of finding the most cost-effective method for securing the quality of assets and/or services. NHS 24 shall also ensure that it complies with any relevant EU or other international procurement rules.

Competition

3.4 Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall. Proposals to let single-tender or restricted contracts above the relevant delegated limit in the attached Appendix must be submitted to the Health Directorate for approval.

Value for money

3.5 Procurement by NHS 24 of works, equipment, goods and services shall be based on value for money, ie quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

Timeliness in paying bills

3.6 NHS 24 shall pay all matured and properly authorised invoices in accordance with the terms of contracts or within terms set by Scottish Ministers, as provided for the Payments section of the SPFM.

Novel, contentious or repercussive proposals

3.7 NHS 24 shall obtain the approval of the Health Directorates before:

- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Health Directorate;
- making any change of policy or practice which has wider financial implications (eg because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

Risk Management

3.8 NHS 24 shall ensure that the risks, which it faces, are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Risk Management section of the SPFM.

3.9 NHS 24 shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Fraud partnership agreement notified by Health Departmental Letter in 2005 and subsequent guidance.

3.10 NHS 24 shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give funding.

4. EXPENDITURE ON BOARD MEMBERS

4.1 Remuneration, allowances and expenses paid to Board Members, and any pension arrangements, must comply with specific guidance on such matters issued by the Scottish Ministers.

5. EXPENDITURE ON STAFF

Staff costs

5.1 NHS 24 is responsible for determining the number of staff required and the most appropriate organisational structure to deliver its remit economically, efficiently and effectively within the resources available to it. However, any significant changes in staff numbers or organisational structure must be approved in advance by the Health Directorates.

Pay and conditions of service

5.2 NHS 24 shall implement the Health Directorates Pay Circulars guidance and negotiate a pay settlement within the terms of the remit. NHS 24 comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)". The terms and conditions of the Chief Executive and Executive Directors are subject to a separate approval exercise.

Pensions, redundancy / compensation

5.3 Superannuation arrangements for staff are subject to the approval of the Health Directorates. NHS 24's staff shall normally be eligible for a pension provided by membership of the NHS Superannuation Scheme.

5.4 Staff may opt out of the NHS superannuation scheme, however, the employer's contribution to any personal pension arrangement, including stakeholder pension, shall [normally] be limited to the national insurance rebate level.

5.5 Any proposal by NHS 24 to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the Health Directorates. Proposals on severance payments must comply with the guidance in the Severance etc section of the SPFM.

6. NON-STAFF EXPENDITURE

Capital expenditure

6.1 Subject to being above the Scottish Government's capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.

6.2 Proposals for large-scale individual capital projects or acquisitions will normally be considered within NHS 24's planning process and within the context of its long-term estate strategy. Any such project shall be subject to the guidance in the Major Investment section of the SPFM and, where appropriate, the Construction Procurement Manual published by the Scottish Government's Construction Advice and Policy Division. Individual capital projects or acquisitions are subject to specific delegated limit[s] as indicated in the attached Appendix.

Lending, guarantees, indemnities, contingent liabilities, letters of comfort

6.3 NHS 24 shall not lend money, charge any asset or security, give any guarantee - excluding a guarantee of a standard type given in the normal course of business - or indemnity or letter of comfort, or incur any other contingent liability (as defined in the Contingent Liabilities section of the SPFM), whether or not in a legally binding form.

Grant or loan schemes

6.4 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, shall be subject to prior approval by the Health Directorates, together with the terms and conditions under which such grant or loan is made. Guidance on a framework for the control of third party grants is included in the Grant & Grant in Aid section of the SPFM. See also below under the heading "Recovery of grant-financed assets".

Gifts, losses and special payments

6.5 Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in the attached Appendix must have the prior approval of the sponsor Directorate. Any such proposals should address the considerations listed in the Losses & Special Payments section of the SPFM. Gifts by management to staff are subject to the guidance in the Non-Salary Rewards section of the SPFM.

Leasing

6.6 NHS 24 must have CRL provision for finance leases and other transactions, which are in substance borrowing. Before entering into any lease (including an operating lease) NHS 24 must demonstrate that the lease offers better value for money than purchase.

Public / Private Partnerships

6.7 NHS 24 shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated authority being breached NHS 24 shall consult the Health Finance Directorate. Any partnership controlled by NHS 24 shall be treated as part of NHS 24 in accordance with UK GAAP/IFRS and consolidated with it [subject to any particular treatment required by UK GAAP]. See also the guidance in the Public / Private Partnerships section of the SPFM.

Subsidiary companies and joint ventures

6.8 NHS 24 shall not establish subsidiary companies or joint ventures without the express approval of the Health Directorates. In judging such proposals the Health Directorates will have regard to the Scottish Ministers' wider strategic aim[s] and objectives.

6.9 Any subsidiary company or joint venture controlled or owned by NHS 24 shall be consolidated with it in accordance with UK GAAP/IFRS for public expenditure accounts purposes, subject to any particular treatment required by UK GAAP/IFRS. Unless specifically agreed with the Health Directorates such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in the MS/FM.

Financial investments

6.10 NHS 24 shall not make any financial investments without the prior approval of the Health Directorates, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures, which further the objectives of NHS 24 shall equally be subject to Health Directorates approval unless covered by a specific delegation. NHS 24 shall not invest in any venture of a speculative nature.

Unconventional financing

6.11 Unless otherwise agreed with the Health Directorate, NHS 24 shall not enter into any unconventional financing arrangement.

Commercial insurance

6.12 NHS 24 may only take out commercial insurance, without the prior approval of the Health Directorates, in accordance with the guidance in the Insurance section of the SPFM eg third party insurance required by the Road Traffic Acts. In the event of losses arising under the Scottish Government's policy of self-insurance the Health Directorates shall consider, on a case by case basis, whether or not it should make any additional resources available to NHS 24 and/or agree adjustments to the targets in the corporate plan.

7. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

7.1 NHS 24 shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

7.2 NHS 24 shall dispose of assets which are surplus to its requirements and in accordance with its long-term estate strategy. Assets shall be sold for the best price, taking into account any costs of sale and in accordance with the guidance in the Disposal of Tangible Fixed Assets section of the SPFM. Income from the disposal of assets may be retained by NHS 24 subject to the agreement of the Health Directorates. In the absence of Health Directorates

approval any income from disposal shall be deducted from the CRL. Income from the sale of Assets can be added to the CRL for the sole purpose of purchasing further Capital Assets.

Recovery of grant-financed assets

7.3 Where NHS 24 has financed expenditure on capital assets by a third party, NHS 24 shall make appropriate arrangements to ensure that any such assets above an agreed value are not disposed of by the third party without NHS 24's prior consent. NHS 24 shall therefore ensure that such conditions are sufficient to secure the repayment of its due share of the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition or improvement.

7.4 NHS 24 shall also ensure that if the assets created by grants made by NHS 24 cease to be used by the recipient of the grant for the intended purpose an appropriate proportion of the value of the asset shall be repaid to NHS 24.

8. BANKING

8.1 NHS 24's Accountable Officer is responsible for ensuring that NHS 24's banking arrangements are consistent with the guidance in the Banking section of the SPFM. In particular he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.

FINANCIAL MEMORANDUM: APPENDIX

SPECIFIC LIMITS ON DELEGATED AUTHORITY

Contracts for goods and services - NHS 24 Board agreement required for those over £1 million.

Under NHS HDL (2005) 16 (issued 7th April 2006), as a Special Health Board, NHS 24 has delegated authority from the SGHD as follows:

- for non-IM&T Schemes - £2m
- for IM&T Schemes - £1m

The Delegated Authority level for NHS 24 from SGHD for Losses and Special Payments is as follows:-

Theft / Arson / Wilful Damage	
Cash	10,000
Stores/procurement	20,000
Equipment	10,000
Contracts	10,000
Payroll	10,000
Buildings & Fixtures	20,000
Other	10,000
Fraud, Embezzlement & other irregularities (inc. attempted fraud)	
Cash	10,000
Stores/procurement	20,000
Equipment	10,000
Contracts	10,000
Payroll	10,000
Other	10,000
Compensation Payments - legal obligation	
Clinical	250,000
Non-clinical	100,000
Ex-gratia payments:	
Extra-contractual Payments	10,000
Compensation Payments - Ex-gratia - Clinical	250,000
Compensation Payments - Ex-gratia - Non Clinical	100,000
Compensation Payments - Ex-gratia - Financial	25,000
Loss	
Other Payments	2,500
Extra-Statutory & Extra-regulatory Payments	Nil
Gifts in cash or kind	10,000
Other Losses	10,000